

CONDENSED

STATEWIDE HOUSING NEEDS ASSESSMENT 2020-2025

NORTH DAKOTA



Center for Social Research and the Department of Agribusiness
and Applied Economics at North Dakota State University

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housing
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INTRODUCTION TO THE 2020-2025 STATEWIDE HOUSING NEEDS ASSESSMENT

CONDENSED VERSION

THE PRIMARY GOAL of North Dakota's Statewide Housing Needs Assessment is to provide big-picture context of the demographics and economies of the state and how it correlates to housing. Census, state and private sector data sets were woven together. Analysis of the merged data enhances understanding of where we are with preserving existing housing and the construction patterns of new developments. Crunching numbers is more complicated when deciphering barriers some of the state's population faces in accessing safe and affordable housing.

During much of the past decade, North Dakota experienced dynamic changes in the demographic and socio-economic conditions throughout the state. The last assessment was conducted in 2016 when demographics and economy of the state were readjusting to the declining energy development in western North Dakota. To address changing statewide trends, population, housing needs, and projected housing inventory were modeled by balancing recent socio-economic conditions with historical patterns of key factors to model future conditions.

Fast forward five years, and we are learning that some trends are changing too rapidly, and assessments need to be more frequent to accurately capture the landscape. Therefore, projections were only extended to 2025. Moving forward, the assessment will transition into an annual update of Key Housing Indicators. This progression is to present dynamic information that reflects current housing markets, changing demographics, and measure success of removing housing barriers.

The document you are reading right now is a condensed version of the 2020-2025 Statewide Housing Needs Assessment. The full assessment, completed by the North Dakota State University's Center for Social Research, provides a thorough analysis of current conditions and important trends that affect population and housing dynamics in North Dakota. Forecasts of future housing needs are based on forecasts of population through 2025 and the ratio of historic distributions of households and other characteristics to total population. Forecasts are based on the change in number and characteristics of householders and reported by age, household income and homebuyer type to provide further context to future housing needs. Additional insight is provided in regional profiles and detailed tables broken down by various levels of geography including the state as a whole, 8 planning regions, 53 counties, 12 major cities and 4 Native American Indian Reservations.




Regardless of data shortcomings and the challenges of future uncertainty during periods of rapid change, the patterns that emerge from previous assessments and the current Statewide Housing Needs Assessment are useful in understanding the magnitude of changes across North Dakota. Planning for future housing needs should be combined with other local, state and federal tools and metrics to develop effective housing policy.

The complete 2020-2025 Statewide Housing Needs Assessment and tables can be found at www.ndhfa.org/index.php/publications/

READING THIS HOUSING NEEDS ASSESSMENT

The Statewide Housing Needs Assessment Condensed Version provides an overview of the complete assessment authored by the North Dakota State University's Center for Social Research. The condensed version is organized into four sections that connect existing trends, potential future trends and next steps to create more accessible and affordable housing options for all North Dakotans.

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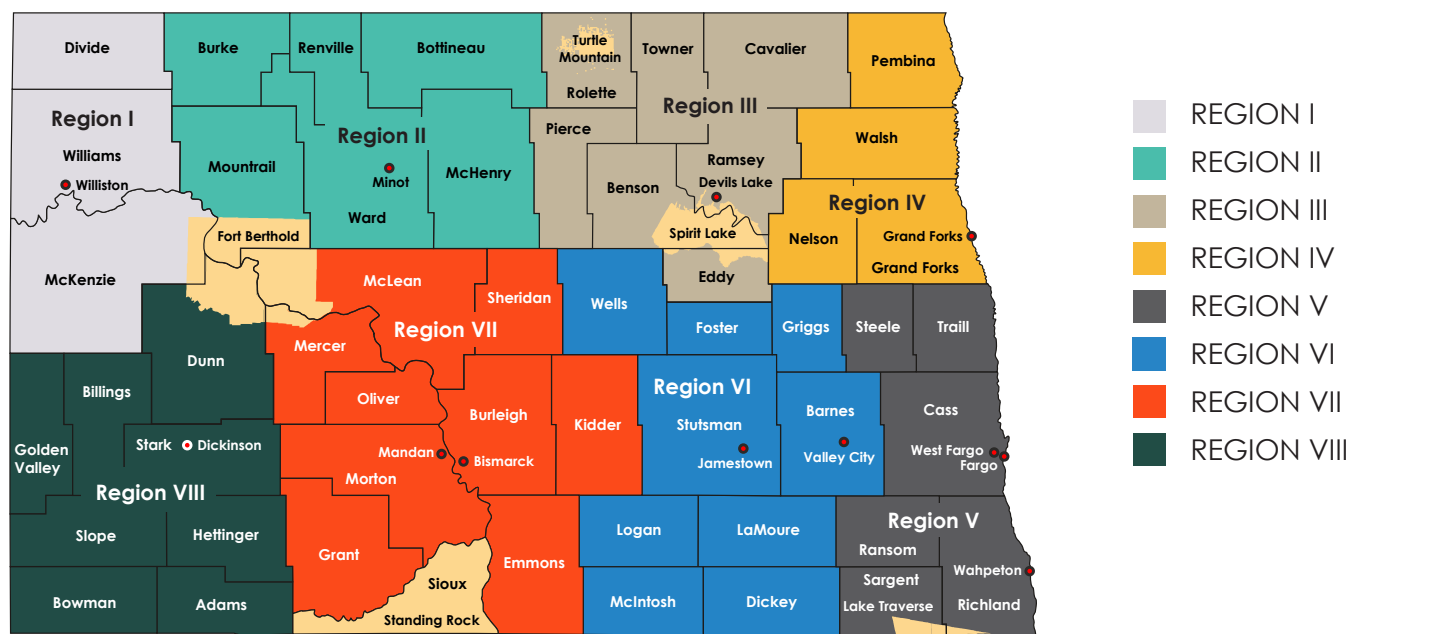
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ORGANIZATION OF THE STATEWIDE HOUSING NEEDS ASSESSMENT

As a statewide assessment, information is organized by:

- 8 state planning regions
- 53 counties
- 12 largest cities

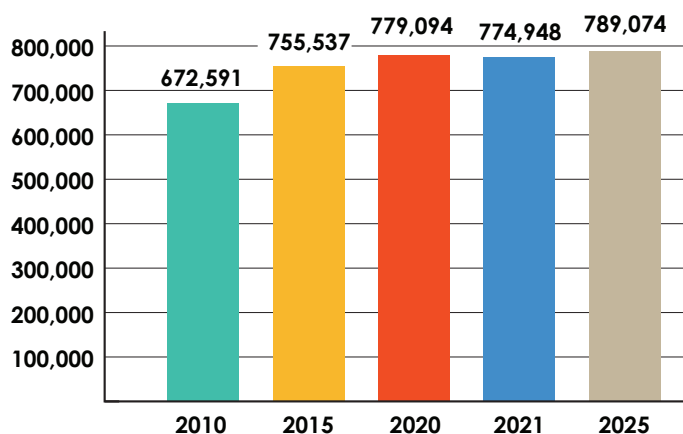
In the complete version of the 2020-2025 Statewide Housing Needs Assessment, housing profiles are included for the 8 planning regions, 53 counties and 12 largest cities – all organized by planning region. Housing profiles are also included for the four American Indian Reservations within the state's borders. Detailed tables of relevant population and housing data, organized by subject matter, are provided for all geographies included in the assessment. You can find the complete assessment at <https://www.ndhfa.org/index.php/publications/>



NORTH DAKOTA'S POPULATION CHARACTERISTICS 2020-2025 TRENDS & FORECASTS

North Dakota's population is projected to increase by 1.3% by 2025.¹

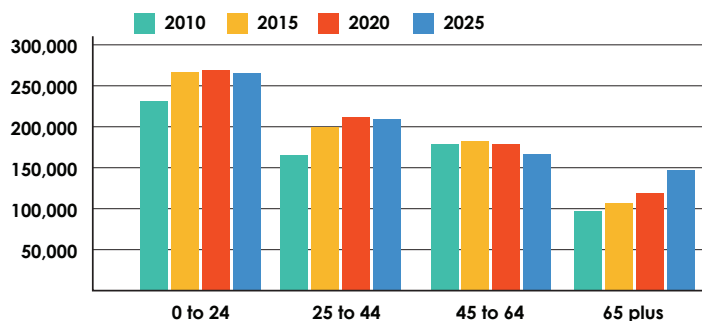
**Total Population 2010-2020,
2021 Decrease and 2025 Projection**



By 2025²

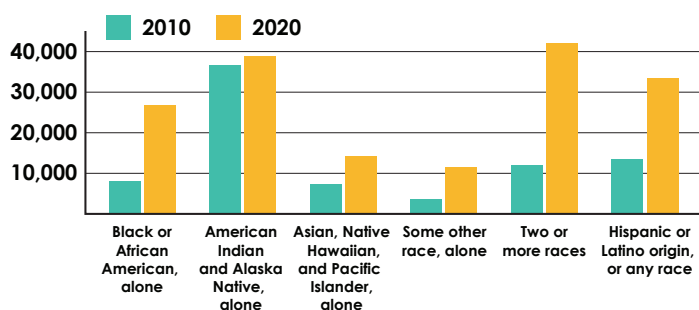
- Baby Boomer (age 65 and older) population will increase by nearly 24%
- 45 to 64 age group is expected to decrease by 7% as they age into the Baby Boomer cohort

**Total Population by Age 2010-2020
and 2025 Projection**



Racial and ethnic diversity in North Dakota nearly doubled in past 10 years.³

**Individual Racial and Ethnic
Population Diversity 2010 and 2020**



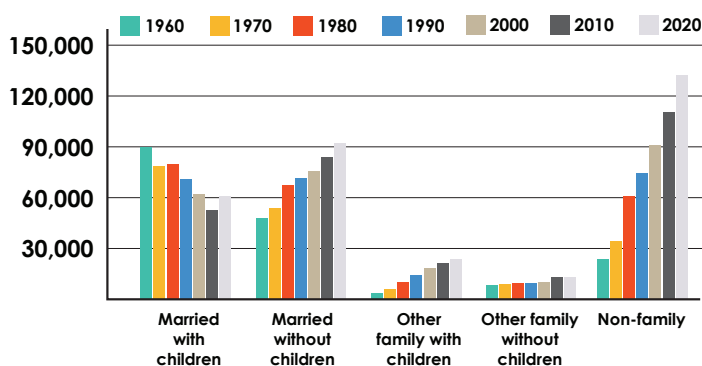
Note: 'Alone' indicates the respondent identified as 'one race only'

Half of North Dakota's population now resides the state's seven most populous cities.⁴

- Fargo
- Bismarck
- Grand Forks
- Minot
- West Fargo
- Williston
- Dickinson

Majority of North Dakotans households live alone.⁴

**Households by Type and Presence of Children
Younger than 18, 1960 to 2020**



- 41% of total households are non-family households
- 79% of non-family households are persons living alone
- 35% of all persons living alone are ages 65 and older

Over the past decade, those 65 and older living in their own home grew by 23%. This means that as the baby-boomer generation continues to age, a growing number are aging in place.⁵

¹ Center for Social Research (2022b)

² Center for Social Research (2022b)

³ U.S. Census Bureau (2021b)

⁴ U.S. Census Bureau (n.d.) and Center for Social Research (2022a)

⁵ Center for Social Research at North Dakota State University (2022a)

⁶ U.S. Census Bureau (2021b)



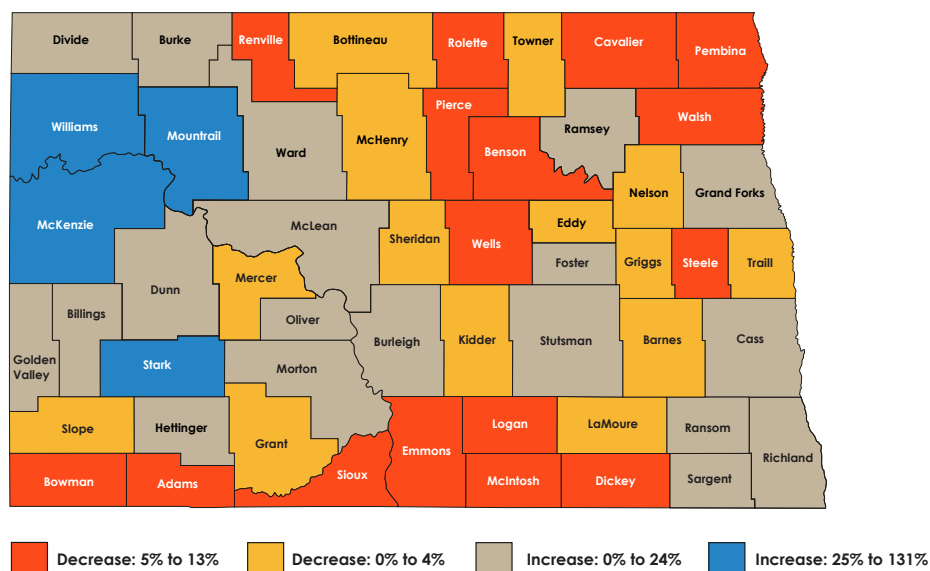
Understanding how population characteristics such as population forecasts, age distribution, race and ethnic diversity and household trends have changed provide insight to the 2020-2025 projections.

Population Trends

North Dakota's Population Beginning to Slow After Record Growth

North Dakota's population has changed dramatically during the past decade. The 2020 Census counted 779,094 people in the state, which is a growth of 16% from 2010 (an increase of 106,503 people). From 2000 to 2010, population in the state grew at approximately half a percent per year. Much of the population growth since then took place in the first part of the 2010s, increasing an average of 2.4% annually from 2010 to 2015. In response to a downturn in the oil and gas industry and workers leaving the state, the annual growth rate slowed to an average of 0.6% annually from 2015 through 2020. (U.S. Census Bureau, 2022b).

Population Change in North Dakota by County, 2010 to 2020



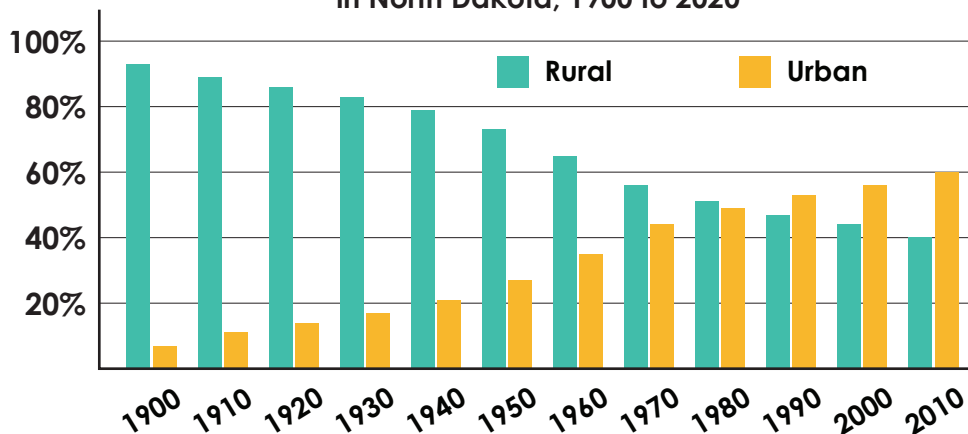
Source: U.S. Census Bureau (2021b)

Despite overall growth during the past decade in North Dakota, the majority of counties in North Dakota experienced population decline from 2010 to 2020 (30 counties out of all 53).

Half of North Dakota's Population Resides in Seven Cities

Based on 2020 data from the American Community Survey, 58% of North Dakota's population is defined as urban (U.S. Census Bureau, 2021c). In fact, half of North Dakota's population now resides the state's seven most populous cities including Fargo, Bismarck, Grand Forks, Minot, West Fargo, Williston, and Dickinson. For context, there are currently 357 incorporated cities in the state, the vast majority of which have fewer than 1,000 people (86%). In fact, just over half of North Dakota's cities have fewer than 200 people (56%) (U.S. Census Bureau, 2021b).

Rural-Urban Population Distribution in North Dakota, 1900 to 2020



For the purposes of this study, the year 2020 was used as the base year of comparison for projections in year 2025. However, at the time of this study, the data available from the 2020 Census were limited to the Redistricting File which included total population counts, persons age 18 and older, race and ethnicity, total housing units, occupied housing (i.e., households), and vacant housing units. In addition, results from the Census Bureau's 2020 5-Year American Community Survey (ACS), which contains more detailed characteristics of population and housing necessary for this study, are largely controlled to the intercensal population estimates based on the 2010 Census. Therefore, in order to obtain the more detailed age categories, householder characteristics, and housing data for the year 2020 necessary to establish a complete and more up-to-date baseline for this study, 2020 baseline estimates were calculated by applying the distributions from the 2020 5-Year ACS estimates to the 2020 Census total population, household, and housing unit counts.



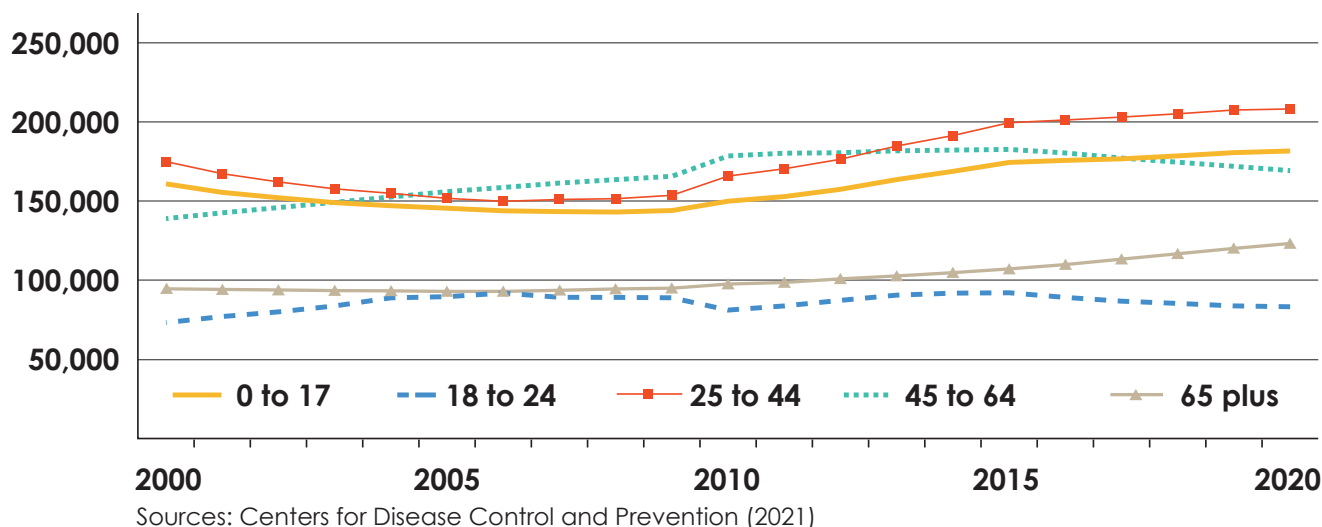
Shifting Age Distribution

Despite Aging Baby Boomers, North Dakota is Younger

The age structure in the state has been impacted by a strong, diversified economy throughout North Dakota. Over the past decade, North Dakota is the only state that has become younger on average, with the median age decreasing from 37.2 years in 2010 to 35.2 in 2020 (U.S. Census Bureau, 2021c).

The overall increase in births over the past decade parallels a significant upturn in the 25 to 44 age cohort which is the prime childbearing age category. The prime working age category, the 45 to 64 age cohort, grew consistently during the 2000s. However, since 2010, the 45 to 64 age cohort has been steadily decreasing, largely due to the aging forward of baby boomers (Centers for Disease Control and Prevention, 2021).

Population by Age Group in North Dakota, 2000 to 2020



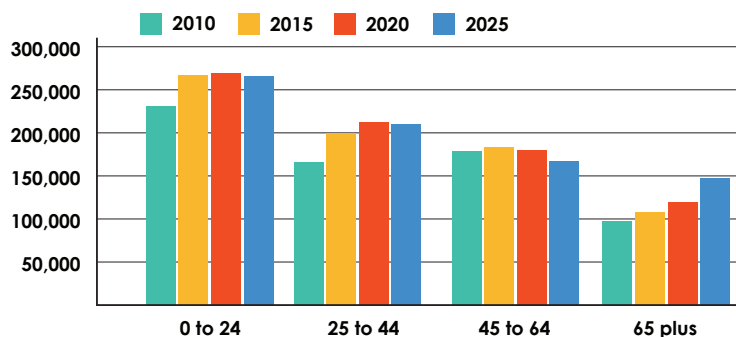
Projected Population

The Aging of Baby Boomers Will Drive Future Population Change

The most significant change in population that is expected to occur by 2025 will be the aging forward of the baby boomer cohort into the 'age 65 and older' category, which will translate into a heightened demand for housing that is suited to meet their needs. Statewide, this older population will increase by nearly 24% by 2025. Population in the 'age 65 and older' category is projected to increase from 118,853 in 2020 to 147,528 in 2025. Growth is expected in every county in the state, the 12 most populated cities, as well as the four American Indian Reservations areas included in this study. The aging forward of the baby boomer generation will result in a reduction in the 45 to 64 age group, which is expected to decrease by 7% (12,869 people). While four counties may see modest growth, losses in this age cohort are expected in all eight planning regions in North Dakota.

The 25 to 44 age cohort, or the prime childbearing age group grew by 28% from 2010 to 2020 reaching 211,803 residents. This growth largely reflects the impact of the state's robust economy during that time. An economic slowdown beginning around 2015, has resulted in significant outmigration. As a result, projections suggest that this cohort will likely decrease to 209,454 people by 2025. Geographically, the projected changes in this cohort are mixed. Western North Dakota is projected to show the largest declines in people ages 25 to 44 by 2025. The eastern portion of the state, largely driven by Cass County will see a modest growth in this age cohort.

Total Population by Age 2010-2020 and 2025 Projection

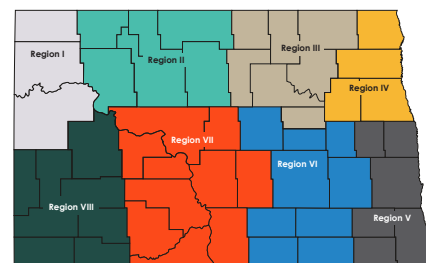


Source: Center for Social Research (2022b)



POPULATION CHARACTERISTICS

As people ages 25 to 44 (and their children) began leaving the state in 2015, the birth rate also began to fall, resulting in fewer births and children over the past five years. As a result, the 0 to 24 age cohort is expected to show a slight decrease of 3,476 people from 2020 to 2025, a 1% loss. These losses are projected to affect most of the state, with the exception of the northwestern part of the state where the number of births has been steadily rising, contributing to a projected growth of 2% in Region I. Region VII, home to the state's capitol in Bismarck, is also projected to show modest growth in this cohort of 1 percent.



Population by Age Cohort in North Dakota by Planning Region, 2020 and 2025 Projection

Planning Regions	Total			Ages 0 to 24			Ages 25 to 44			Ages 45 to 64			Ages 65 and Older		
	2020	2025	% Change	2020	2025	% Change	2020	2025	% Change	2020	2025	% Change	2020	2025	% Change
North Dakota	779,094	789,074	1.3%	269,288	265,812	-1.3%	211,803	209,454	-1.1%	179,149	166,280	-7.2%	118,853	147,528	24.1%
I	57,849	56,625	-2.1%	21,499	21,939	2.0%	18,378	16,604	-9.7%	12,321	11,051	-10.3%	5,651	7,031	24.4%
II	99,925	99,554	-0.4%	35,416	34,757	-1.9%	28,444	26,868	-5.5%	21,702	20,393	-6.0%	14,363	17,536	22.1%
III	37,969	37,697	-0.7%	13,703	13,294	-3.0%	8,306	8,302	-0.1%	9,253	8,209	-11.3%	6,707	7,892	17.7%
IV	93,592	92,698	-1.0%	35,299	33,664	-4.6%	24,106	24,364	1.1%	20,235	17,901	-11.5%	13,952	16,769	20.2%
V	220,414	229,201	4.0%	79,034	77,475	-2.0%	64,364	67,062	4.2%	47,801	46,931	-1.8%	29,216	37,733	29.2%
VI	55,629	55,429	-0.4%	16,297	16,286	-0.1%	11,964	11,619	-2.9%	14,779	12,781	-13.5%	12,589	14,743	17.1%
VII	164,906	169,194	2.6%	51,911	52,306	0.8%	43,128	41,748	-3.2%	41,224	38,651	-6.2%	28,643	36,489	27.4%
VIII	48,810	48,676	-0.3%	16,128	16,091	-0.2%	13,113	12,887	-1.7%	11,834	10,363	-12.4%	7,734	9,335	20.7%

Source: Center for Social Research (2022b)

Note: Bold text represents a projected growth in that particular cohort.

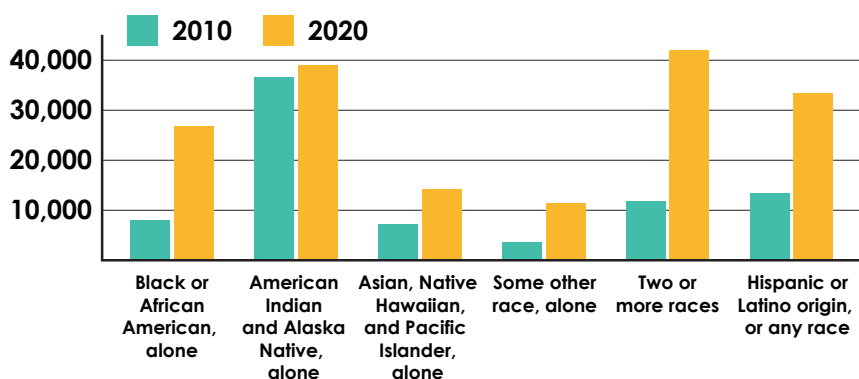
Racial Diversity

Racial and Ethnic Diversity in North Dakota Nearly Doubled in Past 10 Years

From 2010 to 2020, the proportion of North Dakota's population that was a race other than non-Hispanic White increased from 11% to 18%. Specifically, the African-American population tripled from 7,960 to 26,783 and the Asian population doubled from 7,229 to 14,137 people. The Hispanic population, regardless of race, more than doubled, increasing from 13,467 in 2010 to 33,412 people in 2020. In addition, people reporting a single race other than one provided on the Census form, and those reporting two or more races, both tripled (increases of 224% and 254%, respectively)

American Indians compose the largest non-White racial group in the state, representing 5% of the state's population in 2020 at 38,914 people. While this population grew 6% from 36,591 people in 2010, they remain at 5% of the state's total population. A better reflection of this population as a whole is the number of individuals reporting they are American Indian as well as another race. This multi-racial American Indian population grew considerably more, from 42,996 in 2010 to 55,777 in 2020, a 30% increase (U.S. Census Bureau, 2021b).

Individual Racial and Ethnic Population Diversity in North Dakota, 2010 and 2020



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

Note: 'Alone' indicates the respondent identified as 'one race only'

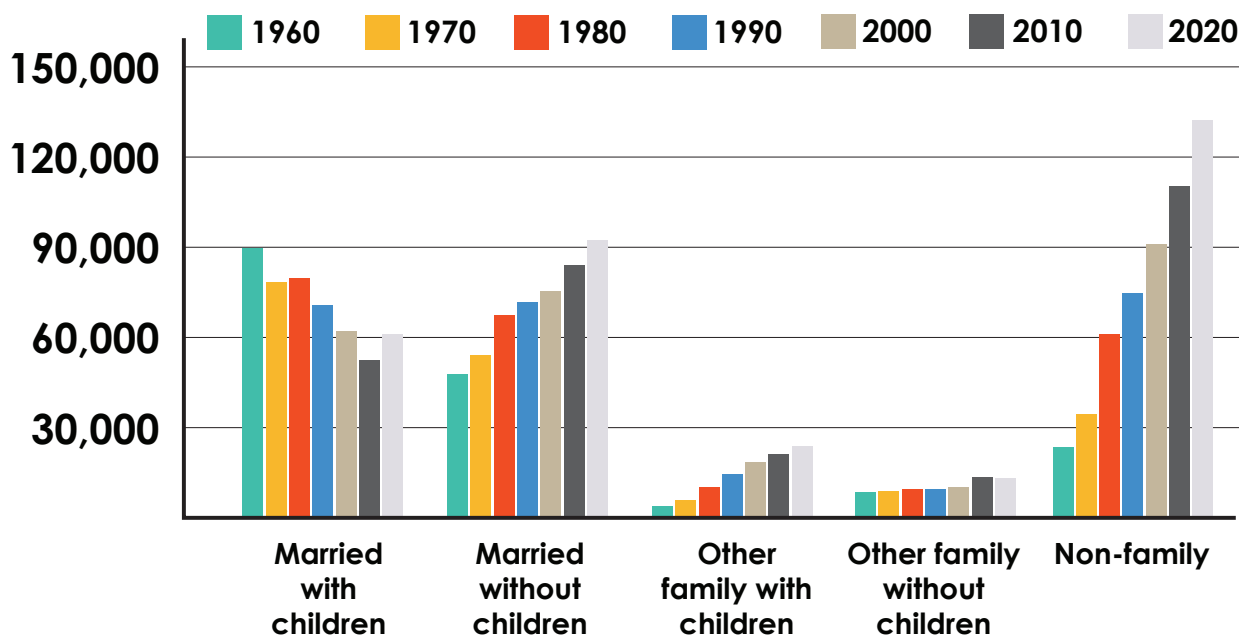


Changing Household Composition

North Dakota has a Growing Number of People Living Alone

A sizeable shift in household composition in North Dakota has been the continued growth in non-family households. Non-family households, which consist of a single person living alone or unrelated persons living together, represented fewer than 24,000 households in 1960 or 14% of occupied housing units. However, by 2020, this household type quadrupled to 132,215 households, representing 41% of the occupied housing units in the state. Importantly for housing, 79% of these non-family households are persons living alone. Of all persons living alone in North Dakota, one-third are ages 65 and older (35%) — a percentage that has remained unchanged from 2010.

Households by Type and Presence of Children Younger than 18, 1960 to 2020



Sources: U.S. Census Bureau (n.d.) and Center for Social Research (2022a)

Long Term Care Populations

A Growing Number of North Dakotans Ages 65 and Older are Aging in Place

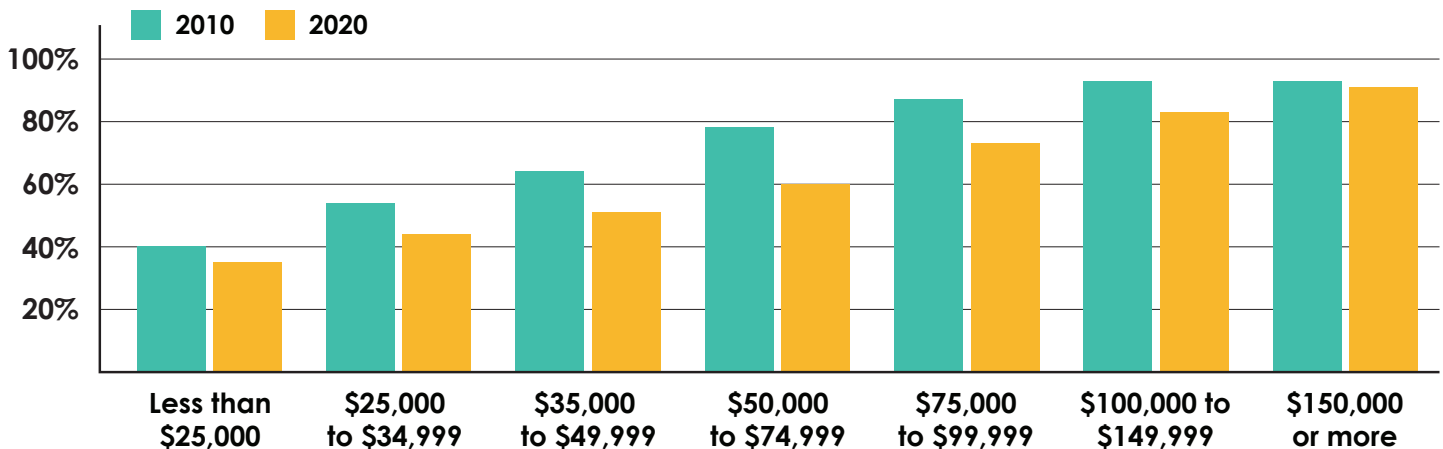
While there was a 5% increase in the number of people 65 and older living in nursing homes over the past ten years, those 65 and older living in their own home grew by 23 percent (Center for Social Research at North Dakota State University, 2022a). This means that as the baby boomer generation continues to age, a growing number are aging in place. Even so, population projections indicate that the number of people needing access to long term care may increase by 24% to 7,595 people by 2025.

Even though a growing number of people 65 and older are living in their own home, given the size of the baby-boom generation (whose leading edge begins turning 76 years old in 2022), the need for assisted and nursing care in North Dakota will continue to grow over the next 20 years.

NORTH DAKOTA'S HOUSING CHARACTERISTICS 2020-2025 TRENDS

The average price for home sales rose 51% from \$163,144 in 2010 to \$246,786 in 2020. Prices rose another 8% to \$267,404 in 2021. As home values grew, home-ownership rates decreased 5% over that time period.

Home-Ownership Rates by Household Income in North Dakota, 2010 and 2020

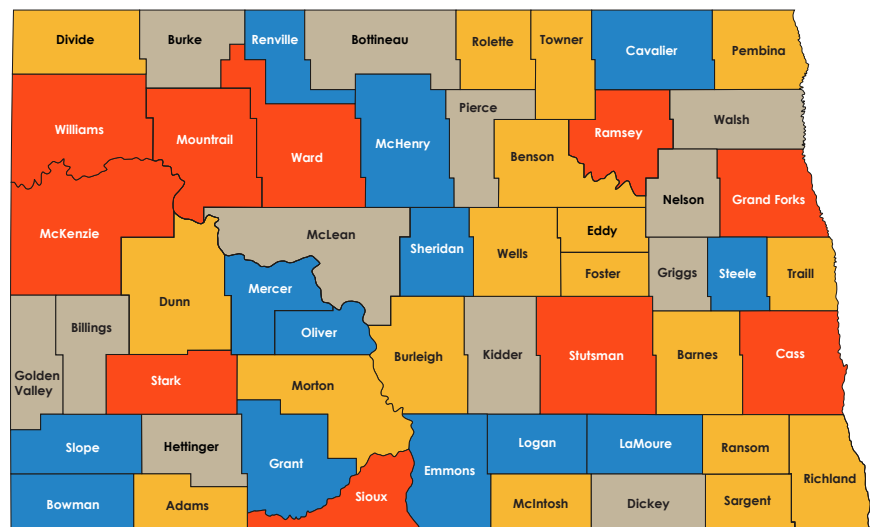


Source: U.S. Census Bureau (2021c)

- White households earning less than \$50,000 are 22 times more likely to live in an owner-occupied home than Black or African Americans in the state, 6 times more likely than Asians, 3 times more likely than persons of Hispanic origin, and 2 times more likely than American Indians.
- 56% of owner-occupied homes (single and rental) were built prior to 1980, 29% were built prior to 1960.
- Gross rent in North Dakota grew by 49% during the past decade – twice the rate of inflation. In 2010, units renting for less than \$600 per month totaled 58% of all rentals, in 2021 the total dropped to 21%.

Renter-Occupied Housing as Percent of Total Occupied Housing in North Dakota, 2020

As the homeownership rate in North Dakota decreased, the rate of rental occupancy increased from 33% in 2010 to 38% in 2020. In 10 North Dakota counties, renters composed at least one-third of all occupied housing in 2020.



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



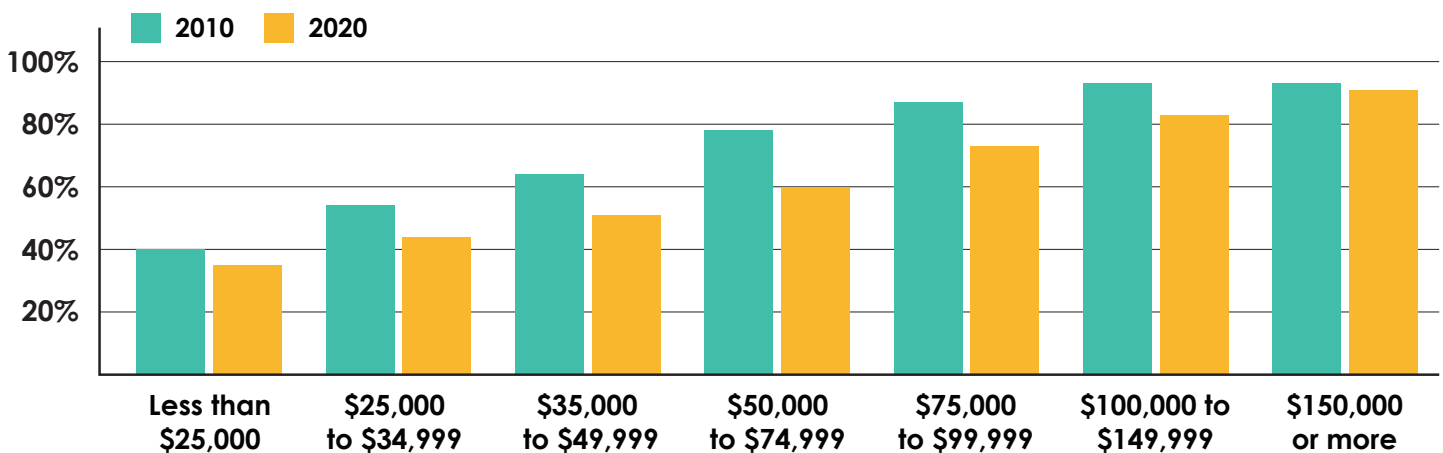
Home Ownership

Home-Ownership Rates in North Dakota are Down in 2020, Regardless of Income

Favorable economic conditions, population growth, increased costs for materials and labor, and loss of housing stock induced by flooding and partly by the COVID-19 pandemic beginning in 2020 have all contributed to increased housing costs in recent years.

Household Income. The median family income in North Dakota grew by 41% during over the past decade (U.S. Department of Housing and Urban Development, 2021). While higher incomes increase the likelihood of owning a home, the home-ownership rate decreased for each of the income groups. The average price for home sales rose 51% from \$163,144 in 2010 to \$246,786 in 2020. Prices rose another 8% to \$267,404 in 2021 (Multiple Listing Services of North Dakota, 2022). As home values grew, home-ownership rates decreased. While most occupied housing in North Dakota is owner-occupied (62% in 2020), the percentage is down from 67% in 2010.

Home-Ownership Rates by Household Income in North Dakota, 2010 and 2020



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

Racial Disparities. When homeownership rates are examined by race and ethnicity, and income is accounted for, vast disparities emerge. For example, individuals who are white and live in lower-income households are much more likely to own a home in North Dakota than people of other races with the same income. In fact, people who are white and live in households earning less than \$50,000 are 22 times more likely to live in an owner-occupied home than Black or African Americans in the state, 6 times more likely than Asians, 3 times more likely than persons of Hispanic origin, and 2 times more likely than American Indians (U.S. Census Bureau, 2021d).

Age of Housing. In North Dakota, nearly one in four homes were built in the past 20 years (24% were built from 2000 through 2020). However, the majority of owner-occupied homes were built prior to 1980 (56%) and nearly a third were built more than 60 years ago (29% built prior to 1960). The oldest housing inventory is most prevalent in rural portions of North Dakota.



North Dakota Sales Ratio Study and Multiple Listing Services Data

Home Sale Purchase Prices for Residential Property in North Dakota Increased Substantially over the Past Decade

Average Verified Prices. Year to year comparisons detail the overall 10-year trend of increased housing prices since 2010. In 10 out of the state's 12 largest cities, average verified prices show an increasing trend since 2010, with some communities experiencing substantial increases through the middle part of the decade. Those increases are reflective of the robust economic conditions in the state at that time. The two exceptions to consistent increases were in Valley City and Minot. Average verified prices for Valley City in 2010 and Minot in 2011 were followed by a decrease in prices the following year. The drop in average verified prices was likely due to the impacts of major flooding in both communities.

**Average Verified Prices for Residential Property,
Top 12 Cities in North Dakota, Sales Ratio Study, 2010 to 2020**



Source: North Dakota Office of State Tax Commissioner (2022)

Multiple Listing Services of North Dakota⁷

Days on the Market. Statewide, houses have spent fewer days on market since 2017, with the greatest decrease in the number of days on market for houses over \$500,000; 143 days in 2017 compared to 89 days in 2021. The average number of days on market for lower priced houses (up to \$150,000 and \$150,001 to \$250,000) increased slightly from 2018 to 2020 before a distinct drop from 2020 to 2021. Average days on market for homes priced from \$250,001 to \$350,000 has steadily decreased from 103 days in 2017 to 69 days in 2021.

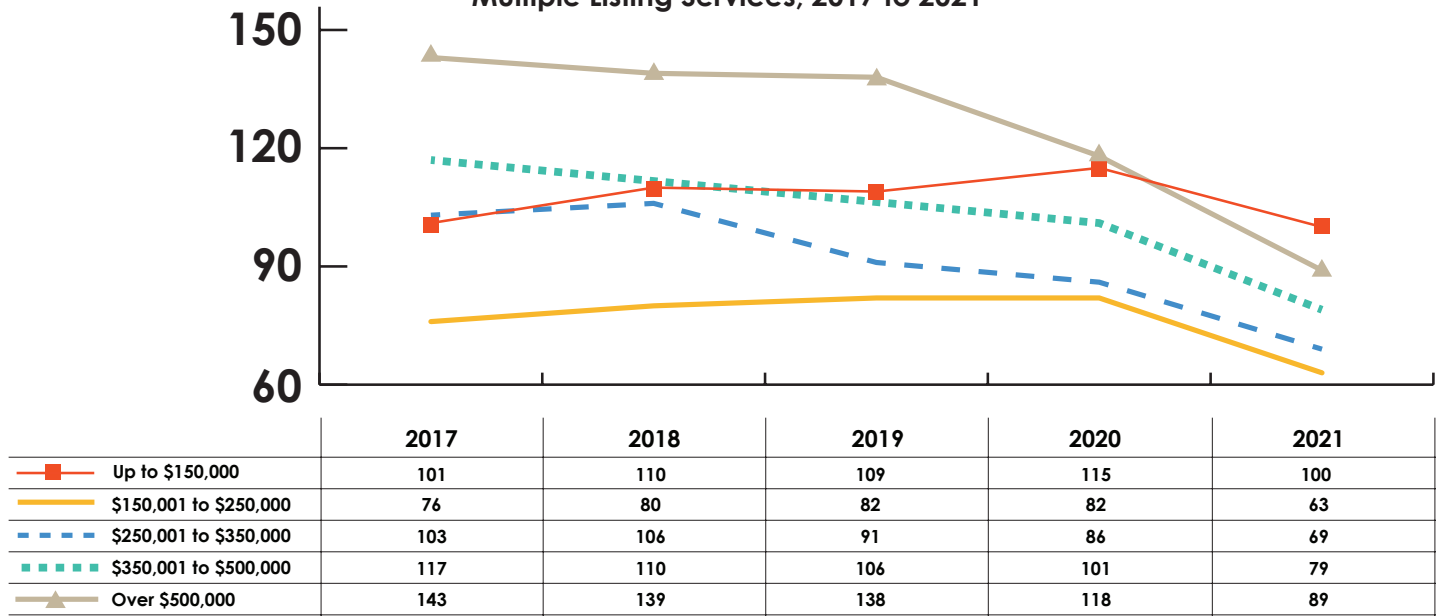
⁷ Multiple listing service agencies maintain private databases used to facilitate real estate transactions by real estate professionals. There are seven multiple listing service agencies in North Dakota. The databases are privately held by the individual multiple listing service agency and information in the databases is not publicly available. The databases are created and maintained through fees paid by individual real estate agents and agencies.



HOUSING CHARACTERISTICS

The average number of days on market in rural North Dakota was considerably longer than in urban areas for all sale price ranges in 2021, and for most price ranges since 2017. Even lower priced housing had longer average days on market; 39 days longer for housing priced at up to \$150,000 and 32 days longer for housing priced from \$150,001 to \$250,000. While the average days on market was longer in rural areas than in the 12 largest cities, the average number of days on market for all sales price ranges declined sharply from 2020 to 2021 except for higher priced housing. The five-year trend for days on market for more expensive sales was mixed with year-to-year variability and no clear trend line.

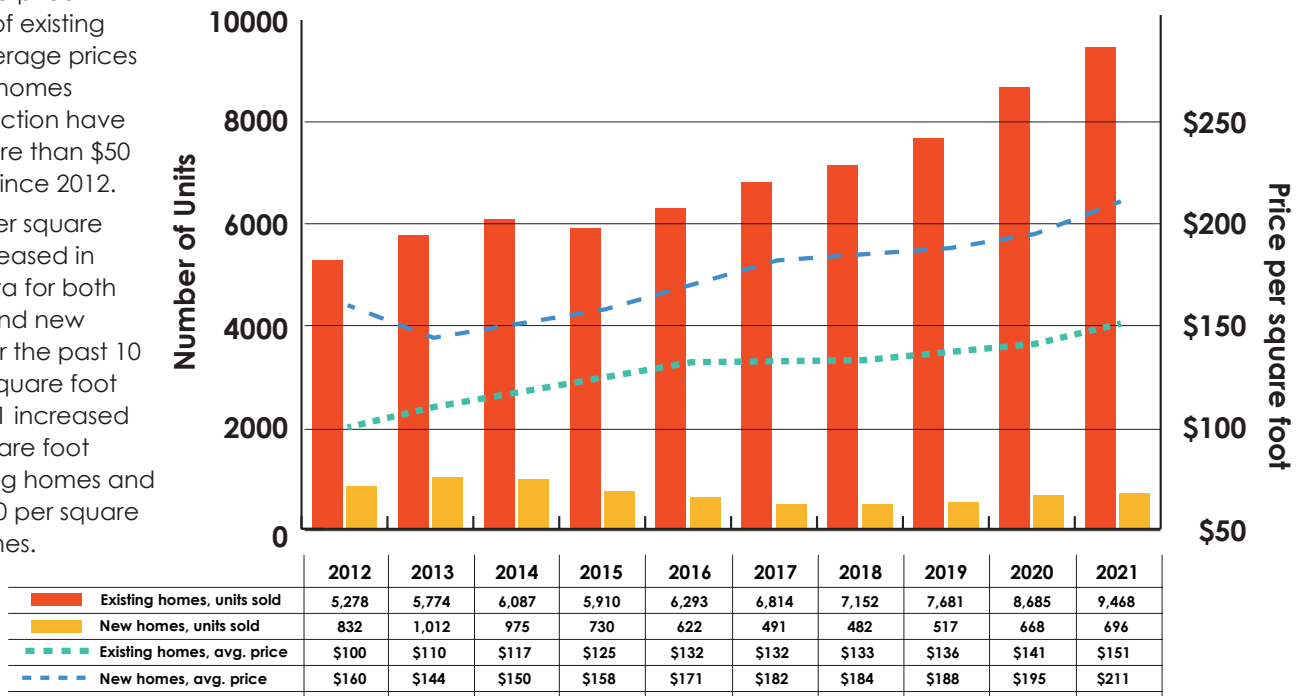
Average Number of Days on the Market for Residential Homes Sold in North Dakota, Multiple Listing Services, 2017 to 2021



Price Per Square Foot. Average price per square foot for new construction sales statewide in 2021 was \$211 — \$60 higher than the average price per square foot of existing construction. Average prices for both existing homes and new construction have increased by more than \$50 per square foot since 2012.

Average price per square foot steadily increased in rural North Dakota for both existing homes and new construction over the past 10 years. Cost per square foot from 2012 to 2021 increased from \$76 per square foot to \$113 for existing homes and from \$140 to \$230 per square foot for new homes.

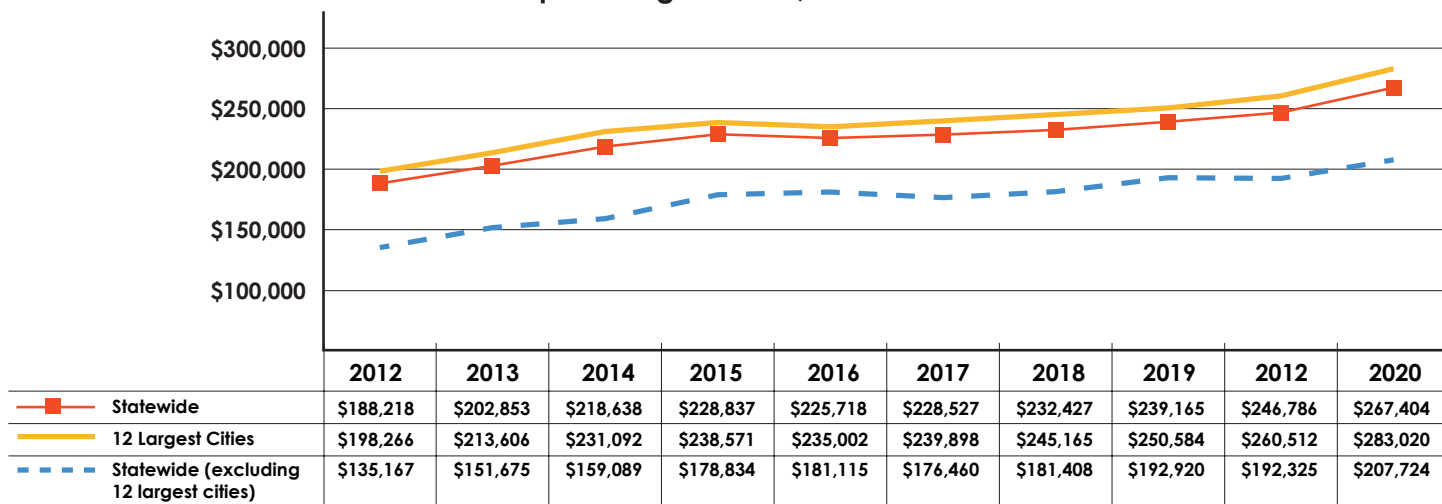
Number of Units Sold and Average Price Per Square Foot for Residential Homes Sold in North Dakota, Multiple Listing Services, 2012 to 2021





Average Sale Prices. In 2012, the majority of units sold were priced at or below \$250,000 statewide (79%), but by 2021 this had decreased to 53% of units sold. Housing priced at \$250,001 and \$350,000 increased from 15% in 2012 to 26% in 2021. Following these trends, the average price statewide increased from \$188,218 in 2012 to \$267,404 in 2021 - an increase of 42%. This trend was mirrored in larger cities where the average price increased from \$198,266 in 2012 to \$283,020 in 2021 (a 43% increase). In rural North Dakota, the average sold price increased at a higher rate, rising 54% over the past decade from \$135,167 in 2012 to \$207,724 in 2021.

Average Price of Residential Homes Sold in North Dakota by Geography, Multiple Listing Services, 2012 to 2021



Source: Multiple Listing Services of North Dakota (2022)

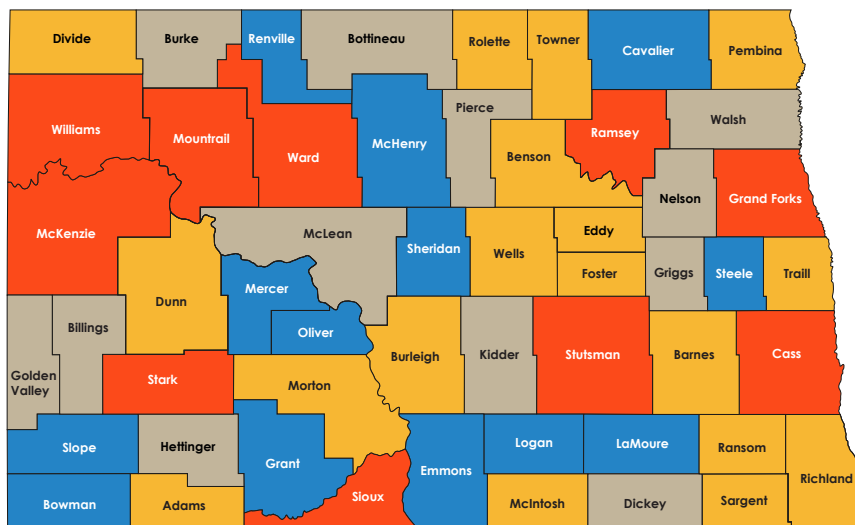
Rental Housing

Median Gross Rent in North Dakota has Grown Faster than Homeownership Costs

Rent. Gross rent in North Dakota grew by 49% during the past decade – twice the rate of inflation - from a median of \$555 per month in 2010 to \$828 in 2020. In addition, from 2010 to 2020, the number of units that were rented for less than \$600 per month fell by 24,568 units. In 2010, units renting for less than \$600 per month represented more than half of all rentals (58%); in 2020 they represented just 21% of all rental households (U.S. Census Bureau, 2021c). Similar to owner-occupied housing, older rental inventory is more prevalent in rural portions of North Dakota. As the home-ownership rate in North Dakota decreased, the rate of rental occupancy increased from 33% in 2010 to 38% in 2020. Similar to owner-occupied housing, housing rental inventory, built in the 1960s, is more prevalent in rural portions of North Dakota.

Renter-Occupied Housing as Percent of Total Occupied Housing in North Dakota, 2020

As the homeownership rate in North Dakota decreased, the rate of rental occupancy increased from 33% in 2010 to 38% in 2020. In 10 North Dakota counties, renters composed at least one-third of all occupied housing in 2020.



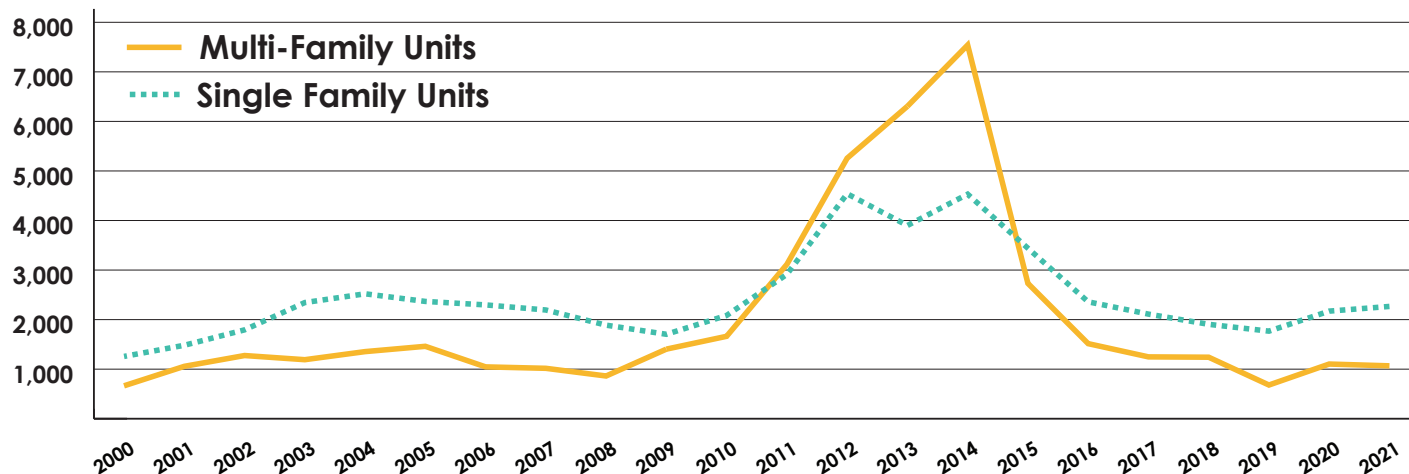
Source: U.S. Census Bureau (2021c)



Construction Industry

Building Permits. Authorized permits for single-family and multi-family housing surged in the early 2010s, have now dropped to pre-2010 levels.

Housing Units Authorized for Construction by Building Permits in North Dakota, 2000 to 2021

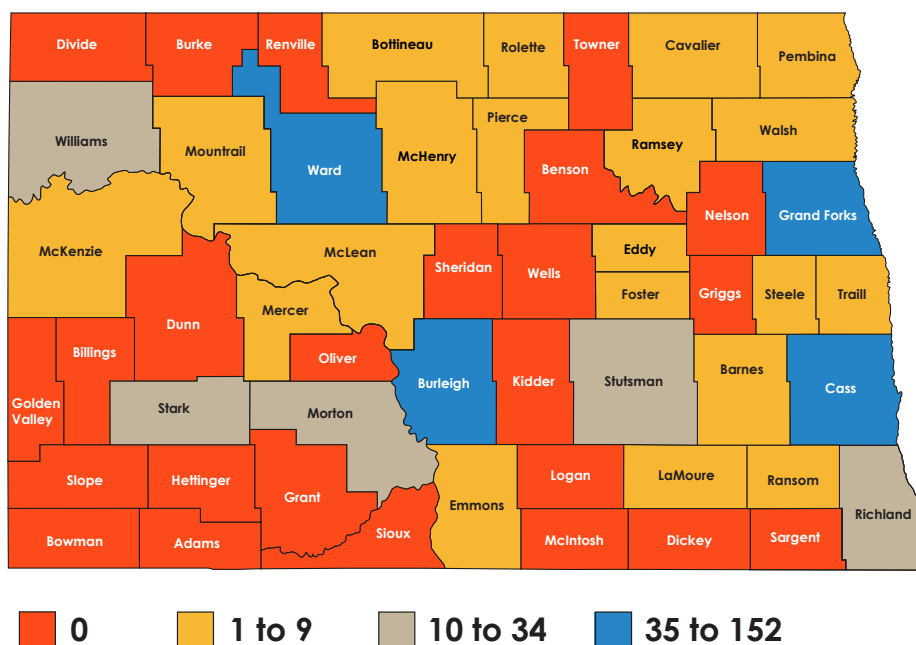


Source: U.S. Census Bureau (2021c)

The average value for single-family homes authorized for construction in 2021 was \$294,299, a 10% increase from \$268,678 in 2020. According to data from the Multiple Listing Services of North Dakota, 655 newly built homes sold in 2021 (mostly within urban areas) with an average purchase price of \$370,485, an increase of 13% from the average purchase price of new homes sold in 2020 (\$327,505) (Multiple Listing Services of North Dakota, 2022).

Residential Building Construction Businesses in North Dakota, 2020

Builders. According to the 2020 County Business Patterns, North Dakota has 551 residential builders in the state (i.e., establishments primarily responsible for the construction or remodeling and renovation of single-family and multifamily residential buildings) – a number which is down 12% from 626 in 2012. In addition to fewer home builders in the state, those that remain are concentrated within 29 counties (down from 50 counties in 2012). This means that 24 counties in North Dakota do not have a residential construction business, increasing the costs for those who wish to build in these areas (U.S. Census Bureau, 2021g). Compounding the challenges for building, especially in rural parts of the state, are widespread workforce shortages, supply-chain issues, and rising prices in general (Chaluvadi, 2022).



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

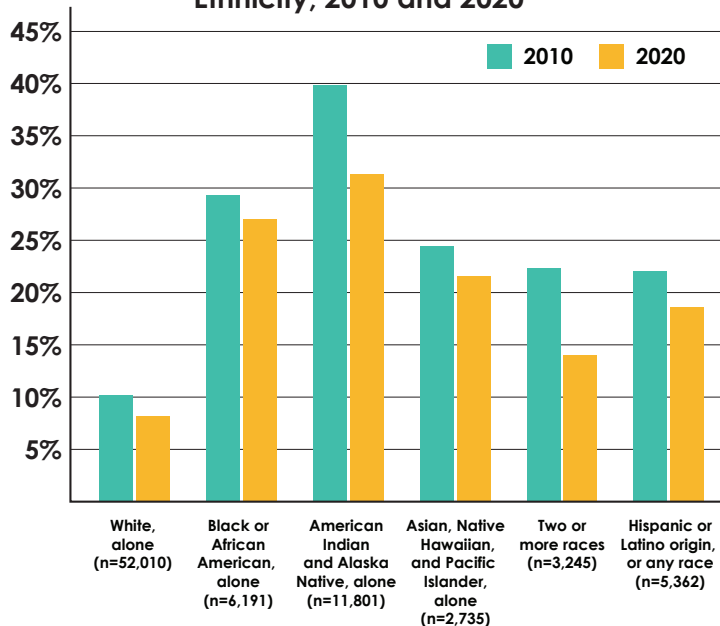


KEY FACTS

NORTH DAKOTA'S HOUSING BARRIERS 2020-2025 TRENDS

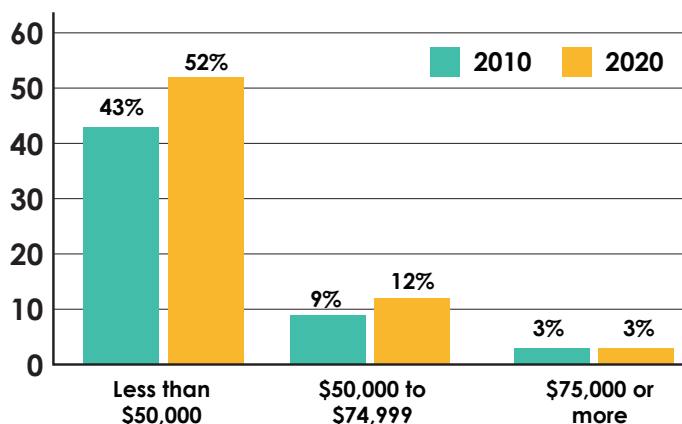
While there has been an increase in the number of households that make more than \$125,000, the majority of all households earn less than \$75,000 annually (57%); 38% earn less than \$50,000. Despite rapid growth in incomes across North Dakota during the past decade there was little change in the state's poverty rate. The poverty rate continues to be significantly higher for non-white populations in the state – populations which are also the fastest growing statewide.

Poverty Rate in North Dakota by Race and Ethnicity, 2010 and 2020



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

Households Spending 30% or More of Income Toward Housing Costs, by Household Income, North Dakota, 2010 and 2020

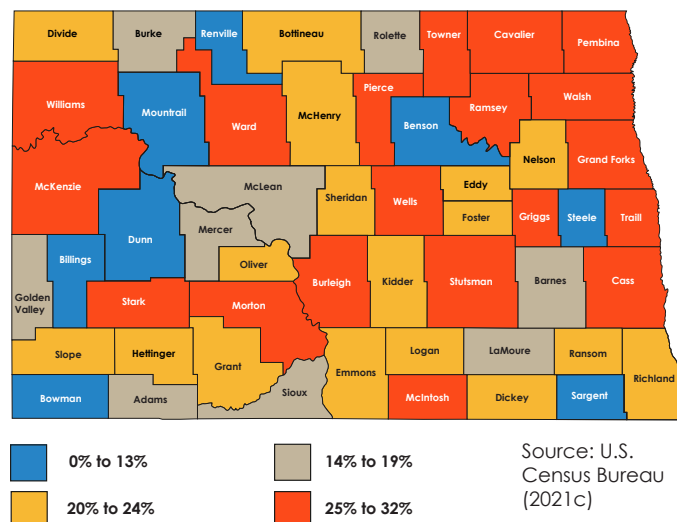


Sources: U.S. Census Bureau (2021c) and Center for Social Research (2022a)

- Nearly 5,000 people have received services for homeless each year from 2019 to 2021 provided by North Dakota's Continuum of Care network. Another important trend is an increase in the number of individuals receiving homeless services who are also struggling with other conditions, disorders, or disabilities. In particular, mental health disorders are becoming more frequent, increasing 46% over the past five years.
- Statewide 39% of renters were cost burdened compared to 14% of homeowners. Renters experienced rising housing costs, with gross rents increasing by 49% in the past decade. Extremely low-income households, which compose approximately one-fifth of all North Dakota households, are especially cost constrained. In 2020 there were 56,545 extremely low-income households, that in order to meet affordability standards can pay no more than \$652 in rent per month.

Notes: 'Alone' indicates the respondent identified as 'one race only.' The 'n' values represent the number of people experiencing poverty in 2020.

Percent of Householders Ages 65 and Older Burdened by Housing Costs in North Dakota, 2020



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

- One in four North Dakota householders ages 65 and older were burdened by housing costs in 2020; geographically, 19 counties exceeded 25%. Half of all renter-occupied householders ages 65 and older in North Dakota were cost-burdened in 2020 (55%) compared to 17% of owner-occupied householders ages 65 and older.



Housing Affordability

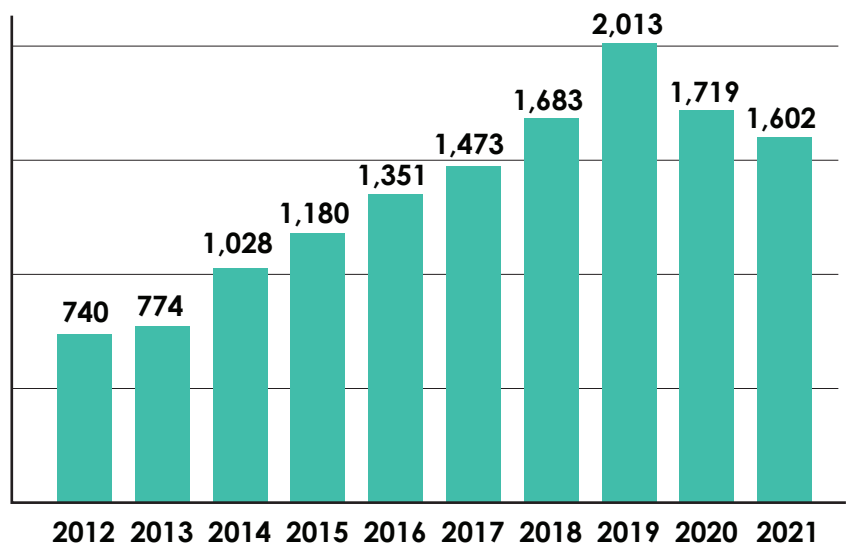
Populations Experiencing Housing Instability Due to COVID-19

Housing Insecurity in North Dakota has Moderated After Fast Rise in Early Days of Pandemic

To provide greater understanding as to how households are withstanding the COVID-19 pandemic, the U.S. Census Bureau conducts a weekly Household Pulse Survey nationwide, which began in April 2020 (U.S. Census Bureau, 2022). For the purposes of the analysis of Household Pulse data, housing insecurity is defined as the percentage of adults who are not currently caught up on their rent or mortgage payments and who have slight or no confidence that their household can pay the next month's rent or mortgage on time. Data collected within the first 12 weeks of the pandemic (April through July 2020) suggest that housing insecurity among North Dakotans grew an average of 6% every week. However, data from the week of April 2022 indicate that 6% of adults in the state report being housing insecure, approximately 13% of adults living in rental housing were not caught up on their monthly rent, and 6% of those with a mortgage were not caught up on their monthly mortgage payments.

Eviction. Faced with the challenges resulting from the pandemic and rents rising faster than incomes, some householders get too far behind on rent and are not able to catch up – that without supports, can lead to the risk of eviction. According to data from the North Dakota Supreme Court, there were 2,399 eviction cases filed in North Dakota in 2021. Approximately two-thirds of those filings resulted in an eviction judgement (1,602 cases) and 780 cases were dismissed (33%). While the rate at which eviction filings are dismissed has risen from 19% in 2012, the number of eviction judgements in North Dakota rose steadily from 2012 through 2019, averaging 16% growth each year. During the same time period, renter-occupied homes overall increased an average of 3% per year. This means that eviction judgements in North Dakota grew five times faster than renter-occupied homes overall from 2012 to 2019. Data for 2020 and 2021 show a decrease in the number of evictions each year, very likely due to moratoriums put in place during the COVID-19 pandemic. Even so, eviction judgements are still higher than levels in 2017 (Figure 63).

Eviction Judgments (excluding dismissals) in North Dakota, 2012 to 2021



Source: North Dakota Supreme Court (2022)

Help for Renters. Receiving federal funds to assist households impacted by COVID-19, the North Dakota Department of Human Services (DHS) created ND Rent Help, an effort to assist residents who have fallen behind or are struggling to pay rent or utilities. Currently, 1,978 housing and utility providers across the state participate and receive payments on behalf of renters. From January 2021 through Sept. 12, 2022, 11,000 households received financial assistance through ND Rent Help, and another 3,540 households were experiencing homelessness at the time of application and received a Letter of Commitment intended to help them attain stable housing. Approximately half (54%) of households receiving assistance had children younger than 18; 29% of households experiencing homelessness had children. Nearly \$60 million in total assistance has been paid to North Dakota households, with an average monthly assistance of \$730 per household.

The federal funds behind ND Rent Help are set to expire in three years, on September 30, 2025. The loss of these funds will likely impact numerous extremely low- and low-income households that struggle to earn enough income to cover housing costs (North Dakota Department of Human Services, 2022a).



HOUSING BARRIERS

Help for Homeowners. In addition to assistance for renters, North Dakota received \$50 million in federal funds to help homeowners mitigate financial hardships associated with the COVID-19 pandemic. With these funds, known as the Homeowner Assistance Funding, DHS launched ND Help for Homeowners in July 2022, just prior to the release of this housing assessment study. ND Help for Homeowners is designed to help qualifying homeowners who are at risk of housing instability due to a past-due mortgage, utilities, or related property expenses — or who may be struggling to maintain stable housing for other financial reasons. While it is still in the early stages of being administered, an estimate of homeowners experiencing mortgage distress was developed in 2021 for the official plan on how to distribute the funds. A select group of lenders provided a sample of home loans which identified at least 2,570 North Dakota homeowners experiencing mortgage distress. The plan also identified, from a group of utility companies and members of the ND Association of Rural Electric Cooperative members, 27,564 residential properties that were delinquent on their utilities. In addition, information from a December 2020 property tax survey of North Dakota counties indicates that 6,907 residential properties in the state were delinquent on their taxes at that time (based on 23 counties reporting out of 53) (North Dakota Department of Human Services, 2022b).

These funds are intended to complement solutions that are already offered by mortgage servicers in the state – to support North Dakota homeowners facing challenges with housing costs.

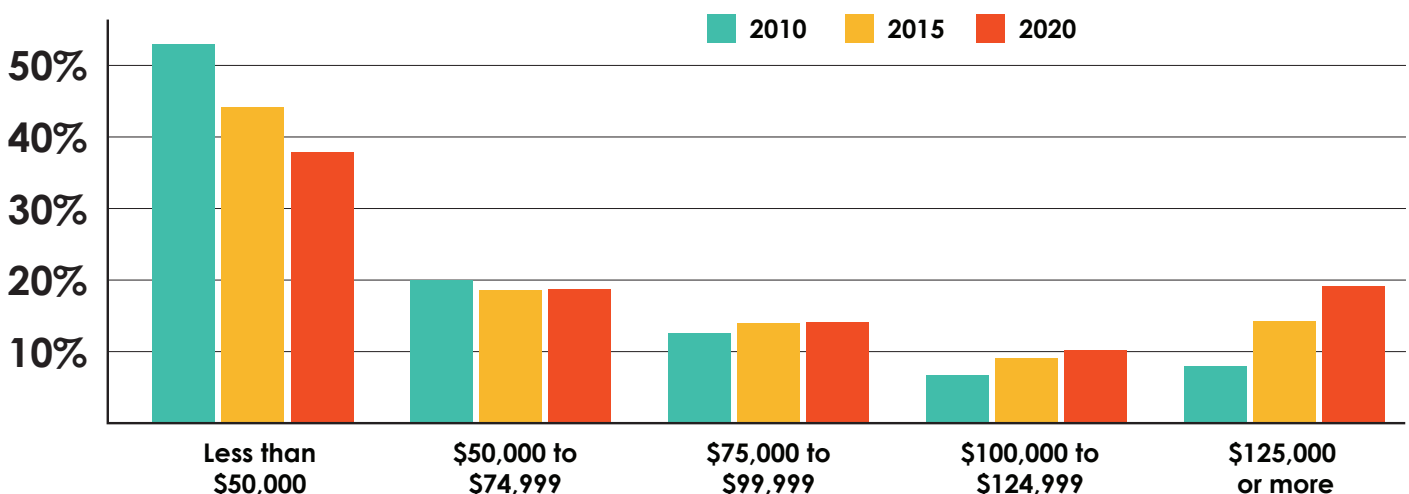
Economic Stability

Despite Higher Incomes in North Dakota Overall, Disparities Exist, Creating Challenges for Many Individuals and Families in the State

Income. Higher wages and salaries have also resulted in higher household and family incomes across the state. While the inflation rate grew 19% from 2010 to 2020 (U.S. Bureau of Labor Statistics, 2021), the median family income in North Dakota grew twice as fast, increasing 41% from \$61,500 in 2010 to \$86,900 in 2020. (U.S. Department of Housing and Urban Development, 2021).

Despite the rise in incomes, there has been little overall change in the number of moderate-income households in North Dakota. Households earning from \$75,000 to \$99,999 represented about 14% of all households in the state in 2020, compared to 13% in 2010. And while there are fewer households earning less than \$50,000, the majority of all North Dakota households earn less than \$75,000 annually (57%); 38% earn less than \$50,000 (Figure 15) (U.S. Census Bureau, 2021c).

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



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

Poverty. The rapid growth in incomes across North Dakota during the past decade was accompanied by little change in the state's poverty rate. Approximately 77,491 North Dakotans were living in poverty in 2020, meaning they had incomes considered too low to cover basic living expenses. Overall, the poverty rate edged down slightly from 12% in 2010 to 11% in 2020. Despite statewide improvement, 17 counties (all in rural portions of the state) showed an increase in poverty since 2010 (U.S. Census Bureau, 2021c).



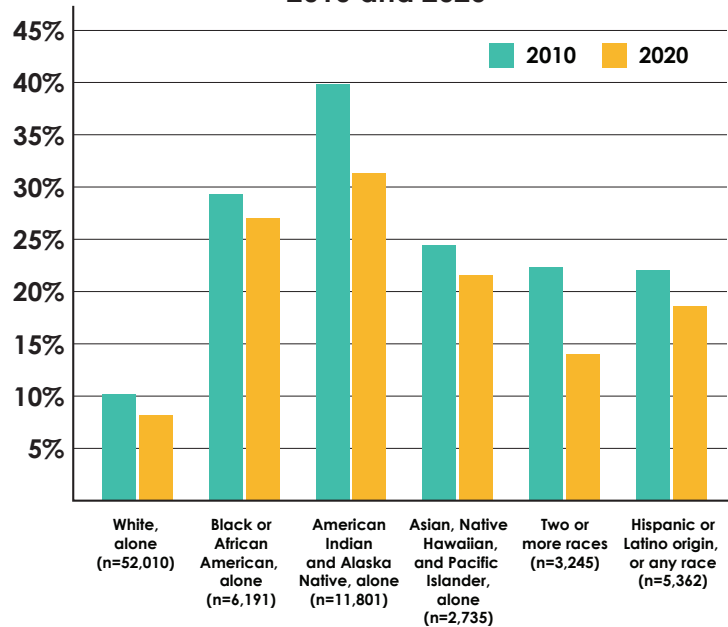
HOUSING BARRIERS

Poverty rates continue to be significantly higher for non-white populations in the state – populations which are also the fastest growing statewide. Specifically, the American Indian population is nearly four times more likely to experience poverty than the white population in North Dakota; African-American and Asian populations are three times more likely and Hispanic populations are twice as likely as the white population to experience poverty (U.S. Census Bureau, 2021c).

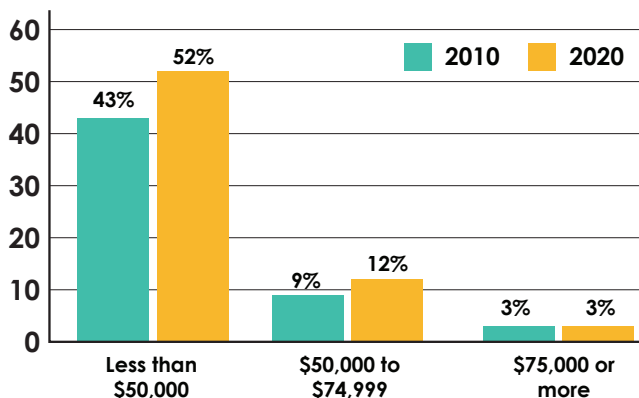
Notes: 'Alone' indicates the respondent identified as 'one race only'. The 'n' values represent the number of people experiencing poverty in 2020.

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

Poverty Rate in North Dakota by Race and Ethnicity, 2010 and 2020



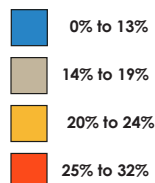
Households Spending 30% or More of Income Toward Housing Costs, by Household Income, North Dakota, 2010 and 2020



Sources: U.S. Census Bureau (2021c) and Center for Social Research (2022a)

Age. One in four North Dakota householders ages 65 and older were burdened by housing costs in 2020; geographically, 19 counties exceeded 25%. Half of all renter-occupied householders ages 65 and older in North Dakota were cost-burdened in 2020 (55%) compared to 17% of owner-occupied householders ages 65 and older.

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

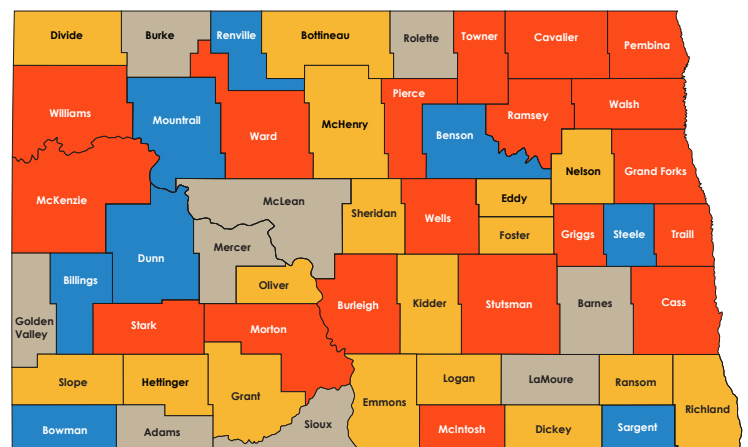


Households Burdened by Housing Costs

An Increasing Number of Lower-Income Households in North Dakota are Burdened by Housing Costs

General guidance suggests that housing costs should not exceed 30% of monthly household income. When too much of a paycheck goes to paying the rent or mortgage, families may be faced with choosing among paying for essentials such as utilities, food, transportation, or medical care. Within North Dakota, housing costs are substantially more of a burden for renters than homeowners. In 2020, 39% of renters in the state were cost burdened compared to 14% of homeowners (Center for Social Research at North Dakota State University, 2022a).

Percent of Householders Ages 65 and Older Burdened by Housing Costs in North Dakota, 2020





Home Ownership and Rental Affordability

Lower-Income Households in North Dakota have Limited Options for Housing

Home-Ownership Affordability. Households with moderate and upper-level incomes in North Dakota are able to afford most of the state's housing inventory (using self-reported home values). However, the affordable purchase price of a home for a North Dakota family with lower income (i.e., at most \$52,140) in 2020 was \$157,729. Placed in context, 38% of North Dakota households cannot afford to purchase a home for more than \$157,729 and about half of North Dakota households would not be able to afford a \$200,000 home (at least 57%).

Impacts of Rising Interest Rates. Low-income households have fewer purchasing options as mortgage interest rates increase. A household earning \$52,140 in 2020, could afford to purchase a home at \$184,617 with a 3.1 percent interest rate. When interest rates increase to 6 percent, affordability drops to \$145,613. This scenario only accounts for 10 percent of monthly income to non-housing debt. If a household has car payments or student loans that exceeds 10 percent of their total income, the affordability drops lower, further limiting housing options.

While not all householders that rent are interested or able to purchase a home, opportunities to do so are limited in North Dakota. Estimates indicate that approximately 66,525 lower income households in North Dakota rented their homes in 2020.

The table below highlights how many homes for sale are available based on their income.

**Total Households by Income and Tenure Compared with
Total MLS* Homes Sold Meeting Affordability Limits in North Dakota, 2020**

Household Income Category	Total Householders	Approximation of Householders that Rent	Homes Sold Meeting Affordability Income Limits
Extremely Low	56,545	35,013 (62%)	795
Very Low	52,601	27,211 (52%)	2,128
Low	72,818	28,710 (39%)	5,835
Lower Moderate	45,518	12,263 (27%)	8,325
Moderate	32,901	5,796 (18%)	8,977
Upper	62,170	5,454 (9%)	9,342
Lower (0% to 60% MFI)	121,682	66,525 (55%)	3,179

Note: *MLS refers to homes sold that were listed through the Multiple Listing Services of North Dakota

Sources: Center for Social Research (2022a), U.S. Census Bureau (2021d), Multiple Listing Services of North Dakota (2022)

State and Federal Multifamily Housing Developments

Programs for Rent and Income Restricted Affordable Multifamily Housing

Housing Choice Voucher Program. In North Dakota, a total of 7,175 households were receiving housing vouchers as of March 2022 to assist with housing options (U.S. Department of Housing and Urban Development, 2022b). Once approved for a housing voucher, applicants have 60 days to secure housing. However, a growing number of voucher recipients have not been able to secure housing during the 60-day period, which leads to their application expiring. When expired, the voucher is reassigned to the next applicant on the waiting list. While there is considerable fluctuation from month to month, the average number of vouchers issued but unredeemed each month since January 2020 (323 vouchers) is 64% higher than the monthly average prior to 2020 (197 vouchers). Program administrators suggest there are two reasons that frequently prevent qualified applicants from securing housing and utilizing the vouchers: 1) difficulty finding rental options that qualify for the program, that is finding rental properties with rents that are low enough to meet the HUD payment standard or 2) finding a housing provider who is willing to accept a voucher as rent payment (U.S. Department of Housing and Urban Development, 2022b).



HOUSING BARRIERS

Public Housing Program. North Dakota has 1,381 units of public housing managed by 15 public housing authorities. Average occupancy rates of public housing units in North Dakota range from 65% to 100%; however, for six of the 15 public housing authorities, average occupancy rates were greater than 90%. Differences in occupancy rates are due to location and the condition of the housing units. While the service date for individual public housing projects was not available, a majority of the housing units were built in 1972, making most of the properties approximately 40 years old. (North Dakota Housing Finance Agency, 2022).

Rent and Income Restricted Housing. Each low-income housing program are separate programs administered by different state and federal agencies with various rent and income restrictions that determine eligibility. Various programs also have different income restrictions that determine eligibility. Some projects may limit eligibility to very low-income households, up to 50% MFI, while others may have less stringent income restrictions with eligibility of up to 140% MFI.

Currently there are only 951 units available for extremely low income households, 1,953 units for very low-income households and 9,457 units for low to moderate income households. Of these total units, 44 percent have been in service before 2000, which suggests that most properties are in need of remodeling and rehabilitation.

Populations Experiencing Homelessness

Stable housing continues to be a significant challenge for many individuals living in North Dakota

For individuals and families with already strained budgets, a rise in housing costs can increase the likelihood of becoming homeless. North Dakota's Homeless Continuum of Care (CoC) program is a community-wide effort designed to bring together people and organizations to prevent and end homelessness in the state. In 2021, 4,961 people were struggling with homelessness and receiving services through the ND CoC with the majority in the 25 to 44 age group (North Dakota Continuum of Care, 2022a).

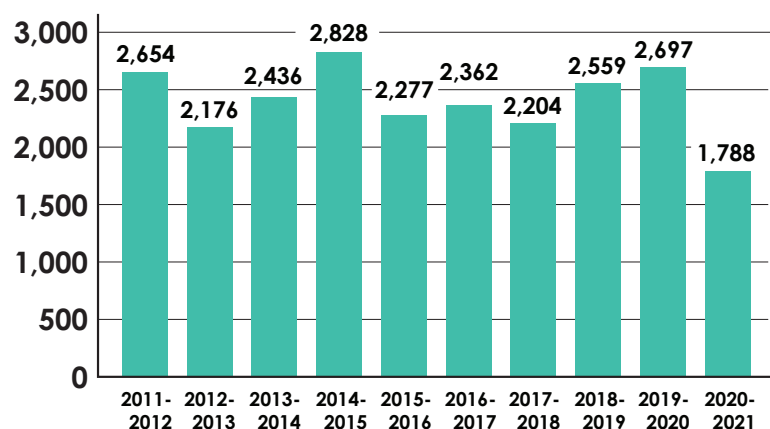
Mental health disorders are becoming more frequent, increasing 46% over the past five years among individuals receiving services for homelessness in North Dakota. In 2021, approximately one in four individuals receiving services for homelessness in the state also had a mental health disorder (28%), which is up from one in 10 individuals receiving services in 2017 (11%).

Individuals who are Black and Hispanic are among the fastest growing populations in North Dakota. They are also disproportionately affected by homelessness. Black and African Americans compose about 3% of the total population in North Dakota, yet they compose 14% of all individuals receiving services for homelessness. In addition, Black and African Americans are six times more likely to experience homelessness than the white population in North Dakota. The Hispanic population, which is 4% of the state's population, is three times more likely to experience homelessness than the white population. Even more disparate are the data for American Indians living in the state. American Indians compose 5% of the total population in North Dakota, yet are seven times more likely to experience homelessness than the white population. In 2021, 23% of those served by CoC partners for homelessness were American Indian (1,132 people).

School Children Impacted by Unstable Housing.

While the North Dakota CoC partners provided services to 914 children in 2021, there are many more children in North Dakota without stable housing. In addition to students living in shelters or in unsheltered situations, public schools also report on the number of students in families living in motels, hotels, vehicles, camp grounds, and recreational vehicles (RVs). While numbers have been gradually going down, schools in North Dakota reported 1,788 public school children who lacked a permanent nighttime residence during the 2020-21 school year (Figure 19) (North Dakota Department of Public Instruction, 2022).

Students Enrolled in North Dakota Public Schools Who Lacked a Regular Nighttime Residence, 2011-12 to 2020-21



Source: North Dakota Department of Public Instruction (2022)



HOUSING BARRIERS

Foster Youth Aging Out Experience Higher Levels of Homelessness. In North Dakota, 2,104 children received foster care services during 2020, a 10% increase from 1,912 in 2010 (North Dakota Department of Human Services, Children and Family Services, 2020). When children leave the foster care system, most of them are reunited with family or adopted (83% in 2019) (U.S. Department of Health and Human Services, 2021a). Each year since 2010, approximately 59 North Dakota youth age out of foster care without being reunited with family or being adopted (U.S. Department of Health and Human Services, 2021a). Data from the most recent cohort studied show that 41% of North Dakota youth aging out of foster care experienced homelessness by age 19 and another 28% were homeless at some point during the next two years (by age 21) – this despite 61% finding employment by age 21 (National Youth in Transition Database, 2018).

Housing Capacity for the Homeless. In an effort to support and house individuals and families struggling with stable housing, an inventory of beds dedicated to people experiencing homelessness is conducted as part of a Point-in-Time count on a single night in January each year. In the January 2022 evaluation, it was determined that North Dakota had 1,647 beds, and just over half of them (59%) were in emergency shelters, safe havens, or transitional housing programs. A growing number of beds are now dedicated to more supportive and permanent types of housing (41% in 2022).

North Dakota Department of Corrections and Rehabilitation Populations

Housing continues to be a challenge for justice-involved individuals

In 2022, the DOCR reported that approximately 97% of individuals incarcerated in a DOCR facility will return to their community within three years (North Dakota Department of Corrections and Rehabilitation, 2022a). From 2010 through 2017, there was a steady increase in the number of individuals released each year from North Dakota correctional facilities, transitional programs, and county jails. This trend changed in 2018 when the total number of releases started to decline, from 1,691 releases in 2017 to 1,228 in 2021, a 27% decrease. Some of the decline in 2020 and 2021 can be attributed to COVID-19 and the decrease in arrests and prison admissions during this same period. Approximately one in 10 offenders released from North Dakota facilities have registration requirements, meaning they are sex offenders or violent offenders against children. The number of registered offenders released from North Dakota facilities increased from 95 in 2010 to 134 in 2021, a 41% increase (peaking at 176 releases with registration requirements in 2017) (Figure 21).

Homelessness in North Dakota Department of Corrections and Rehabilitation Populations.

DOCR defines homelessness as 'an individual or family who lacks a fixed, regular and adequate nighttime residence.' On any given day in the past five years, the DOCR has about 5% of their adult community supervision population in a state of homelessness.

Data from the May 2022 point in time count of individuals under DOCR supervision included 7,151 adult offenders. Approximately 67% of the total homeless supervision population was aged 25 to 44 (265 offenders). Nearly three-quarters of the homeless DOCR supervision population were male offenders (293 compared to 105 women). Approximately half of the homeless population was white (223 offenders) and one-quarter were American Indian (100 offenders). Two-thirds of the homeless supervision population had, at most, a high school education (269 offenders).

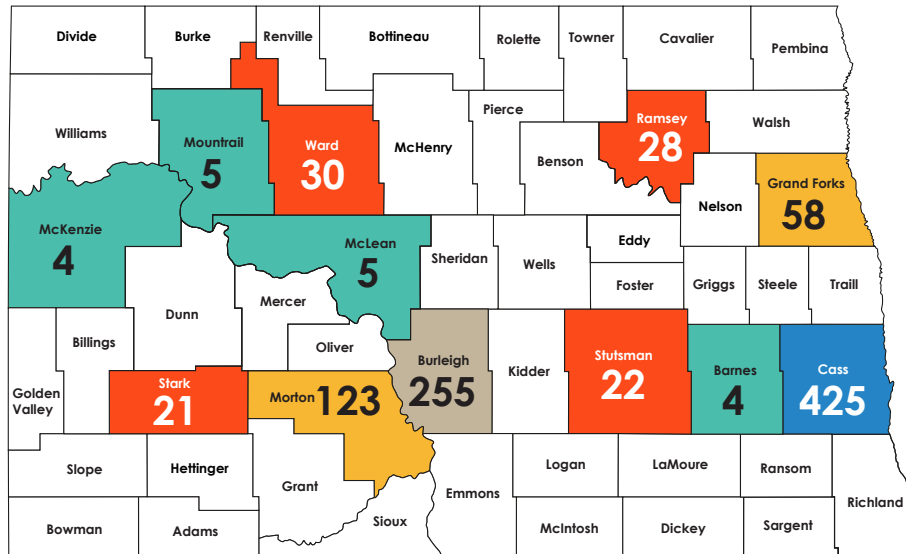
Populations in Recovery. North Dakota has a variety of sober living homes, also known as halfway houses, recovery homes, or transitional housing, available across the state to aid in recovery from a chronic alcohol or drug abuse addiction. DOCR provided a list of the number of known facilities that provide sober living beds in the state. While the list is likely not exhaustive, they estimate at least 980 sober living beds in North Dakota. Bed counts refer to housing capacity within both sober living houses and contract-transitional housing facilities and can be designated for men, women, or as coed housing. The majority of sober living beds are coed and can be assigned to either men or women (458 beds). Of the beds that are gender specific, over twice as many beds are designated for men (351) than for women (171) (North Dakota Department of Corrections and Rehabilitation, 2022b).



HOUSING BARRIERS

In North Dakota, the majority of sober living houses are located near Bismarck and Fargo, with a few other homes scattered across the state. Recovery homes are scarce to non-existent in more rural parts of the state.

Number of Sober Living Beds in North Dakota, March 2022



Source: North Dakota Department of Corrections and Rehabilitation (2022b)

**The complete 2020-2025 Statewide Housing Needs
Assessment and tables can be found at:
www.ndhfa.org/index.php/publications/**