2022 North Dakota Statewide Housing Needs Assessment

A detailed analysis to better understand housing needs in North Dakota

OCTOBER 2022






Nancy Hodur Karen Olson Dean Bangsund
Jerry Dogbey-Gakpetor Chelsey Hukriede Elvis Ndembe Kaeleigh Schroeder

Center for Social Research and the Department of Agribusiness and Applied Economics

NDSU NORTH DAKOTA STATE UNIVERSITY

NDSU is an EO/AA University

Prepared for

NORTH DAKOTA housing FINANCE AGENCY

Acknowledgements

The 2022 North Dakota Statewide Housing Needs Assessment is a significant undertaking resulting from the vision and leadership of numerous individuals and governing bodies. It is important to acknowledge those who have dedicated time and energy to ensure that thoughtful planning and long-range strategic vision serve as the basis for policy and decision-making regarding housing issues in North Dakota. We also wish to recognize and thank the numerous entities and stakeholders throughout the state that shared information and statistics to help give a clearer picture of housing in our communities, counties and reservation areas. Researchers with the Center for Social Research and the Department of Agribusiness and Applied Economics at North Dakota State University gratefully acknowledge the support of the following individuals and organizations in the preparation of the 2022 North Dakota Statewide Housing Needs Assessment.

North Dakota Industrial Commission
Governor Doug Burgum
Agriculture Commissioner Doug Goehring
Attorney General Drew Wrigley

North Dakota Housing Finance Agency
David Flohr, Executive Director
Kayla Ver Helst, Public Affairs Director
Jennifer Henderson, Planning and Housing Development Division Director
Brandon Dettlaff, Homeownership Division Director

North Dakota Housing Finance Agency Advisory Board
Ninetta Wandler, Chairwoman * Lisa Rotvold, Vice Chairwoman * Jim Farnsworth, Member
Joe Sheehan, Member * Kevin Hanson, Member * Larry Nygard, Member

Stakeholders
North Dakota Department of Commerce * North Dakota Department of Human Services * USDA Rural Development * North Dakota Department of Health * North Dakota Department of Public Instruction * North Dakota Office of the State Tax Commissioner * North Dakota Department of Corrections and Rehabilitation * North Dakota State Hospital * North Dakota League of Cities * North Dakota Association of Counties * North Dakota Planning Association * North Dakota Continuum of Care * North Dakota Association of REALTORS® * North Dakota Apartment Association * North Dakota Association of Home Builders * AARP North Dakota * North Dakota Long Term Care Association * Community Action Partnership of North Dakota * Greater North Dakota Chamber * Bismarck-Mandan Board of REALTORS® * Badlands Board of REALTORS® * Jamestown Board of REALTORS® * Minot Board of REALTORS® * Fargo-Moorhead Area Association of REALTORS® * Williston Board of REALTORS® * Grand Forks Area Association of REALTORS®

Special Acknowledgements to Staff at Center for Social Research at North Dakota State University
Mihaela Cernusca, Avram Slone, Valquiria Quirino

Table of Contents

Introduction

Purpose

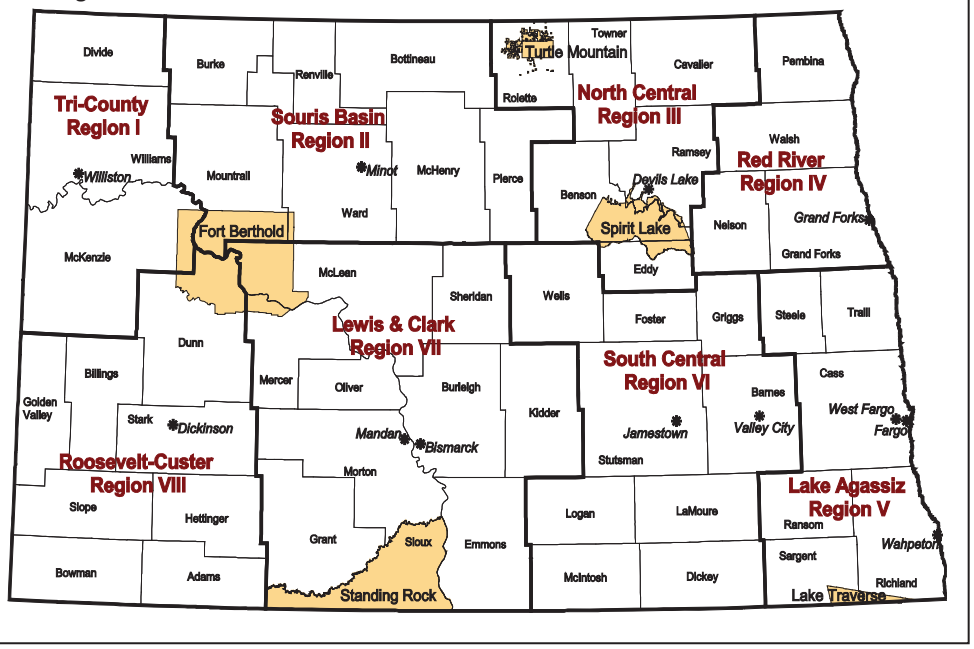
This study is an update to a previous Statewide Housing Needs Assessment conducted in 2016. The focus of this report is to provide an overview of current conditions and important trends that affect housing dynamics in North Dakota. Forecasts of future housing needs are based on forecasts of population in 2025 and the ratio of the historic distributions of householders and other householder characteristics to total population. Forecasts are based on the change in number and characteristics of householders and are reported by age, household income, and homebuyer type to provide further context to future housing needs. This study also examines housing affordability, rent and income restricted multifamily housing programs, and recent housing market trends.

During much of the past decade, North Dakota experienced dynamic changes in the demographic and socio-economic conditions throughout the state. Due largely to a booming oil industry from 2006 through 2015 and an influx of new residents to fill the resulting labor gaps, the state faced many challenges in how to best respond to the strain placed on roads, water supplies, sewage systems, government services, and housing. Beginning in 2015, the economy slowed and workforce-age individuals and families began leaving the state. This type of dynamic change can make forecasting difficult. To address those challenges, 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. Regardless of data shortcomings and the challenges of future uncertainty during periods of rapid change, the patterns that emerge from this study are useful in understanding the magnitude of potential future change and can guide planning for future housing needs. The housing forecast presented in this study should be combined with other tools and metrics in developing housing policy.

Organization of Report

The first section of this report provides an overview of current conditions and trends that affect housing dynamics. Historical shifts in population, demographics, the state's economy, and housing trends are some of the issues examined to provide context to statewide housing affordability issues. The next section outlines modeling methodology used to generate projections of future housing needs and projected housing inventory, and a summary of those projections. Next, housing profiles are reported for each of the eight state planning regions, all 53 counties, and the 12 largest cities - all organized by planning region. Housing profiles are also included for American Indian reservations. Finally, detailed tables of relevant population and housing data, organized by subject matter, are provided for all geographies included in this study. The location of American Indian reservations and the state's counties, planning regions, and 12 most populated cities are shown in Figure 1.

Figure 1. Geographic Locations and Boundaries used in the 2022 North Dakota Statewide Housing Needs Assessment



Executive Summary

Population Characteristics

- After decades of moderate growth, North Dakota's population surged to record numbers during the past decade, growing by 16% from 672,591 in 2010 to 779,094 in 2020. Much of the growth took place in the first part of the 2010s, increasing an average of 2% 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 to 2020. Just prior to the release of this study, the Census Bureau released the July 2021 population estimates which show a continued outmigration from western counties impacted by another downturn in the oil and gas industry, and a corresponding loss in the total statewide population of 1% to 774,948 people.

- The rapid growth in population through 2015 was fueled largely by people ages 25 to 44 moving to North Dakota for employment opportunities. This demographic shift resulted in North Dakota being the only state to become younger since 2010, with the median age decreasing from 37.2 years to 35.2 years over the past decade. At the same time as North Dakota was becoming younger, the baby boom generation (a large cohort of people born after World War II, from 1946 through 1964) was getting older and moving into the '65 and older' age cohort – a cohort which grew by 26% from 2010 to 2020. The oldest baby boomers are now 76 years old, and younger boomers will continue aging into this age cohort until 2029.

- Barring another shift in the economy that might alter migration patterns, North Dakota's population is projected to show moderate growth by 2025, increasing by 1.3% or about 10,000 people. The most significant change in population that is expected to occur by 2025 will be the aging forward of baby boomers into the '65 and older' category. From 2010 to 2020, people 65 and older living in their own home grew four times faster than those living in nursing homes. As more people in this age group are able to age in place, it is important to consider that 32% of them have a disability; and this increases to 48% for American Indians ages 65 and older.

- As North Dakota's population grew over the past 10 years, so did the racial and ethnic diversity of the state. Combined, the percentage of the population that was Black or African American, Asian, American Indian, or Hispanic nearly doubled, growing from 11% in 2010 to 18% in 2020. The Hispanic population, regardless of race, more than doubled, increasing from 13,467 in 2010 to 33,412 in 2020.

- Disposable personal income rose substantially in North Dakota during the past decade. Yet, despite the rise in incomes, there was little overall change in the number of moderate-income households in North Dakota. While there was an increase in the number of households that earn more than $125,000, the majority of all North Dakota households earn less than $75,000 annually (57%); 38% earn less than $50,000. There was also little change in the state's official poverty rate (12% in 2010 to 11% in 2020). Approximately 77,491 North Dakotans were living in poverty in 2020, meaning they had incomes considered too low to cover basic living expenses. When disaggregated by race and ethnicity, poverty rates continue to be significantly higher for American Indians, Black and African Americans, Asians, and Hispanic populations than for white populations in the state.

- Homelessness continues to be a challenge for many individuals and families in North Dakota. Hispanic populations, Black and African Americans, and American Indians are three, six, and seven times more likely to experience homelessness than white populations in North Dakota. Mental health disorders are becoming more frequent, increasing 46% over the past five years among individuals receiving services for homelessness. In 2021, about 28% of individuals receiving services for homelessness in the state also had a mental health disorder.

- Children and youth are also at risk of experiencing homelessness. During the 2020-2021 school year, 1,788 school aged youth were identified as lacking a fixed, regular, and adequate nighttime residence. Youth in foster care who reach a maximum age for services and age out of the program face particularly challenging obstacles. A recent study found that nearly half experience homelessness within two years of 'aging out' of foster care.

- Individuals involved in the justice system face unique challenges with regard to housing. Studies suggest that among a myriad of other challenges faced by residents upon release, securing adequate housing can be one of the most significant. The lack of appropriate housing places those recently released from a correctional facility at medium or high risk of homelessness and recidivism. About 5% of the adult population under supervision by the North Dakota Department of Corrections and Rehabilitation is in a state of homelessness on any given day.

Housing Characteristics

- While most housing in North Dakota is owner-occupied (62% in 2020), homeownership rates are down from where they were in 2010, regardless of income. The greatest declines in homeownership rates were for households with lower and moderate incomes. From 2010 to 2020, the homeownership rate for households earning $50,000 to $74,999 dropped from 78% to 60%; the rate dropped from 64% to 51% for households earning $35,000 to $49,999. The median monthly housing costs for homeowners with a mortgage (including mortgage, insurance, and utilities) rose 27% since 2010, from $1,146 to $1,457 in 2020.

- Home sales captured through the Multiple Listing Services of North Dakota (MLS) indicate that the average residential purchase price of North Dakota housing units sold through the services in 2020 was $246,786. Based on income limits set by the Department of Housing and Urban Development (HUD) and industry standards regarding mortgage lending practices, more than half of North Dakota households would not be able to afford a home at this value (at least 57%). In addition, MLS data indicate that the average home price in North Dakota rose 8% from 2020 to $267,404 in 2021.

- As the homeownership rate in North Dakota decreased, the rate of rental occupancy grew from 33% in 2010 to 38% in 2020. However, rental households in North Dakota are also facing a rise in housing costs. 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. For about one in five households in North Dakota (i.e., those earning less than $26,070 and defined as extremely low-income by HUD), the most they could afford would be $652 each month.

- Housing costs in North Dakota are substantially more of a burden for renters than homeowners. In 2020, 39% of renters in the state were cost burdened (spending at least 30% of income toward housing) compared to 14% of homeowners. In addition to households with lower incomes, householders ages 65 and older were more likely than younger age groups to be burdened by housing costs. Overall, 26% of North Dakota householders ages 65 and older were burdened by housing costs – for older adults who rent, 55% were burdened by housing costs.

- COVID-19 added to the challenges faced by families struggling with rising housing costs. During the first few months of the pandemic, housing insecurity among North Dakotans grew an average of 6% every week. Current data suggest that despite the rise in housing insecurity early on, there has been relatively little change in the overall rate since August 2020. Faced with the challenges resulting from the pandemic and rents rising faster than incomes, some householders are not able to pay their rental costs at all – that, without supports, can lead to the risk of eviction. On average, about 1.4% of North Dakota families are evicted each year.

Housing Sales Market

- According to the annual Sales Ratio Study conducted by the North Dakota Office of State Tax Commissioner, the average residential homes sale price increased in all 12 of North Dakota's largest cities from 2010 to 2020 by at least 47%. Growth in sale prices over the 10-year period ranged from a low of 47% and 50% in Minot and Grand Forks respectively, to highs of 99% and 113% growth in Devils Lake and Williston, respectively. For areas impacted by the oil and gas industry, sale price increases were greater in the first half of the decade. For the cities of Fargo, West Fargo, Wahpeton, and Devils Lake, sale price increases were greater in the second half of the decade. The average sale price for residential homes also increased in rural areas of the state from 2010 to 2020 – at rates that were greater than those in the 12 largest cities. Increases ranged from 88% in Region III to 372% in Region I. While the percentage increases were greater in rural areas of the state, the actual prices in rural areas were lower that the corresponding cities in the region.

- According to MLS in North Dakota, homes sold faster in 2021 than they did in 2017. In the 12 largest cities, the number of days a house was on market before selling decreased from 2017 to 2021 for all home price categories, except for homes priced at $150,000 or less. For these lower priced homes, the average number of days on the market increased from 75 days in 2017 to 82 days in 2021. The greatest decrease in average days on market was for housing priced at $500,000 or more, dropping from 149 days in 2017 to 87 days in 2021.

- The average number of days on market in rural North Dakota was considerably longer across all price ranges than in the 12 largest cities in 2021. Even lower priced housing had longer average days on market — roughly 40 days longer for housing priced at up to $150,000 and 30 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 declined sharply from 2020 to 2021 except for the highest price housing.

- The average price per square foot in 2021 for new construction and existing sales statewide reached highs of $211 and $151, respectively - both increasing by $51 per square foot since 2012. The average price per square foot in the state's 12 largest cities increased by $56 for existing homes and $45 for new construction since 2012, reaching $161 and $207, respectively in 2021. Average price per square foot also increased in rural North Dakota for both existing home and new construction sales since 2012. Cost per square foot for existing homes grew steadily and moderately, increasing by $37 since 2012 to $113 per square foot in 2021. The increase was more dramatic for new construction sales in rural areas, increasing by $90 since 2012 to $230 per square foot in 2021.

- Regardless of location, low and moderately priced housing in the state is much older than more expensive housing. Houses listed at $150,000 or less in 2021 were more than a decade older on average in rural North Dakota (72 years old) than in the state's largest cities (61 years old). Even homes priced from $150,001 to $250,000 were older, averaging 49 years old statewide. In contrast, homes priced over $350,000 were, on average, less than 18 years old.

- Average sale prices in North Dakota, have continually increased over the past 10 years, regardless of geography. While lower in rural North Dakota, average sale prices increased at a higher rate than in the 12 largest cities and overall. According to MLS data, the average 2021 sale price was $267,404 statewide, $283,020 in the 12 largest cities, and $207,724 in rural North Dakota.

- With increasing sale prices over the past decade in North Dakota, the sales market is becoming dominated by increasingly more expensive homes. In 2012, 80% of units sold were priced at $250,000 or less – and this percentage dropped to 53% in 2021. More expensive homes – those sold for more than $250,000 – composed 20% of all sales in 2012 and rose to capture 47% of all sales in 2021.

Multifamily Housing Affordability Programs

- State and federally funded affordable housing programs are designed to help ensure safe and affordable housing is available for low-income households, the elderly, and individuals with a disability. The U.S. Department of Housing and Urban development (HUD), the U.S. Department of Agriculture (UDSA), and the North Dakota Housing Finance Agency administer programs that provide low interest loans, tax credits, and rental assistance payments. Statewide there are currently 12,361 subsidized multifamily housing units at various income restriction limits.

- Of the 12,361 affordable housing units in the state, 4,368 (35%) receive rental assistance. Rental assistance policies vary slightly but generally limit household rental costs to at or below 30% of household income. While there are low-income rental properties in every region of the state, more housing units are in planning regions home to three of the four large metro areas; Fargo-West Fargo, Bismarck-Mandan, and Grand Forks.

- Through the Housing Choice Voucher program, administered by HUD, a total of 7,175 households were approved for housing vouchers as of March 2022 to assist with housing options in North Dakota. Recipients have 60 days upon approval to secure housing and begin to receive the vouchers. However, due to the inability to find rental options that qualify or a provider willing to accept a voucher as rent payment, a growing number of recipients

have not been able to secure housing during the 60-day period which results in expiration of their applications. The average number of vouchers unredeemed each month since January 2020 is 64% higher than the average prior to 2020. This would suggest that even with vouchers, lower-income households have challenges securing housing.

- Opportunities for lower-income householders to find affordable rents are limited in North Dakota. Estimates indicate that approximately 62,224 extremely and very low-income households in North Dakota rented their homes in 2020 – and two-thirds of them pay at least 30% of their income toward rent. Yet there are only 2,904 subsidized low-income housing units in the state that would be available to these householders based on program income restrictions.

- Many state and federally funded multifamily housing projects have been in service for many years and may need repair and rehabilitation. Forty-four percent of affordable housing units have been in service since before 2000 – 14% have been in service since before 1980 (meaning 14% have been in service for 43 to 62 years). Properties administered by Public Housing Authorities are also likely in need of repair and rehabilitation with most built in the early 1970s.

Future Housing Needs

- Based on estimated change in population by age and the state's current housing inventory, the state would need to add an additional 9,285 housing units by 2025 to meet the potential need, a 3% increase from 2020. The strongest need for housing is projected for Regions V and VII.

- As the household mix in North Dakota changes, projections indicate a growing need for more affordable housing for lower-income households. Extremely low-income households in North Dakota are projected to grow by 6% or 3,621 households by 2025. Very low-income households are projected to grow by 5% or 2,566 households and low-income households will grow by 2% or 1,768 households. Relatively little change is expected for moderate- and upper-income households by 2025.

- The most significant change in occupied housing expected to occur by 2025 will be the increased need for housing suited to meet the needs of an aging population. As baby boomers continue to age forward, the number of householders ages 65 and older is projected to increase substantially, from 74,787 in 2020 to 92,919 in 2025, a 24% increase. Growth in this householder cohort is expected in every region in the state, with each planning region projected to grow by at least 17% from 2020 to 2025.

Key Highlights

- Since 2015, population growth has moderated; however, the state is still expected to experience moderate population growth by 2025.

- North Dakota's economy is considerably larger than it was just a few years ago. Economic growth is especially strong in the state's largest urban areas where the economy is more diversified. However, growth and strong economic conditions vary regionally. Higher wages and salaries have resulted in higher household and family incomes across the state. Despite the rise in incomes, there has been little overall change in the number of moderate-income households in North Dakota. Further, despite rapid growth in incomes across North Dakota during the past decade, there was little change in the state's poverty rate.

- This assessment shows less emphasis on housing needs based on the overall growth in future population, rather, current market conditions and characteristics of the housing inventory, in particular the age of the current housing inventory, were identified as key considerations in future housing need.

- Homeownership rates are decreasing and rental rates are increasing. These trends may not necessarily indicate a preference to rent, but rather a lack of housing that is affordable and meets homebuyer preferences. Age of housing also is a concern for moderately priced housing, which may likely need renovation and may not be in line

with consumer preferences. The inventory of income-restricted multifamily housing is also older and likely in need of renovation.

- Housing needs based on historic relationships between population and household characteristics would suggest the state's housing inventory is reasonably aligned with projected future needs. However, housing market conditions suggest that might not be the case. Preliminary analysis suggests there may be a disconnect between the current inventory, homebuyer preferences, and properties available on the market. Additional market analysis to assess the potential gap between the existing housing inventory and market preferences is needed.

- The study authors and the ND Housing Finance Agency hope the information generated by the study will help community leaders, non-profits, and state and local governments assess recent trends, current conditions, projections, and other key considerations in order to develop programs and policy ensuring safe, adequate, and affordable housing in North Dakota.

Population Characteristics

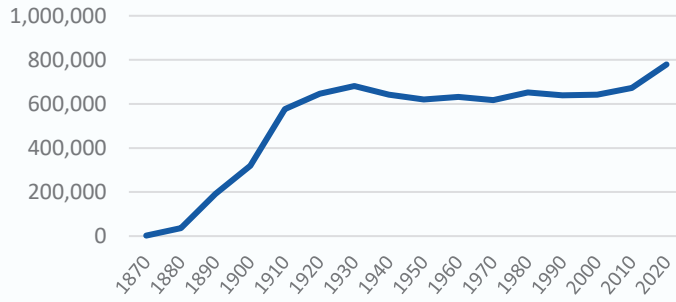
For the purposes of this study, the year 2020 was used as the base year of comparison for projections in year 2025. However, at the time of this study, the data available from the 2020 Census were limited to the Redistricting File which included total population counts, persons age 18 and older, race 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 counts for total population, households, and housing units.

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). Only three other states (Utah, Idaho, and Texas) grew faster. Historically, North Dakota's population increased markedly from statehood in 1889 up until World War II. For the next 60 years, the state's total population remained relatively stable with 641,935 residents in 1940 and 642,200 in 2000 (Figure 2) (U.S. Census Bureau, 2021a). From 2000 to 2010, population in the state grew at approximately half a percent per year. Much of the population growth since 2010 took place in the first part of the decade, 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. Just prior to the release of this study, the Census Bureau released their July 1, 2021 official population estimates which show a substantial outmigration from western counties impacted by another downturn in the oil and gas industry, and a corresponding loss in the total statewide population of 1% to 774,948 people (U.S. Census Bureau, 2022b).

Figure 2. Total Population in North Dakota, 1870 to 2020

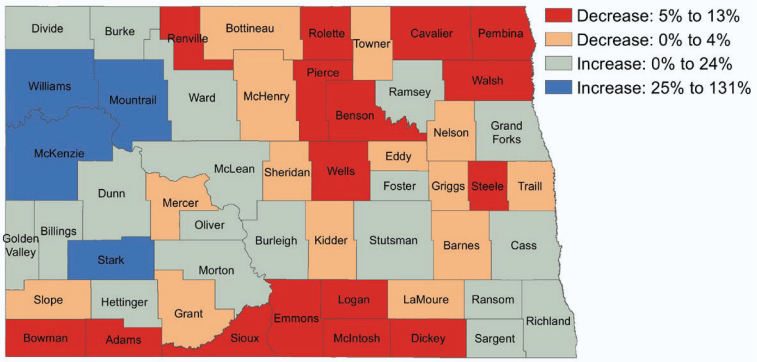


Source: U.S. Census Bureau (2021a)

Historical Shift. Although the state's overall population remained relatively stable from the 1940s through 2010, the proportion of the population living in rural counties was in consistent decline. For more than half of the state's 53 counties, population loss occurred in each of the seven decades beginning in the 1940s through 2010, largely due to persistent migration from rural areas to urban population centers in the state (U.S. Census Bureau, n.d.). This movement largely reflects the transformation of agriculture as the number of farms in the state dropped from about 85,000 in 1935 to 26,000 currently (U.S. Department of Agriculture, 2022).

Past 10 Years. North Dakota's population change from 2010 to 2020 stands in stark contrast to the previous seven decades. Energy development has had a significant impact on recent population trends within the state. The impact of shale oil extraction in the western part of the state, which began around 2006, significantly altered population migration flows. Population growth in some western counties has been extraordinary. McKenzie County's population more than doubled from 2010 to 2020, growing by 8,344 people or 131%. Other oil and gas producing counties experienced population growth ranging from 28% to 83% during the same time frame (Figure 3). Population growth was also strong in the state's urban areas. Of the 12 most populous cities included in this study, population in Williston grew the fastest, nearly doubling in size. West Fargo, Dickinson, and Mandan grew substantially as well (50%, 44%, and 32%, respectively) (U.S. Census Bureau, 2021b).

Figure 3. Population Change in North Dakota by County, 2010 to 2020



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

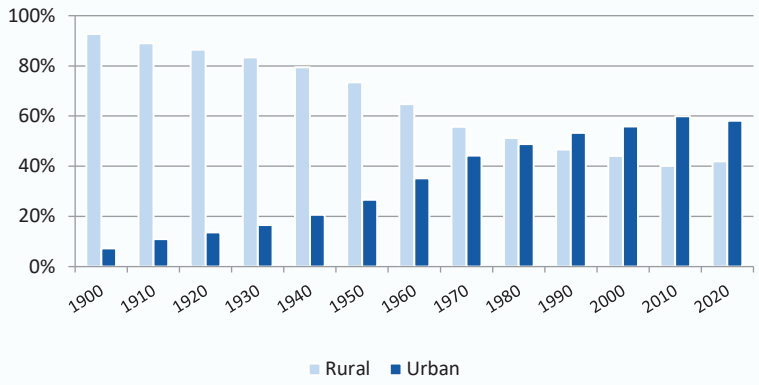
Despite overall growth during the past decade in North Dakota, most counties in the state experienced population decline from 2010 to 2020 (30 counties out of all 53) (Figure 3). While this loss represents a continuation of long-term population trends, much of it is moderate relative to historical declines.

Population Consolidation

Half of North Dakota's Population Resides in Seven Cities

The rural-to-urban migration in North Dakota began in earnest during the 1940s (Figure 4). At that time, nearly 80% of the state's population was living either on a farm, in the countryside, or in a locality with fewer than 2,500 residents. The lack of employment opportunities in small towns and rural areas along with an aging population in need of services pushed many residents to move to larger cities in the state. This trend accelerated during the 1950s and 1960s and slowed somewhat during the 1970s and 1980s. Nonetheless, by 1990, most residents in the state were living in urban areas (U.S. Census Bureau, n.d.). Based on 2020 data from the American Community Survey, 58% of North Dakota's population is defined as urban by the U.S. Census Bureau (U.S. Census Bureau, 2021c). In fact, half of North Dakota's population now resides in the state's seven most populous cities: 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%). Further, just over half of North Dakota's cities have fewer than 200 people (56%) (U.S. Census Bureau, 2021b).

Figure 4. Rural-Urban Population Distribution in North Dakota, 1900 to 2020



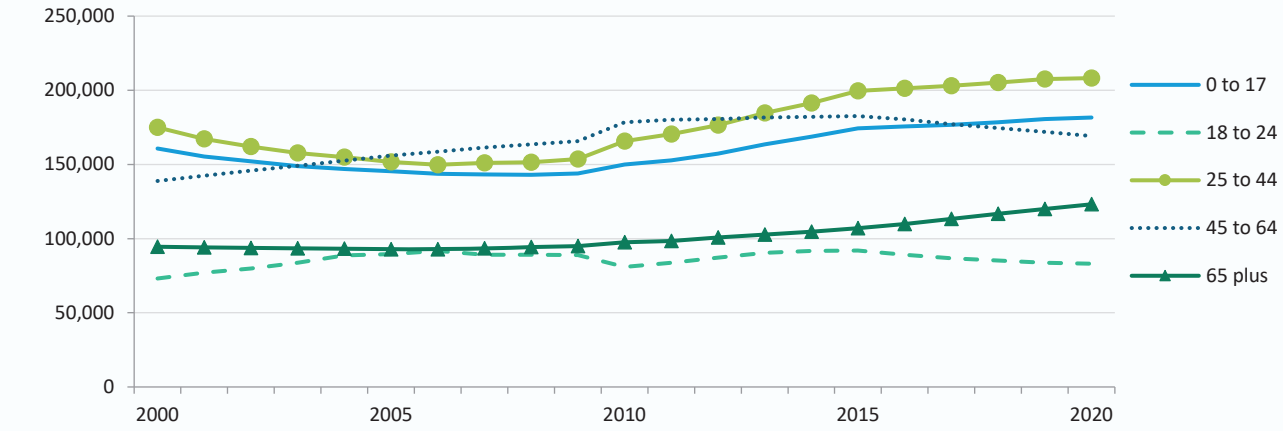
Sources: U.S. Census Bureau (n.d.) and U.S. Census Bureau (2021c)

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). Driven by an increase in births, for the first time since the early 1980s the pre-school age population within the state grew, as did the 5 to 17 age cohort. After decades of decline, a sustained upswing in births began in 2002 when there were 7,755 births recorded; by 2016 there were 11,364 births. The number of births decreased to 10,051 in 2020 (North Dakota Department of Health, n.d.). 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

Figure 5. Population by Age Group in North Dakota, 2000 to 2020



Source: Centers for Disease Control and Prevention (2021)

45 to 64 age cohort has been steadily decreasing, largely due to the aging forward of baby boomers (Figure 5) (Centers for Disease Control and Prevention, 2021).

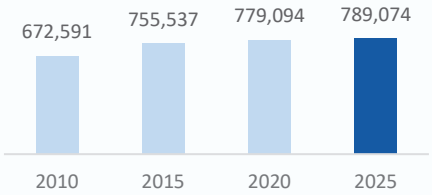
Baby boomers represent a large cohort of people born from 1946 through 1964. This was a very prosperous period following World War II when the number of babies born increased rapidly. The oldest of this cohort began turning 65 in 2011. As a result, the proportion of the state's population ages 65 and older, which saw little change from 2000 through 2010, grew 26% from 2010 through 2020 (Figure 5) (Centers for Disease Control and Prevention, 2021).

Projected Population

The Aging of Baby Boomers Will Drive Future Population Change

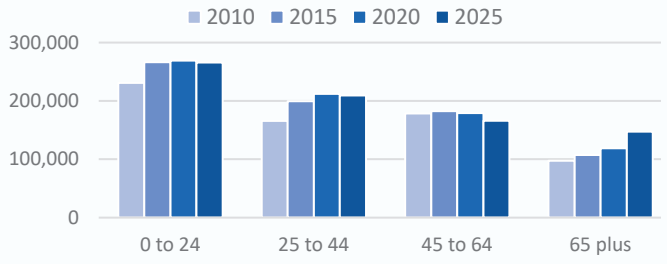
Overall, the state's population is projected to show modest growth over the next few years, growing by 1.3% to 789,074 people by 2025 (Figure 6). This growth may seem small given the dramatic increase over the past decade. However, it is important to keep in mind that population growth slowed considerably in 2015 when oil-related employment was reduced. In addition, just prior to the release of this study, the Census Bureau released the July 1, 2021 official population estimates which show a substantial outmigration from western counties which have been impacted by another downturn in the oil and gas industry, relatively little international movement, and a corresponding loss in the total statewide population of 1% to 774,948 people (U.S. Census Bureau, 2022b). Thus, the population projections included in this study show a slight rebound from the decrease in 2021.

Figure 6. Total Population in North Dakota, 2010-2020 and the 2025 Projection



Source: Center for Social Research (2022b)

Figure 7. Total Population by Age in North Dakota, 2010-2020 and the 2025 Projection



Source: Center for Social Research (2022b)

The most significant change in population that is expected to occur by 2025 will be the aging forward of the baby boom cohort into the 65 and older category, which will translate into a heightened demand for housing that is suited to meet their needs. Statewide, population in the 65 and older category is projected to increase from 118,853 in 2020 to 147,528 in 2025, a 24% increase. 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 boom generation will result in a reduction in the 45 to 64 age

group, which is expected to decrease by 7% (12,869 people) by 2025 (Figure 7). While four counties may see modest growth, losses in this age cohort are expected in all eight planning regions in North Dakota (Center for Social Research at North Dakota State University, 2022b).

Table 1. 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%**

Note: Bold text represents a projected growth in that particular cohort.
Source: Center for Social Research (2022b)

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, especially the energy development sector where employment expansion was staggering. A slowdown in this industry, beginning around 2015, 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 decrease 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.

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, except for 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% (Table 1).

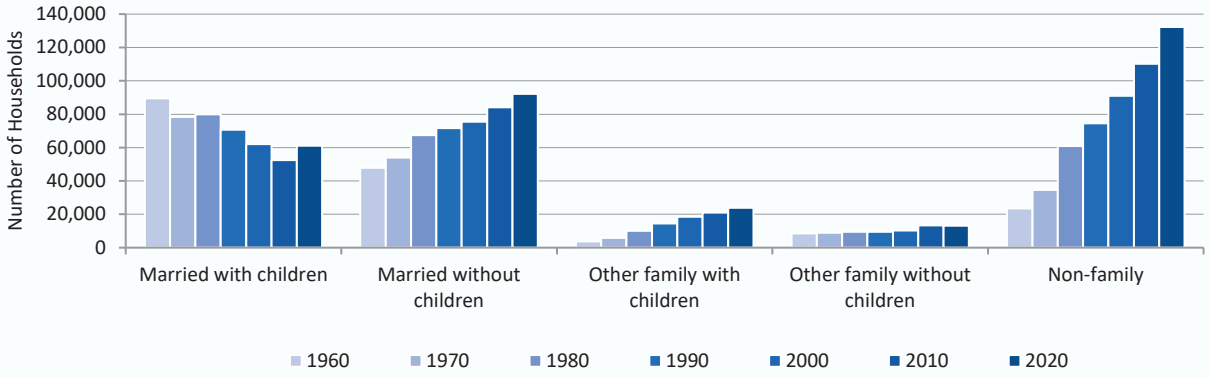
Changing Household Composition

North Dakota has a Growing Number of People Living Alone

The baby boom generation has significantly impacted the household composition in North Dakota. Figure 8 illustrates the significant shift that has occurred in household types from 1960 to 2020. Housing in 1960 was dominated by married couples with children under age 18 and represented 89,590 households, or 52% of occupied housing units in the state. As children of the baby boom generation left home, married couples with children decreased gradually each decade, and accounted for 52,438 households in 2010, a decline of approximately 41% from 1960. More importantly, these households represented just 19% of all households in the state in 2010 (U.S. Census Bureau, n.d.). Reversing the trend slightly, current 2020 data indicate an increase in the number of married couples with children; however, these households continue to represent approximately 19% of all households in North Dakota (Center for Social Research at North Dakota State University, 2022a).

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 grew 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.

Figure 8. Households by Type and Presence of Children Younger than 18 in North Dakota, 1960 to 2020



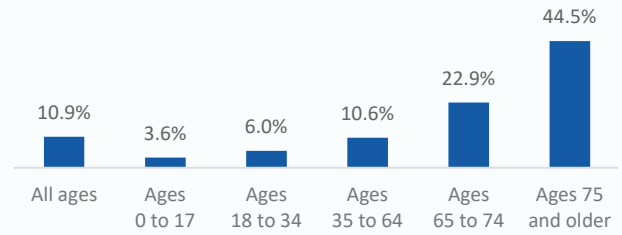
Sources: U.S. Census Bureau (n.d.) and Center for Social Research (2022a)

Populations with Disabling Conditions

One in Three North Dakotans 65 and Older Lives with a Disability

In North Dakota, 11% of the population, or 82,908 people reported having a disability in 2020. This percentage increases substantially for older populations. Nearly half of persons ages 75 and older in North Dakota reported having a disability in 2020 (21,363 people), twice the rate of adults ages 65 to 74 (Figure 9). For these two age groups combined, people 65 and older, one in three individuals reported some form of disabling condition in 2020 (32%). This proportion increases to nearly half for American Indians 65 and older (48%) (Center for Social Research at North Dakota State University, 2022a).

Figure 9. Prevalence of Disability among Non-Institutionalized People by Age in North Dakota, 2020

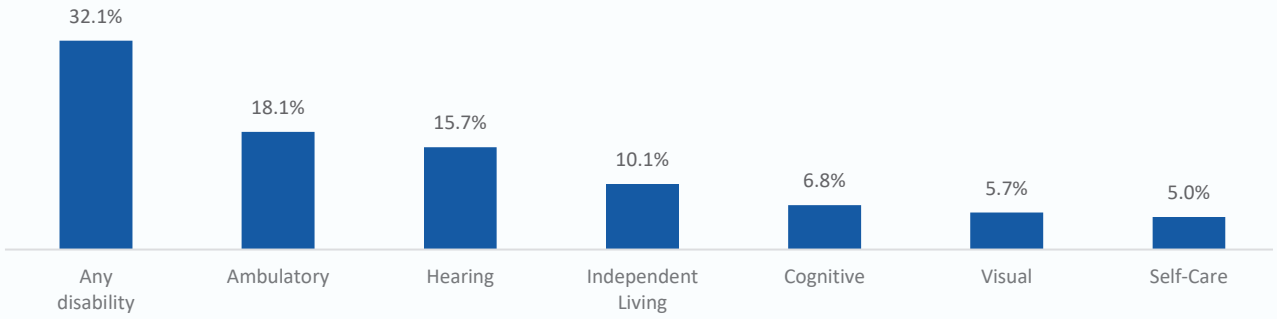


Source: Center for Social Research (2022a)

The oldest of the baby boom generation began turning 76 years old in 2022 – and younger boomers will continue turning 76 through 2040. While data suggest that this generation is living longer, research indicates that baby boomers, as they become older, are challenged with more chronic disease and disability than earlier generations (Scommegna, 2018). Thus, as this generation continues to age, the number of individuals with disabling conditions will likely also increase.

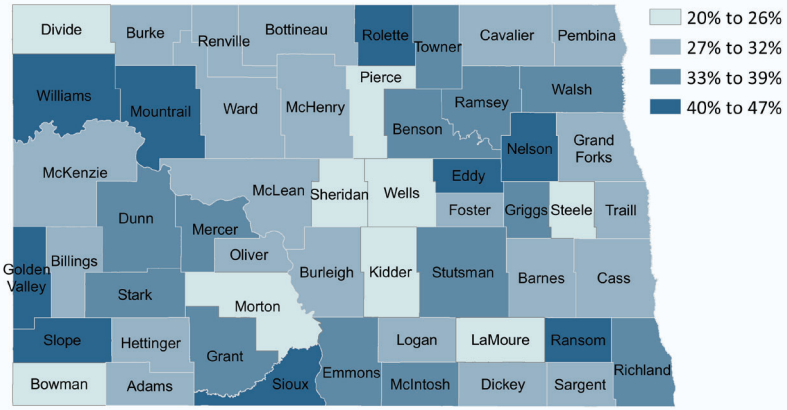
Overall, nearly one in five North Dakotans ages 65 and older reported having serious difficulty walking or climbing stairs in 2020 (19,964 people), 16% had difficulty hearing (17,314), and one in ten had difficulty living independently (11,169 people). Fewer than 10% had difficulties with cognition, vision, and caring for themselves (Figure 10).

Figure 10. Prevalence of Disability among Non-Institutionalized People Ages 65 and Older in North Dakota, 2020



Source: Center for Social Research (2022a)

Figure 11. Disability Rate for People Ages 65 and Older in North Dakota, 2020



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

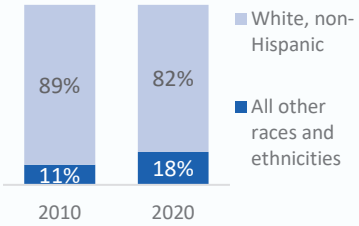
In general, disability rates for persons ages 65 and older are highest in the most rural portions of the state, including reservation areas. In nine, largely rural North Dakota counties, at least 40% of people ages 65 and older were challenged by a disabling condition in 2020 (Figure 11) (Center for Social Research at North Dakota State University, 2022a).

Racial Diversity

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

The racial and ethnic composition in North Dakota has changed considerably in the past decade. 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% (Figure 12). 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) (Figure 13).

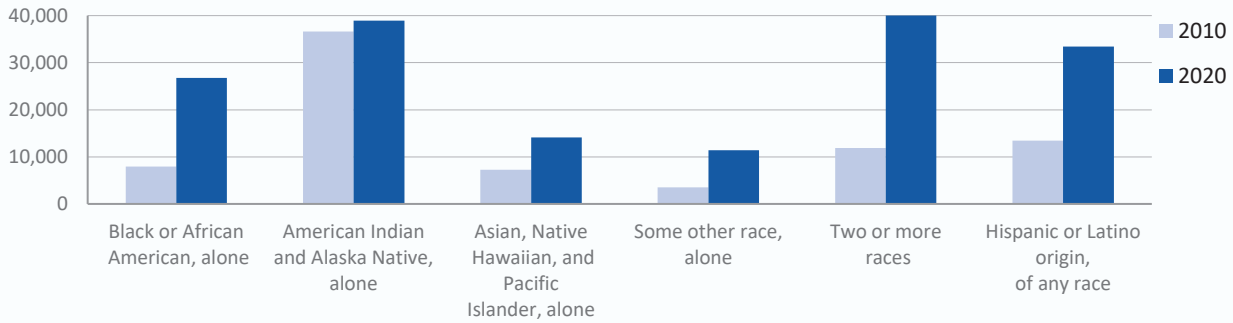
Figure 12. Racial and Ethnic Population Diversity in North Dakota, 2010 and 2020



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

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).

Figure 13. Individual Racial and Ethnic Population Diversity in North Dakota, 2010 and 2020



Note: 'Alone' indicates the respondent identified as 'one race only'.
Source: U.S. Census Bureau (2021b)

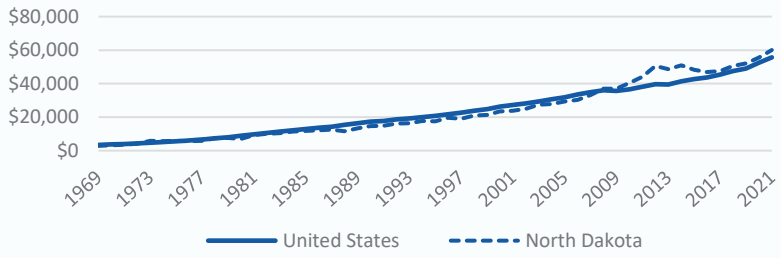
Economic Stability

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

Income. Disposable personal income rose substantially in North Dakota from 2005 through 2012 due to the rapid expansion in the oil and gas industry. While growth rates have since slowed, per capita disposable income in North Dakota continues to exceed the national average (Figure 14). As wages and compensation values increased, North Dakota's disposable per capita income grew approximately 8% per year on average, from $29,336 in 2005 to $50,716 in 2012. The national average in 2005 was $31,770 and North Dakota ranked 30th in the nation. By 2012, the national average was $39,811 and North Dakota's per capita disposable income of $50,716 ranked 2nd highest among states. North Dakota currently has the 11th highest per capita disposable income at $60,051 in 2021 (U.S. Bureau of Economic Analysis, 2022).

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. This growth in income over the past decade was faster than any other state (the District of Columbia grew faster at 65%) (U.S. Department of Housing and Urban Development, 2021).

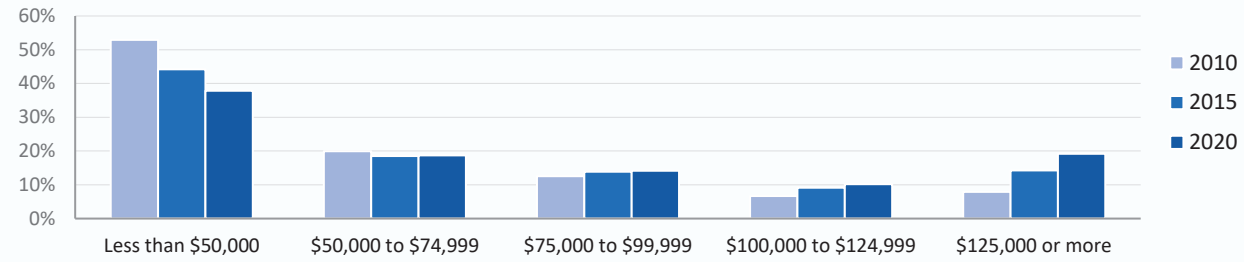
Figure 14. Per Capita Disposable Personal Income in North Dakota and the United States, 1969 to 2021



Source: U.S. Bureau of Economic Analysis (2022)

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 in 2020 compared to 2010, in 2020, the majority of all North Dakota households earned less than $75,000 annually (57%); 38% earned less than $50,000 (Figure 15) (U.S. Census Bureau, 2021c).

Figure 15. North Dakota Households by Household Income Level, 2010, 2015, and 2020



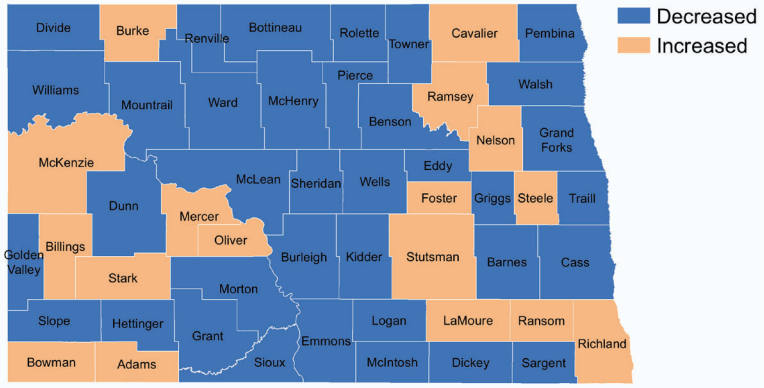
Sources: U.S. Census Bureau (2021c)

Poverty. The rapid growth in incomes across North Dakota during the past decade was accompanied by little change in the state's official 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 (Figure 16) (U.S. Census Bureau, 2021c).

Poverty rates continue to be significantly higher for non-white populations in the state – populations which are also the fastest growing statewide (Figure 17). 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).

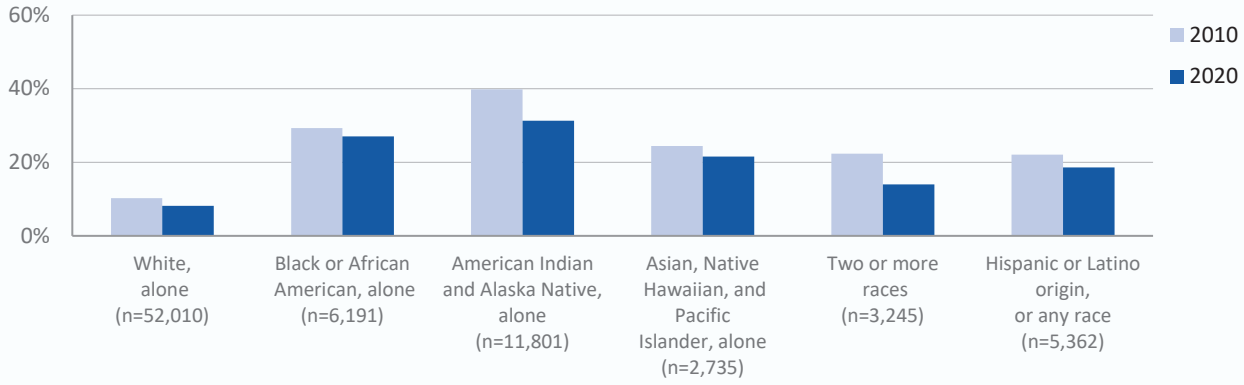
Figure 16. Change in Poverty Rate in North Dakota by County, 2010 to 2020



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

The impacts of poverty reach beyond the challenges faced by individuals and families struggling with lower incomes. Research suggests that communities for which the poverty rate reaches 20% experience systemic problems that are more acute than in lower-poverty areas. In North Dakota, three counties have had poverty rates of at least 20% for each of the past several decades (Benson, Rolette, and Sioux) (U.S. Census Bureau, 2021c). Despite improved poverty rates from 2010 to 2020, residents in these communities continue to face significant, on-going barriers to financial stability.

Figure 17. Poverty Rate in North Dakota by Race and Ethnicity, 2010 and 2020



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)

Populations Experiencing Homelessness

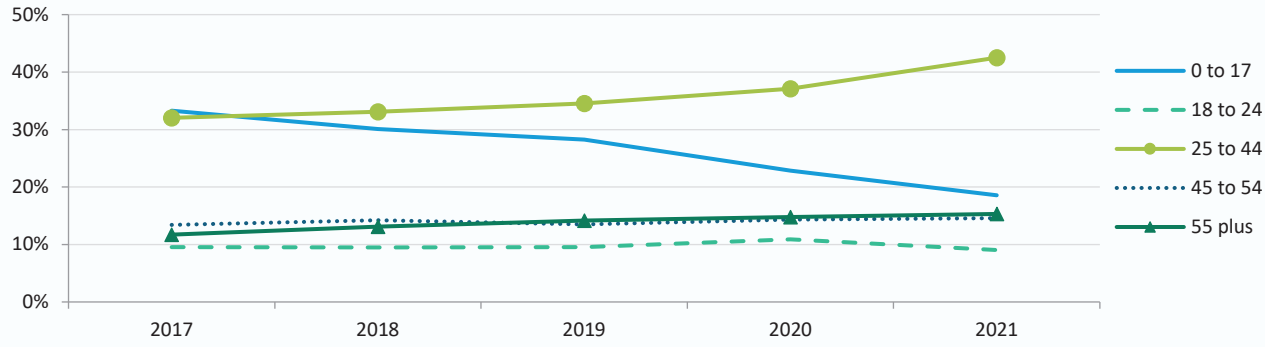
Stable Housing Continues to be a Significant Challenge for Many Individuals Living in North Dakota

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. Data reported by the CoC partners represent a conservative estimate of homelessness, as some individuals served are not included in the numbers due to confidentiality concerns, such as domestic violence survivors. However, the data collected provide a considerable resource for understanding the context of those experiencing homelessness in North Dakota. The data available from the CoC spans five years, beginning in 2017 through 2021.

The number of individuals receiving services for homelessness in North Dakota has remained relatively unchanged for the past three years after a precipitous drop following a downturn in the energy industry. For example, in 2017 ND CoC partners served 8,693 individuals struggling with homelessness. Numbers dropped to 4,908 in 2019, a decrease of 43% in three years and have remained steady at 4,961 people served in 2021 (North Dakota Continuum of Care, 2022a).

The age composition of individuals being served has changed substantially over the past few years. In 2017, children ages 0 to 17 and adults ages 25 to 44 each represented about one-third of those receiving services for homelessness in the state. According to the 2021 data, the 25 to 44 age group increased to represent 43% of those receiving services and the child population dropped to 19% (Figure 18). The modest increase in homelessness since 2019 is due largely to adults without children.

Figure 18. Persons Served by North Dakota Continuum of Care Partners for Homelessness by Age in North Dakota, 2017 to 2021



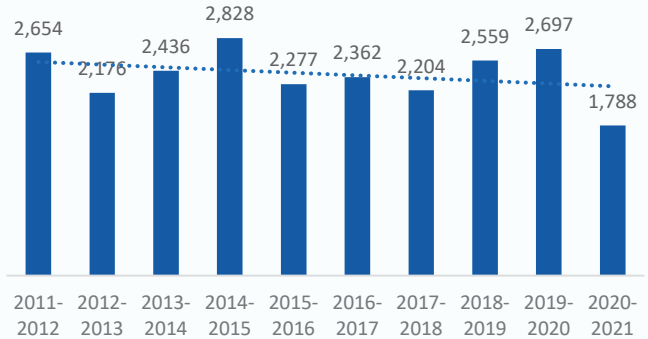
Source: North Dakota Continuum of Care (2022a)

Another important trend is an increase in the number of individuals receiving 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 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 11% in 2017.

Individuals who are Black and those of Hispanic ethnicity 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 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 Continuum of Care partners provided services to 914 children in 2021, there are many more children in North Dakota without stable housing during a given year, a situation which can negatively impact a child's learning and development. In an effort to ensure that children and youth without a stable housing situation are able to attend school, the McKinney-Vento Education of Homeless Children and Youth Assistance Act provides federal funding to states for the purposes of supporting district programs that serve students who are homeless. The McKinney-Vento Act uses a broad definition of homeless which includes children who lack a fixed, regular, and adequate nighttime residence during the school year. In addition to students living in shelters or in unsheltered situations, schools also report on the number of students in families living in motels, hotels, vehicles, camp grounds, and recreational vehicles (RVs). Based on this broad definition, schools in North Dakota reported 1,788 public

Figure 19. Students Enrolled in North Dakota Public Schools Who Lacked a Regular Nighttime Residence, 2011-12 to 2020-21

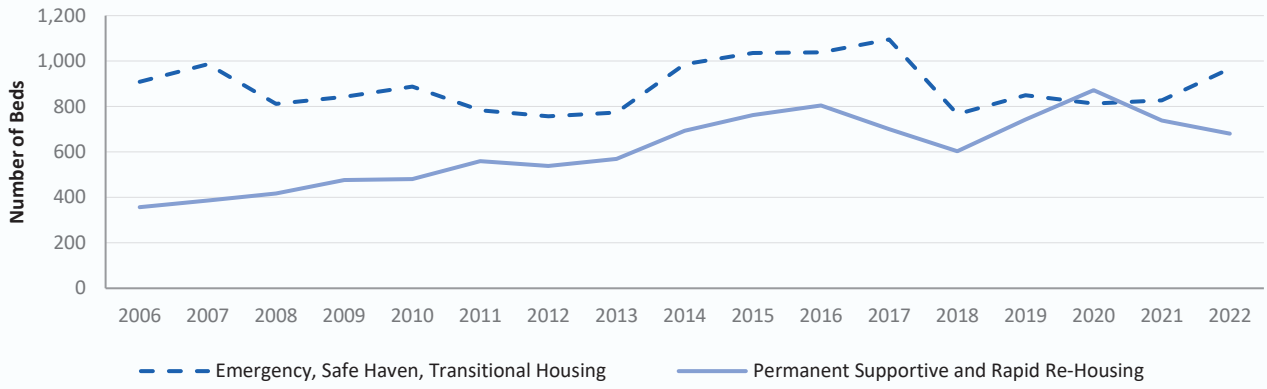


Source: North Dakota Department of Public Instruction (2022)

school children who lacked a permanent nighttime residence during the 2020-21 school year (Figure 19) (North Dakota Department of Public Instruction, 2022).

Housing Capacity for the Homeless. 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. These programs are often the first approach for those experiencing the shock of being without a home. They offer temporary support and wrap-around services to help people stabilize their lives and prepare them for a more permanent housing situation. A growing number of beds are now dedicated to more supportive and permanent types of housing (41% in 2022). Rapid re-housing specifically is housing without preconditions and barriers to entry such as sobriety, treatment, or service participation requirements — with the goal of offering services to achieve housing stability first, which in turn can lead to improved physical health, mental health, and employment (U.S. Department of Housing and Urban Development, 2014). These more permanent types of supportive housing are interventions that combine affordable housing assistance with voluntary support services designed to build independent living and tenancy skills and connect people with community-based health care, treatment, and employment services (Figure 20) (North Dakota Continuum of Care, 2022b).

Figure 20. Shelter and Housing Capacity for Persons Experiencing Homelessness in North Dakota, January 2006 to January 2022



Source: North Dakota Continuum of Care (2022b)

Youth Aging Out of Foster Care

Nearly Half of Youth Aging Out of Foster Care in North Dakota Experience Homelessness in First Two Years

Children are placed in foster care when child protective services and the courts determine it is not safe for a child to remain in their home. 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). However, for those youth who exit foster care without a family due to reaching age 18 (or age 21 in some cases), a process known as 'aging out of foster care', secure and affordable housing can become a challenge.

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). Leaving foster care can mean the loss of an array of resources and services that previously supported them in care. While many are successful at finding employment, a significant number experience homelessness. The National Youth in Transition Database (NYTD) collects information about the outcomes of youth who have aged out of foster care, by following up with a sample cohort of youth at ages 19 and 21. 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).

North Dakota Department of Corrections and Rehabilitation Populations

Housing Continues to be a Challenge for Justice-Involved Individuals

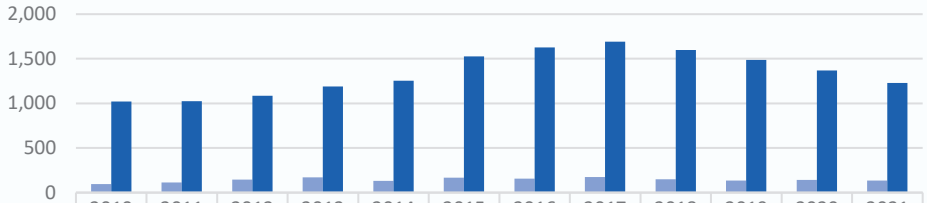
The North Dakota Department of Corrections and Rehabilitation (DOCR) operates four adult correctional facilities: two facilities housing men are in Bismarck, one facility housing men is in Jamestown, and one facility housing women is in Mandan. In addition, the department operates 17 district community supervision offices spread across North Dakota. The DOCR also contracts with other correctional facilities, including a contract to house female residents in a facility in New England, and housing agreements with six transitional facilities at various locations throughout the state. According to a Point-in-Time Count on February 12, 2022, the DOCR provided services to 1,692 adults in custody and 6,523 people on some form of community supervision (North Dakota Department of Corrections and Rehabilitation, 2022a).

Housing for individuals released from incarceration is a long-standing problem for corrections agencies across the United States. Studies suggest that among a myriad of other challenges faced by individuals upon release, securing adequate housing can be one of the most significant (McKernan, 2017). The lack of safe and affordable housing places those recently released from a correctional facility at medium or high risk of homelessness and recidivism.

Challenges to securing appropriate housing for people on supervision or released from a correctional facility include affordability, restrictive tenant service agreements, and the stigma associated with a criminal record. This can be especially problematic for people who have a felony conviction, or those who have committed a sex offense or must register as a violent offender against children. The inability to secure and maintain meaningful employment, behavioral health issues, disabilities, substance abuse, and social challenges often associated with a criminal record can all compound the difficulties of individuals to secure housing upon release from correctional facilities.

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).

Figure 21. Individuals Released from North Dakota Correctional Facilities, Transitional Programs, and County Jails by Registration Status, 2010 to 2021



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Releases with registration requirements	95	113	147	170	132	167	156	176	150	136	141	134
Total releases	1,020	1,023	1,084	1,190	1,256	1,528	1,628	1,691	1,598	1,487	1,368	1,228

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

These data on the total number of releases and the number of releases with registration requirements in North Dakota do not suggest to what degree persons released from incarceration are unable or challenged to find appropriate housing. DOCR has case management staff to assist in planning for re-entry, and release planning occurs throughout a person's incarceration. Also, the DOCR received a grant in 2004 for participation in a statewide Transition from Prison to Community Initiative (TPCI) to transition individuals back more successfully to the community. Housing is one of the risk factors that is assessed as part of the development of case plans through the initiative. Since 2004, the DOCR has taken extensive steps to improve the transitional experience, including the housing situation, for people who are leaving

incarceration and re-entering the community. The transitional planning process begins when people first enter incarceration. A team of professionals work together to map out the individual's transition all the way through and out of incarceration. These plans include targeted and timed correctional treatment programs, educational and job training as well as skill building. Based on the increase in the number of correctional releases and in the number of releases that require individuals to register with local law enforcement in North Dakota, the magnitude of the potential problem formerly incarcerated individuals face securing housing has likely grown since 2010 and may grow in the future as the state population increases.

Homelessness in North Dakota Department of Corrections and Rehabilitation Populations.
The 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, about 5% of the DOCR adult community supervision population is in a state of homelessness (Table 2). Of those, approximately 27% are in a state of active revocation, meaning they are in violation of the terms of their supervision. This violation could end their supervision period and result in their re-incarceration in a local correctional facility or the state prison system.

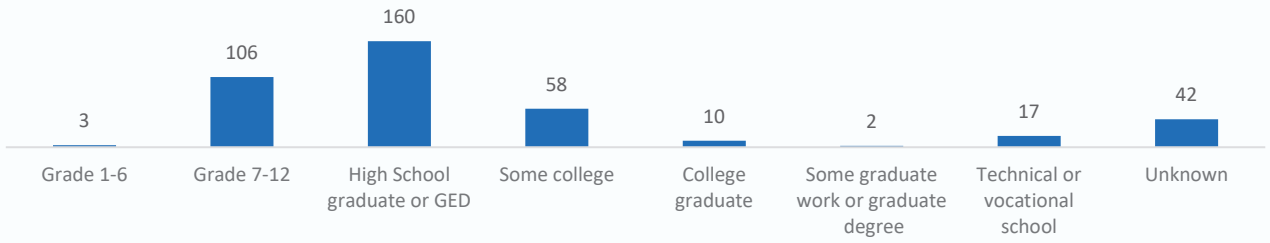
Table 2. DOCR Point-in-Time Count of Homeless Persons Under Supervision in North Dakota, 2018 to 2022

Point-in-Time Count	Point-in-Time Count of DOCR Homeless Persons Under Supervision	
	Number	% of Total DOCR Supervision Population
July 1, 2018	309	4.3%
July 1, 2019	357	5.2%
July 1, 2020	262	3.9%
July 1, 2021	360	5.6%
May 25, 2022	398	5.6%

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

Data from the May 2022 Point-in-Time Count of individuals under DOCR supervision included 7,151 adult offenders. The corrections supervision population in North Dakota was predominantly male, white or American Indian, and ages 25 to 44 – and most had no college degree. In addition, a total of 398 offenders under some form of supervision were actively homeless as of May 2022. Characteristics of the homeless supervision population was very similar to the characteristics of the total population under DOCR supervision.

Figure 22. DOCR Homeless Population Under Supervision by Educational Attainment in North Dakota, May 2022

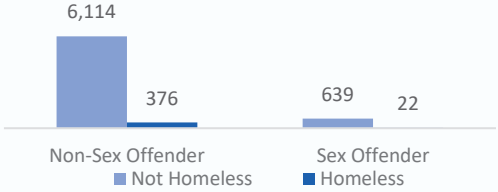


Source: North Dakota Department of Corrections and Rehabilitation (2022a)

Approximately 67% of the total homeless supervision population was ages 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). Figure 22 shows the education level of the homeless population under DOCR supervision. Two-thirds of the homeless supervision population had, at most, a high school education (269 offenders).

Figure 23 shows North Dakota offenders under some form of community supervision by sex offender status and homelessness status. Most offenders are not registered sex offenders (6,490 offenders). Of the 661 registered sex offenders, 22 were homeless in May 2022. While homelessness is slightly more common among non-sex offenders, individuals with a registration requirement may have more difficulty finding suitable and affordable housing than those without such a requirement.

Figure 23. DOCR Population Under Supervision by Homelessness and Sex Offender Status, May 2022



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

While the DOCR does have the Transition from Prison to Community Initiative and other release planning programs in place, further research into the degree to which release planning mitigates challenges of previously incarcerated individuals is needed. Undoubtedly, individuals released from correctional facilities may face numerous challenges to securing adequate and appropriate housing.

Populations in Recovery

North Dakota has a Variety Housing Options Available to Aid in Recovery from Chronic Alcohol or Drug Abuse Addiction

Individuals recovering from addiction face particular challenges in finding secure housing. 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. There are numerous benefits to recovery housing including: a safe environment, structured living, community integration, a support network, and learning new rules and responsibilities (North Dakota Department of Human Services, 2022). Sober housing provides a physically and emotionally safe environment for individuals recovering from addiction and provides support to its residents as they learn and transition into a sober living lifestyle.

Sober living facilities are operated by a variety of non-profit providers throughout the state. Because there is no single regulatory agency, there is no centralized database of sober living facilities. However, for the purposes of this study, the 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 mixed gender housing. The majority of sober living beds are mixed gender 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) as for women (171) (Table 3) (North Dakota Department of Corrections and Rehabilitation, 2022b).

Table 3. Number of Beds in Sober Living Facilities in North Dakota, March 2022

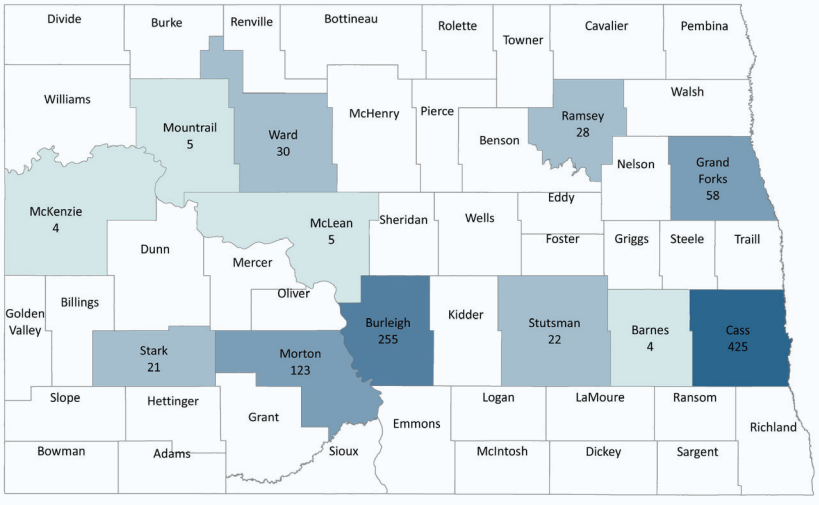
Facility Type	Total Number of Facility Beds by Gender Served			
	Mixed Gender	Men	Women	Total
Contract-Transitional Housing	314	197	72	583
Sober Living Houses	144	154	99	397
Total	458	351	171	980

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

The importance of location of a sober living facility may look different for each individual. For some, being close to home and maintaining their social support network is beneficial. Recovery for others may mean breaking ties and leaving the triggers of their past life behind.

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 (Figure 24).

Figure 24. Number of Sober Living Beds in North Dakota, March 2022



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

Long Term Care Populations

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

In 2020, approximately 3% of North Dakota's population lived in some type of group housing (26,250 people) – meaning, they lived in an institution such as a nursing home, juvenile care, correctional facility, or in a non-institutional setting such as student housing or military quarters (U.S. Census Bureau, 2021b). Approximately one-fourth of all those living in a group facility were people ages 65 and older living in nursing or skilled care (23% or 6,119 people in 2020).

While there was a 5% increase in the number of people 65 and older living in nursing homes over the past 10 years, those 65 and older living in their own home grew by 23% (Center for Social Research at North Dakota State University, 2022a). This means that as the baby-boom 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.

Current information from North Dakota's Long Term Care Association suggests that the COVID-19 pandemic is having a significant impact on the ability of long-term care facilities in the state to provide care to those in need of their services. Mounting costs and a severe workforce shortage have severely undermined their ability to maintain staffing and occupancy rates (North Dakota Long Term Care Association, 2021). 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 began 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.

Housing Characteristics

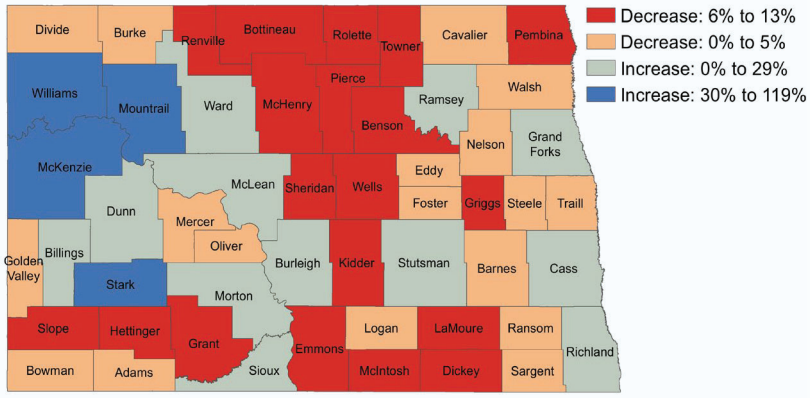
Housing Trends

Growth in Housing Since 2010 is Largely Concentrated in Urban Areas and Western Energy Development Counties

According to the 2020 Census, total housing in North Dakota increased by 19% over the past decade, from 312,861 units in 2010 to 370,642 in 2020 – a similar growth rate when compared to population, which grew by 16% from 672,591 people in 2010 to 779,094 in 2020 (U.S. Census Bureau, 2021b). Due largely to the booming energy industry in the state, much of the overall housing growth took place in the first part of the decade, growing an average of 3% annually from 2010 through 2015 (U.S. Census Bureau, 2021e). A housing unit is defined as a house, an apartment, a mobile home, a group of rooms, or a single room intended for occupancy — as separate living quarters. Housing units may be occupied or vacant. When units are occupied, they are referred to as households. The terms 'occupied housing' and 'households' are used interchangeably throughout this report.

Occupied Housing. The majority of all single and multifamily housing units in North Dakota were occupied in 2020 (87%). While occupied housing grew 17% statewide from 2010 to 2020, this growth was largely concentrated in the major urban centers (25% and 21% increases in Cass and Burleigh, respectively) and some of the western energy development counties (41% in Stark, 30% in Mountrail, 29% in Morton, and 19% in Ward). McKenzie and Williams counties experienced the most remarkable growth in occupied housing (increases of 119% and 75%, respectively). However, for most counties throughout the state, the trend was one of decline with 70% of the counties (37 counties) having a decrease in total households (Figure 25) (U.S. Census Bureau, 2021b).

Figure 25. Change in Total Households in North Dakota by County, 2010 to 2020



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

Vacant Housing. Vacant units as a percentage of total housing in the state has remained relatively unchanged over the past four decades. While the number of vacant housing units increased to 48,089 in 2020, they continue to represent approximately 13% of all housing (Table 4) (U.S. Census Bureau, 2021b).

Table 4. Housing Units by Occupancy and Tenure in North Dakota, 1990 to 2020

	1990	2000	2010	2020	% Change: 2010 to 2020
Total housing units	**276,340**	**289,677**	**312,861**	**370,642**	**18.5%**
Occupied housing	240,878	257,152	276,642	322,553	16.6%
Owner-Occupied	157,950	171,310	184,117	200,852	8.6%
% of Occupied housing	*65.6%*	*66.6%*	*66.6%*	*62.3%*	*-6.5%*
Renter-Occupied	82,928	85,842	92,525	121,701	32.5%
% of Occupied housing	*34.4%*	*33.4%*	*33.4%*	*37.7%*	*12.9%*
Vacant housing units	35,462	32,525	36,219	48,089	32.8%
% of total housing units	*12.8%*	*11.2%*	*11.5%*	*13.0%*	*12.1%*

Sources: U.S. Census Bureau (n.d., 2021b, and 2021c), and the Center for Social Research (2022a)

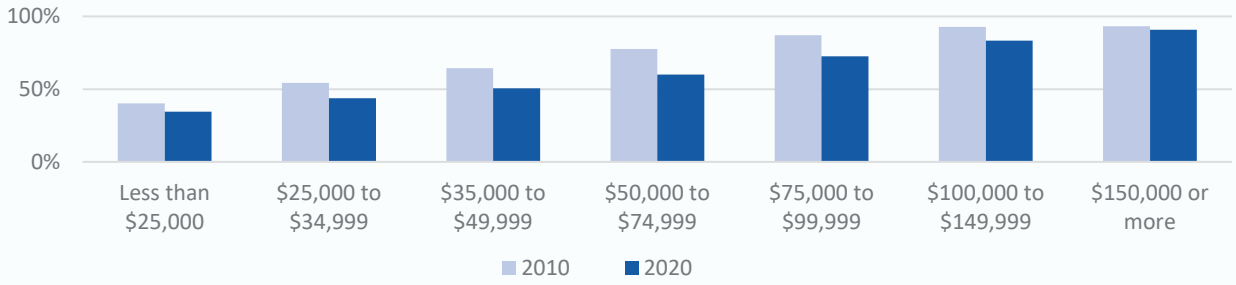
Homeownership

Homeownership Rates in North Dakota are Down in 2020, Regardless of Income

North Dakota had one of the fastest-growing economies in the United States over the past decade, with real GDP growth of 44% from 2010 to 2020 (more than twice the national average of 18%) (U.S. Bureau of Economic Analysis, 2021a). As noted earlier, the median family income in North Dakota grew by 41% during this time (U.S. Department of Housing and Urban Development, 2021). As the state's economy grew, so did home values. In 2020, the median home value in North Dakota was $199,900, which is an 80% increase from $111,300 in 2010 (U.S. Census Bureau, 2021c). However, as home values grew, homeownership rates decreased. While most occupied housing in North Dakota is owner-occupied (62% in 2020), the percentage is down from 67% in 2010 (Table 4).

Household Income. While higher incomes increase the likelihood of owning a home, the homeownership rate decreased for each of the income groups presented in Figure 26. The largest drop was for households earning from $50,000 to $74,999 (78% in 2010 to 60% in 2020). This may in part be explained by rising housing costs throughout the state. The median monthly housing costs for homeowners with a mortgage rose 27% since 2010, from $1,146 to $1,457 in 2020. Even with the significant rise in family incomes in North Dakota (41% over past decade), the average price for home sales rose faster, by 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).

Figure 26. Homeownership Rates by Household Income in North Dakota, 2010 and 2020



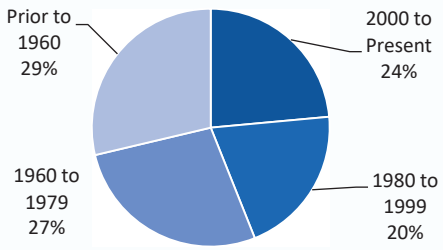
Source: U.S. Census Bureau (2021c)

Racial Disparities. Home ownership is a significant asset-building strategy for individuals and can provide an important source of stability for children and their families. While income plays a significant role in the opportunity to own a home, access to home ownership depends on multiple factors such as availability of housing stock, location, housing affordability, and access to financing – factors that are often outside of one's control and can be systemic in nature. 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, six times more likely than Asians, three times more likely than persons of Hispanic origin, and two times more likely than American Indians (U.S. Census Bureau, 2021d).

Age of Housing. The age of housing is another consideration in the accessibility and desirability of owning a home. In North Dakota, nearly one in four homes were built in the past 20 years (24% were built from 2000 through 2020). However, most 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) (Figure 27).

The oldest housing inventory is most prevalent in rural portions of North Dakota. In five rural counties, half of all

Figure 27. Year Owner-Occupied Housing Units Built in North Dakota, 2020



Source: Center for Social Research (2022a)

owner-occupied housing was built prior to 1960 (Griggs, Golden Valley, Nelson, Traill, and Eddy) (Center for Social Research at North Dakota State University, 2022a).

Older housing inventory can provide more affordable options for first-time homebuyers looking for a starter home. Smaller, entry-level homes (single-family homes with fewer than three bedrooms), which are often more affordable, are becoming a smaller fraction of the new homes being built in North Dakota. For example, during the 2010s, homes with fewer than three bedrooms represented 14% of all homes built, compared to 22% of homes built in the 1960s and 35% of those built in the 1940s (U.S. Census Bureau, 2021d).

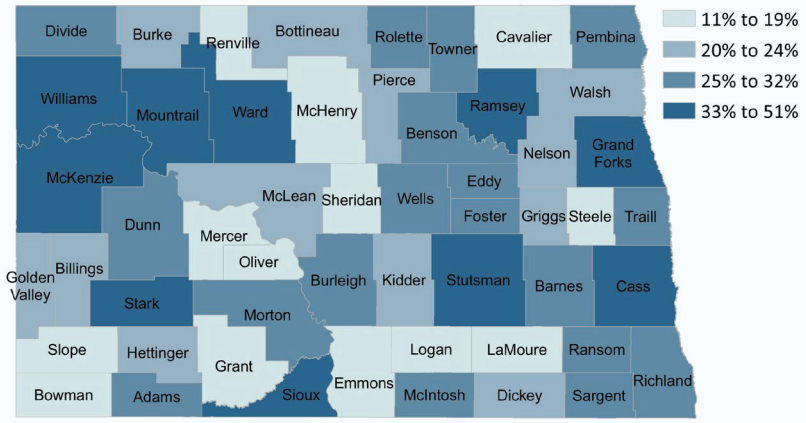
Condition. Overall housing conditions in the state are good. An estimated 593 owner-occupied units in North Dakota lacked complete plumbing in 2020 (0.3%) and another 357 lacked a complete kitchen. Approximately 1% of owner-occupied housing was considered overcrowded (i.e., more than one occupant per room) (Center for Social Research at North Dakota State University, 2022a).

Rental Housing

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

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 (Figure 28) (Center for Social Research at North Dakota State University, 2022a).

Figure 28. Renter-Occupied Housing as Percent of Total Occupied Housing in North Dakota, 2020



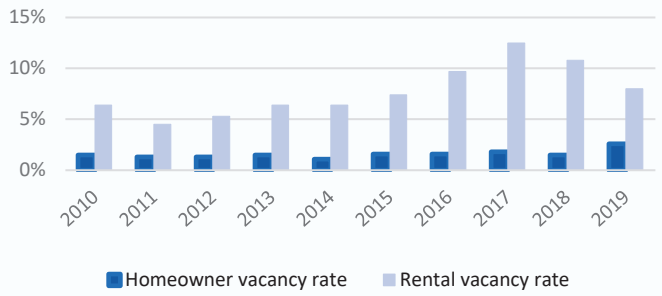
Source: U.S. Census Bureau (2021c)

Rental Costs. Households that rent in North Dakota are experiencing a substantial increase in rental costs. 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. Specifically, the median rent was $628 for an efficiency unit with no bedroom, $690 for a one bedroom, $826 for a two-bedroom unit, $1,118 for a three bedroom, and $1,327 for a four bedroom in 2020. Energy development counties in the western part of the state reported the highest median rents in 2020, with McKenzie, Dunn, and Williams counties exceeding $1,000 per month ($1,088, $1,017, and 1,005, respectively) (U.S. Census Bureau, 2021c). 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).

Condition. Similar to owner-occupied housing, older rental inventory is more prevalent in rural portions of North Dakota. In Hettinger, Slope, Ransom, and Billings counties, half of all rental units were built prior to 1960. While still relatively low when compared to owner-occupied housing, a slightly larger percentage of rental units were substandard in 2020. An estimated 810 renter-occupied units in North Dakota lacked complete plumbing in 2020 (1%) and 1,917 (2%) lacked a complete kitchen. Approximately 4% of renter-occupied housing was considered overcrowded (i.e., more than one occupant per room).

Vacancy. The availability of rental housing is another factor impacting tenure in North Dakota. According to Bloomberg CityLab, a healthy rental vacancy rate typically hovers around 7% to 8%. A vacancy rate of above 12% is considered high, and above 20% is considered hyper-vacancy (Florida, 2018).

Figure 29. Vacancy Rates by Tenure in North Dakota, 2010 to 2019



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

From 2010 through 2014, the rental vacancy rate in North Dakota remained below the healthy vacancy rate, hovering around 5% to 6%. In 2015, the rental vacancy rate began to rise, reaching 13% in 2017. The rate fell back to 8% in 2019 (the most current data available annually) (Figure 29) (U.S. Census Bureau, 2021e). Rental vacancy varied dramatically throughout the state, with a low of 1% in Eddy County to a high of 28% in Mercer County in 2020 (U.S. Census Bureau, 2021c). Through the past decade, the homeowner vacancy rate has remained healthy in North Dakota.

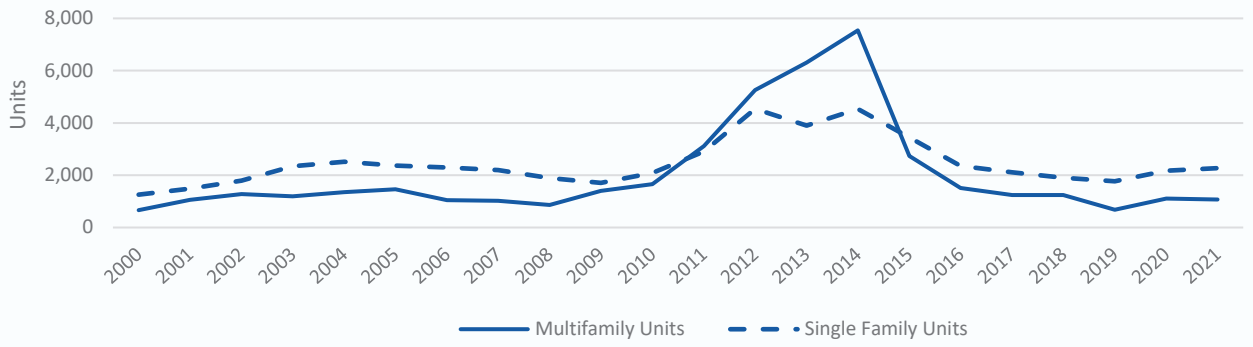
Construction Industry

Construction Values have Risen Twice as Fast for Multi-Unit Housing as for Single-Family Homes

Building Permits. A rise in construction costs has also contributed to the rising costs for renters and homeowners. A monthly mail survey of local building permit offices is conducted nationwide by the Residential Construction Branch of the U.S. Census Bureau in an effort to provide national, state, and local statistics on new privately-owned residential construction. While there are some limitations, data indicate that local building permit offices in North Dakota authorized the construction of at least 3,600 new privately-owned housing units with a total valuation of $866 million in 2021 (U.S. Census Bureau, 2022c).

Building permits authorized for single-family homes in North Dakota rose consistently in the early 2000s, increasing an average of 19% annually from 2000 through 2004. Permits then slowed, decreasing each year through 2009. Beginning in 2010, authorized permits for single-family homes jumped dramatically, more than doubling from 2,084 in 2010 to 4,540 in 2012. Numbers have since dropped to pre-2010 levels. Permits for multifamily housing also surged in the early 2010s, though at a much higher rate of growth than for single-family housing. Similar to the change in building permits for single-family homes, permits for multifamily housing have since fallen back to pre-2010 levels (Figure 30).

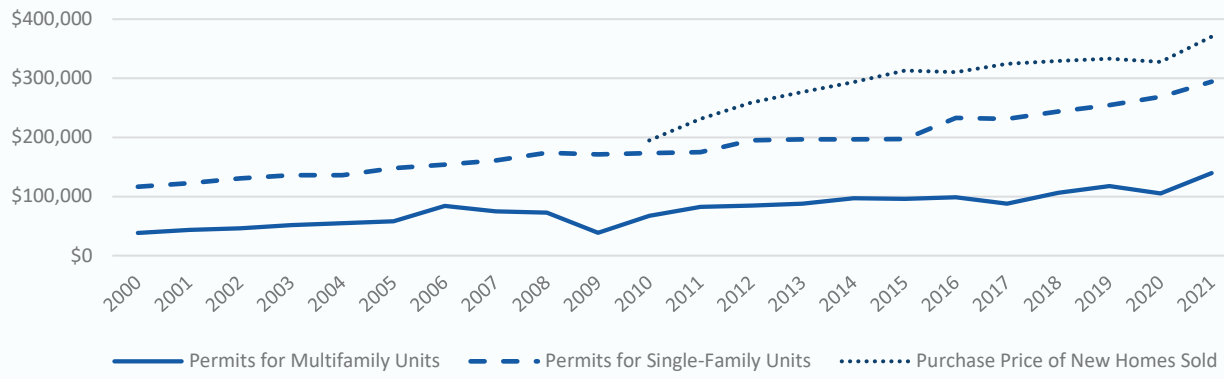
Figure 30. Housing Units Authorized for Construction by Building Permits in North Dakota, 2000 to 2021



Source: U.S. Census Bureau (2022c)

Average values associated with the permits for single-family homes in North Dakota increased steadily from 2000 through 2009, by approximately 4% annually. From 2010 through 2021, average permit values for single-family homes increased a bit faster at 5% per year on average, with the fastest growth occurring in the past four years. The average value for single-family homes authorized for construction in 2021 was $294,299, a 10% increase from $268,678 in 2020 (Figure 31). According to data from the Multiple Listing Services of North Dakota, 696 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).

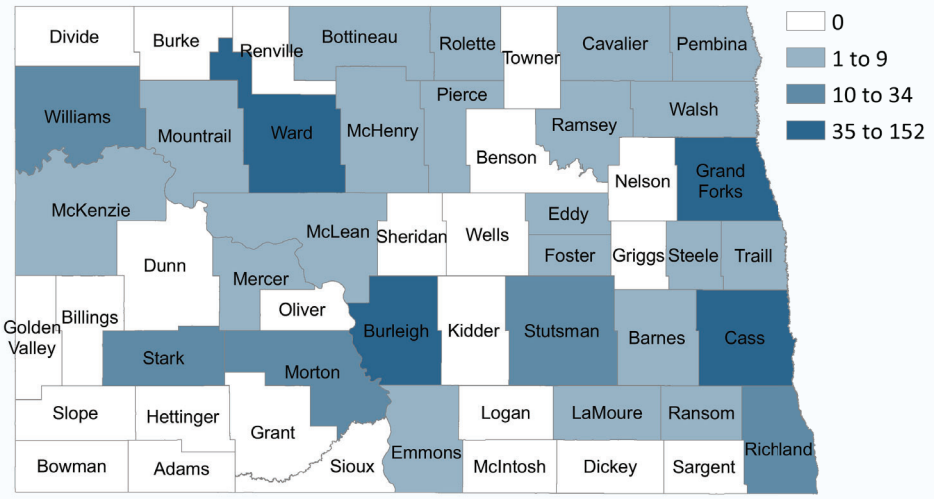
Figure 31. Average Values of Housing Units Authorized for Construction by Building Permits – and the Average Purchase Price of Newly Built Residential Homes Sold in North Dakota, 2000 to 2021



Sources: U.S. Census Bureau (2022c) and Multiple Listing Services of North Dakota (2022)

Builders. Some areas of the state are more affected than others by the dramatic shift in construction permits over the past decade. 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 (Figure 32) (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).

Figure 32. Residential Building Construction Businesses in North Dakota, 2020



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

Housing Sales Market

North Dakota Sales Ratio Study

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

Average Verified Prices. Favorable economic conditions, population growth, increased costs for materials and labor, regional flooding, and COVID-19 have all contributed to increased housing costs in recent years. Gauging and quantifying housing costs can be difficult because various characteristics such as age, size, amenities, location, and the general condition of homes affect value and sale prices. However, the North Dakota Office of State Tax Commissioner, as directed by the North Dakota Century Code, conducts the annual Sales Ratio Study in order to assess real property values across the state. The Sales Ratio Study aims to support local assessment officials and to provide information on real property values to facilitate recommendations to the Tax Commissioner on potential adjustments to be made by the State Board of Equalization during the equalization process.

The Office of the State Tax Commissioner collects data from local jurisdictions on the true and full value of all useable sales for six property categories: agricultural, commercial, vacant lots, residential, lakeshore, and mobile homes. The North Dakota Century Code defines useable sales broadly as all arms-length transactions of real property. Certain property transactions are excluded, such as property owned or used by public utilities, personal property, estate settlements, or sales to or from charitable or non-profit organizations. Partial valuations of uncompleted new construction are also excluded from the Sales Ratio Study. While the primary aim of the study is to ensure assessed property values are in line with true and full values, the study also provides insight into trends in the average prices of real estate transactions and provides a consistent time series of residential property sales.

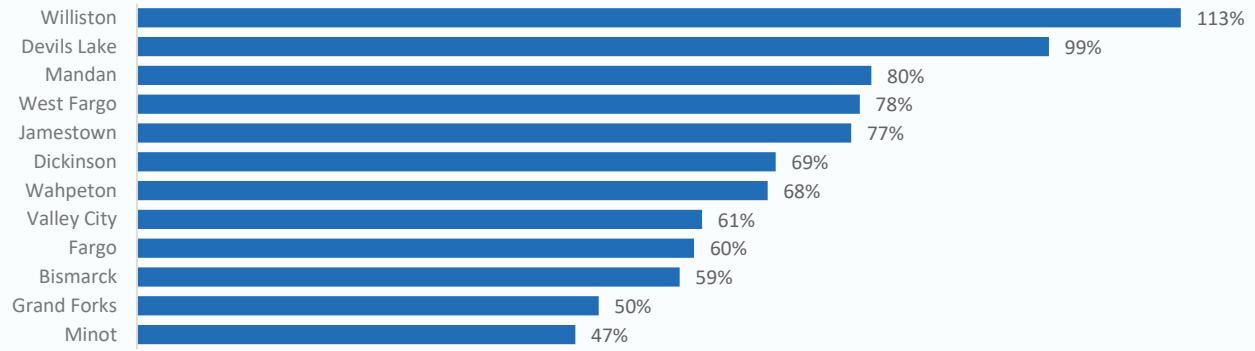
Data from the Sales Ratio Study were analyzed to provide an overview of residential property transactions in North Dakota. While the Sales Ratio Study reports average prices of real estate transactions for six property categories, only residential property transactions were examined for the purposes of this housing needs assessment. Data were analyzed by county and for the 12 largest cities in the state (including Bismarck, Devils Lake, Dickinson, Fargo, Grand Forks, Jamestown, Mandan, Minot, Valley City, Wahpeton, West Fargo, and Williston). County data were aggregated to reflect the state's eight planning regions for the purposes of this housing report. For planning regions that are home to the 12 largest cities, planning region data do not include useable sales transactions from the city located within the region. These aggregated transactions excluding large cities provide insight into housing values in rural North Dakota. Average values are calculated as a simple average of the cumulative value of useable sales divided by the total number of useable sales. A minimum of 30 sales or 10% of the total number of properties is required for all jurisdictions. If the minimum number of transactions was not available in a study year, sales from up to the previous three years are used to supplement the sales data. Values are reported in nominal terms (not adjusted for inflation).

While there are national price indices such as the Case-Shiller Home Price Index and the Federal Housing Finance Agency House Price Index for converting nominal values to real values, national price indices are not reflective of market conditions in North Dakota. Other regional cost of living indices are reflective of a larger basket of consumer goods or housing costs and are not reflective of housing values. Given the low inflation rates in the past decade, nominal values reflect changes in housing values without any adjustment for inflation. However, in the future, given recent rapid inflation, this issue will need to be revisited.

Top 12 Cities in North Dakota. Average verified prices for residential homes sold in 2020 in the 12 largest cities in North Dakota ranged from a low of $158,089 in Valley City to a high of $307,785 in West Fargo (Figure 34). Since 2010, average prices rose in all 12 large cities, with notable increases in some cases. Average verified prices grew by at least 70% for five out of the 12 largest cities from 2010 to 2020; in Devils Lake and Williston, average verified prices increased by more than 90% since 2010 to $174,064 and $280,393, respectively. The substantial jump in the average verified price of homes sold in Devils Lake is largely the result of a substantial increase from 2019 to 2020. If the 2020 increase is excluded, the average change from 2010 to 2019 is 54%. In smaller cities like Devils Lake, it is possible that a few large transactions in a

given year could substantially impact the average values. The percentage change in prices from 2010 to 2020 for each of the 12 largest North Dakota cities is shown in Figure 33 (North Dakota Office of State Tax Commissioner, 2022).

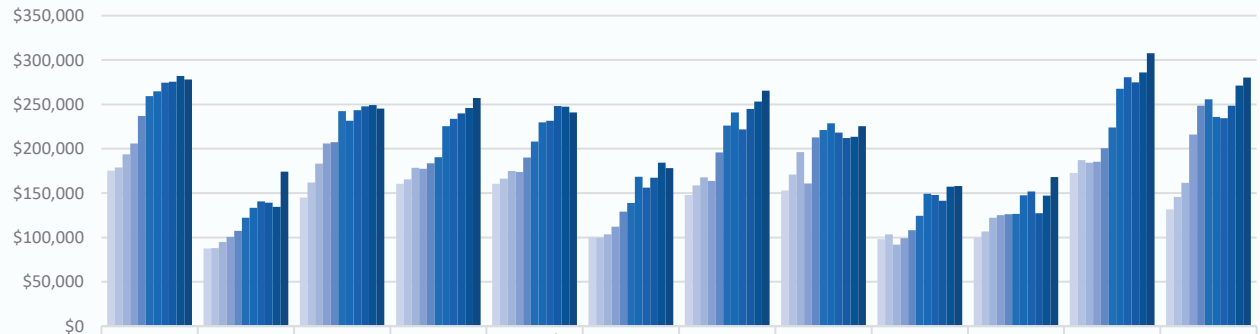
Figure 33. Percent Change in the Average Verified Prices for Residential Property, Top 12 Cities in North Dakota, Sales Ratio Study, 2010 to 2020



Note: A substantial jump in the average verified price of homes sold in Devils Lake is largely the result of a substantial increase from 2019 to 2020. If the 2020 increase is excluded, the average change from 2010 to 2019 is 54%. In smaller cities like Devils Lake it is possible that a few large transactions in a given year could substantially impact the average values. Source: North Dakota Office of State Tax Commissioner (2022)

Year to year comparisons in Figure 34 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, especially in the state's major metro areas and in the western part of the state. The two exceptions to consistent increases were in Valley City and Minot. Average verified prices for Valley City in 2011 and Minot in 2012 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 (Figure 34).

Figure 34. Average Verified Prices for Residential Property, Top 12 Cities in North Dakota, Sales Ratio Study, 2010 to 2020

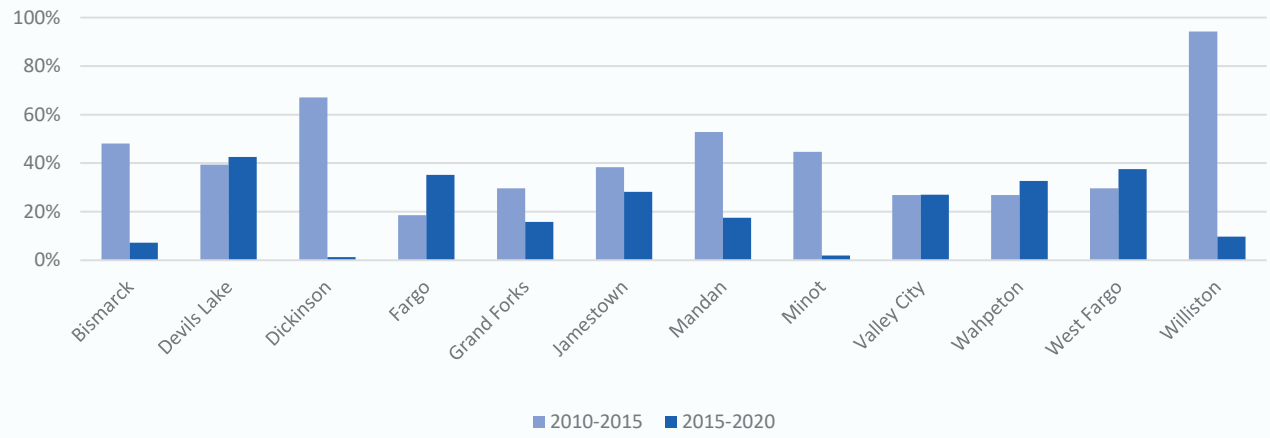


	Bismarck	Devils Lake	Dickinson	Fargo	Grand Forks	Jamestown	Mandan	Minot	Valley City	Wahpeton	West Fargo	Williston
2010	$175,186	$87,569	$145,038	$160,408	$160,534	$100,513	$147,879	$152,857	$98,065	$99,778	$172,638	$131,605
2011	$178,902	$87,807	$161,992	$165,468	$166,318	$99,820	$158,647	$170,770	$103,578	$106,715	$187,096	$145,718
2012	$193,674	$94,854	$183,059	$178,584	$174,883	$103,464	$167,809	$196,130	$91,791	$122,398	$184,290	$161,550
2013	$205,893	$100,421	$205,939	$177,410	$173,951	$112,038	$163,835	$160,818	$99,329	$125,120	$185,492	$215,934
2014	$236,954	$107,484	$207,272	$183,411	$189,986	$128,972	$195,786	$212,809	$108,035	$126,119	$200,514	$248,603
2015	$259,455	$122,070	$242,365	$190,268	$208,057	$138,994	$226,006	$221,210	$124,467	$126,585	$223,805	$255,659
2016	$264,678	$133,386	$231,596	$225,505	$229,660	$168,326	$240,959	$228,812	$149,266	$147,538	$267,651	$235,736
2017	$274,486	$140,526	$243,250	$233,585	$231,654	$156,063	$221,836	$218,102	$147,754	$151,754	$280,605	$234,300
2018	$275,414	$139,191	$247,602	$239,935	$248,086	$167,309	$244,879	$212,171	$141,411	$127,323	$274,667	$248,415
2019	$282,082	$134,420	$249,139	$245,964	$247,423	$184,233	$253,051	$213,385	$157,173	$147,197	$286,098	$271,375
2020	$278,169	$174,064	$245,367	$257,221	$240,809	$178,267	$265,504	$225,420	$158,089	$167,917	$307,785	$280,393

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

To illustrate the substantial impact of robust economic conditions through the middle part of the decade, Figure 35 shows the percentage change in average verified prices for two five-year periods. While all 12 of the largest cities experienced an increasing trend in average verified prices through 2020, more than half of the 12 largest cities (Bismarck, Dickinson, Grand Forks, Jamestown, Mandan, Minot, and Williston) experienced a substantially larger percentage growth in the first half of the past decade (2010-2015) than in the second half (2015-2020). Williston shows the greatest disparity with a 94% change from 2010 to 2015 compared to a 10% change from 2015 to 2020. For the cities of Fargo, West Fargo, Wahpeton, and Devils Lake, sale price increases were greater in the second half of the decade. While prices continued to increase in the second half of the decade, the percentage change has moderated, illustrating the effects of more stable economic conditions compared to rapid and unprecedented economic conditions of the first half of the decade (Figure 35).

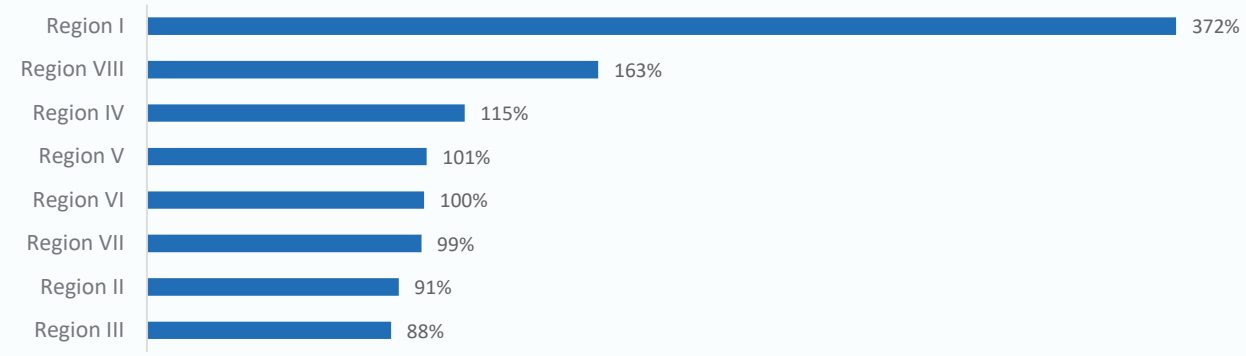
Figure 35. Percent Change in the Average Verified Prices for Residential Property, Top 12 Cities in North Dakota, Sales Ratio Study, 2010 to 2015 and 2015-2020



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

State Planning Regions, Excluding the State's 12 Largest Cities. Changes in average verified prices in rural North Dakota varied considerably in the past decade. Average verified prices for homes sold in 2020 for the eight planning regions in North Dakota (excluding the top 12 cities) ranged from a low of $109,357 in Region III to a high of $252,407 in Region I. Average verified prices have risen notably in all eight planning regions with the lowest estimated increase of 88% in Region III. Region I and Region VIII observed the highest percentage increase in prices; 372% in Region I from $53,528 in 2010 to $252,407 in 2020 – and 163% in Region VIII from $56,778 in 2010 to $149,291 in 2020. These dramatic increases in prices are reflective of the rapid expansion of the oil and gas industry over the past decade (Figure 36).

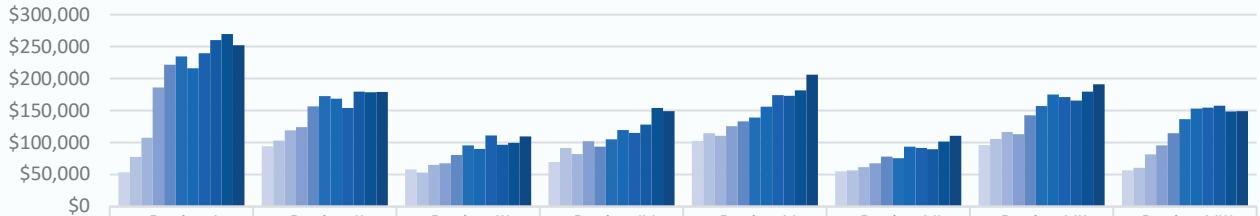
Figure 36. Percent Change in the Average Verified Prices for Residential Property, by State Planning Region, Excluding the 12 Largest Cities in North Dakota, Sales Ratio Study, 2010 to 2020



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

To illustrate the substantial impact of economic conditions in the first half of the past decade, Figure 37 shows the year-over-year change in average verified prices from 2010 to 2020 by state planning region. Regions of the state that were significantly impacted by the rapid expansion of the oil and gas industry experienced substantial year-to-year changes prior to 2015, while the remainder of the state experienced a more gradual and consistent year-to-year increase in average verified prices.

Figure 37. Average Verified Prices for Residential Property, by State Planning Region, Excluding the 12 Largest Cities in North Dakota, Sales Ratio Study, 2010 to 2020

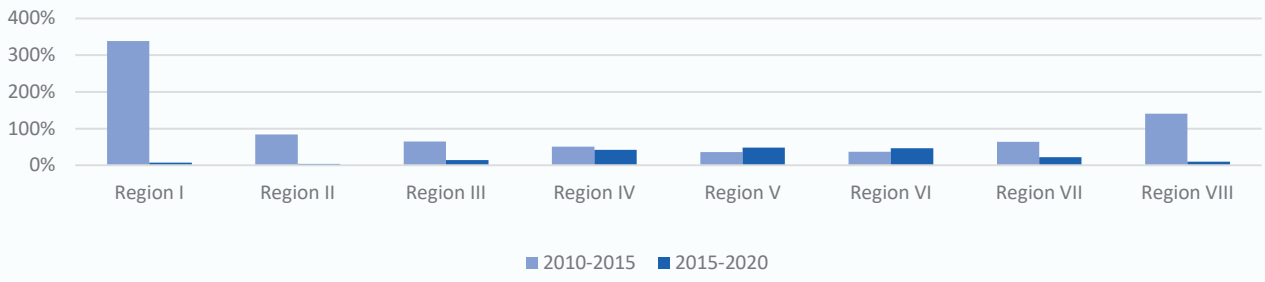


	Region I	Region II	Region III	Region IV	Region V	Region VI	Region VII	Region VIII
2010	$53,528	$93,905	$58,129	$69,505	$102,569	$55,250	$96,001	$56,778
2011	$77,426	$103,184	$53,209	$91,693	$114,537	$56,409	$105,371	$60,414
2012	$107,805	$119,295	$65,116	$82,121	$110,497	$61,438	$116,442	$81,553
2013	$186,270	$124,153	$67,595	$101,993	$125,678	$67,443	$113,316	$95,699
2014	$221,421	$156,742	$80,499	$93,514	$133,276	$78,274	$142,484	$114,809
2015	$234,785	$172,595	$95,760	$104,968	$138,994	$75,639	$157,240	$136,420
2016	$215,987	$168,842	$89,860	$119,445	$156,154	$93,597	$174,980	$152,910
2017	$239,790	$154,111	$111,089	$114,988	$174,196	$91,660	$171,012	$154,427
2018	$259,948	$179,440	$96,822	$127,888	$173,227	$89,769	$165,817	$157,369
2019	$269,558	$178,670	$99,451	$154,289	$181,507	$101,745	$179,711	$148,591
2020	$252,407	$179,281	$109,357	$149,209	$206,185	$110,510	$191,113	$149,291

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

Figure 38 shows percentage change comparisons in average verified prices for two five-year periods during the past decade, 2010 to 2015 and 2015 to 2020 for all eight planning regions (excluding the top 12 cities). In six out of the eight regions (I, II, III, IV, VII, and VIII), the percentage change in average verified price was larger during the first half of the decade (2010 to 2015) than during the second half (2015 to 2020). The most notable disparity in the change in prices was in Region I with a change of 339% from 2010 to 2015, and 8% from 2015 to 2020 – and in Region VIII with a change of 140% from 2010 to 2015 and 9% from 2015 to 2020. Again, the rapid expansion of the oil and gas industry in these western regions had a profound impact on average verified prices. Changes in average verified prices were much more consistent over the two five-year periods in Regions IV, V, and VI. Change from 2015 to 2020 are reflective of the more stable economic conditions present in the state.

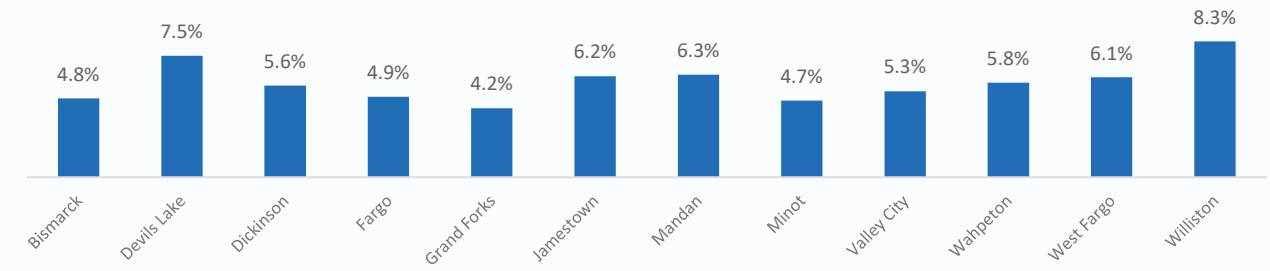
Figure 38. Percent Change in the Average Verified Prices for Residential Property, by State Planning Region, Excluding the 12 Largest Cities in North Dakota, Sales Ratio Study, 2010 to 2015 and 2015 to 2020



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

Among the largest 12 cities in North Dakota, Williston and Devils Lake had the greatest average annual increase in average verified prices for residential property (8% each) over the past decade. Change for all 12 communities over the past decade ranged from an increase of 4% to 8% annually, on average (Figure 39).

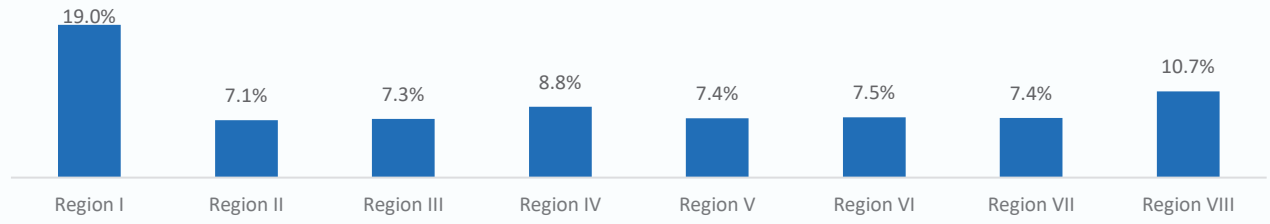
Figure 39. Average Annual Percent Change in the Average Verified Prices for Residential Property, Top 12 Cities in North Dakota, Sales Ratio Study, 2010 to 2020



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

By contrast, the planning regions (excluding the 12 largest cities) saw higher increases overall, with the lowest average annual change – 7% in Region II – far behind the highest average annual change of 19% in Region I (Figure 40).

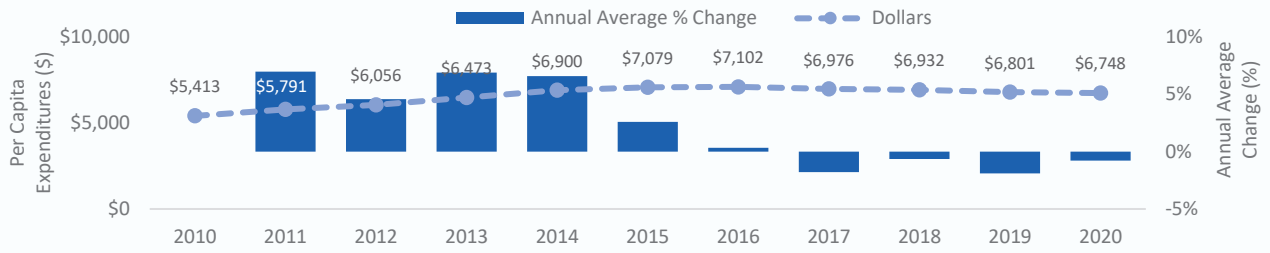
Figure 40. Average Annual Percent Change in the Average Verified Prices for Residential Property, by State Planning Region, Excluding the 12 Largest Cities in North Dakota, Sales Ratio Study 2010 to 2020



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

In addition to the average verified price, another measure of the cost of housing is per capita personal consumption expenditures for housing and utilities. The data are provided at the state level and are available from the U.S. Bureau of Economic Analysis. Although the annual per capita consumption expenditures for housing and utilities in North Dakota increased by 25% from 2010 to 2020 ($5,413 to $6,748, respectively) the trend shows two distinctive patterns for 2010 to 2015 and 2015 to 2020. Per capita expenditures for housing and utilities in North Dakota increased by 31% from 2010 to 2015 but decreased by 5% from 2015 to 2020. These trends are consistent with changes in average verified prices and are also reflective of the effects of rapid economic expansion in the first half of the decade and the moderating effects on costs as a result of more stable economic conditions in the second half of the decade. The trend in per capita personal consumption expenditures for housing and utilities in North Dakota from 2010 to 2020 is shown in Figure 41.

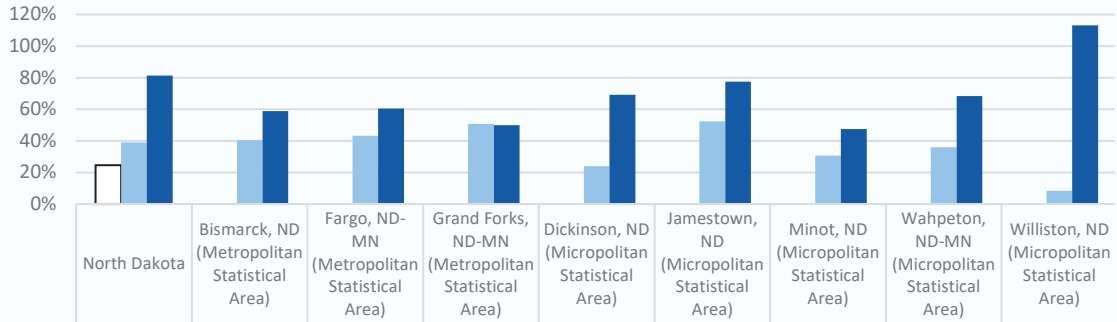
Figure 41. Per Capita Personal Consumption Expenditures for Housing and Utilities and Annual Average Change, North Dakota, 2010 to 2020



Source: U.S. Bureau of Economic Analysis (2022)

Given the general increase in per capita personal consumption expenditures for housing and utilities as well as the general rising trend in average verified prices for residential property in the 12 largest cities and eight state planning regions, examining changes in *per capita personal income* provides an interesting counterpoint. The percentage change in per capita income for the larger communities (communities that are part of a larger metropolitan or micropolitan area) was compared to the percentage change in per capita expenditures for utilities and housing. Statewide per capita consumption expenditures for housing and utilities in North Dakota increased by 25% from 2010 to 2020, personal per capita income increased by 39%, and average verified prices increased by 81% for the same period. Per capita personal consumption expenditures for housing and utilities data are only available on a statewide basis. It is likely that changes in per capita personal consumption expenditures for housing and utilities vary regionally (Figure 42).

Figure 42. Percent Change in Per Capita Personal Consumption Expenditures for Housing and Utilities in North Dakota, in Per Capita Personal Income, and in Average Verified Prices for Residential Property for Metro and Micro Areas in North Dakota, 2010-2020



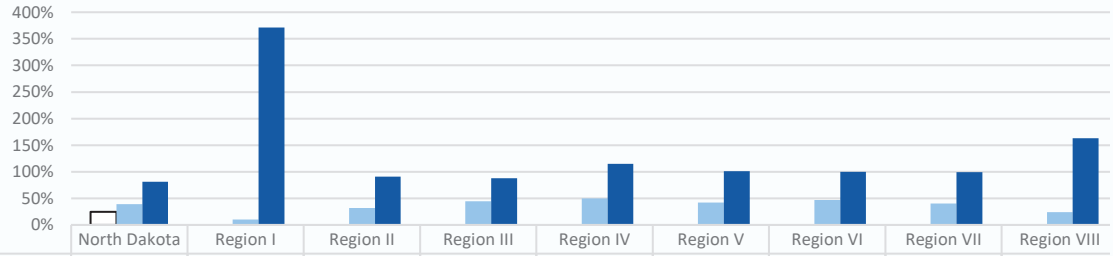
	North Dakota	Bismarck, ND (Metropolitan Statistical Area)	Fargo, ND-MN (Metropolitan Statistical Area)	Grand Forks, ND-MN (Metropolitan Statistical Area)	Dickinson, ND (Micropolitan Statistical Area)	Jamestown, ND (Micropolitan Statistical Area)	Minot, ND (Micropolitan Statistical Area)	Wahpeton, ND-MN (Micropolitan Statistical Area)	Williston, ND (Micropolitan Statistical Area)
Per Capita Personal Consumption Expenditures for Housing and Utilities	24.7%								
Per Capita Personal Income	38.9%	40.4%	43.2%	50.7%	23.9%	52.3%	30.6%	35.9%	8.3%
Average Verified Prices for Residential Property	81.4%	58.8%	60.4%	50.0%	69.2%	77.4%	47.5%	68.3%	113.1%

Sources: U.S. Bureau of Economic Analysis (2022) and North Dakota Office of State Tax Commissioner (2022)

For two out of the three metro areas, the percentage change from 2010 to 2020 in average verified price for residential property was larger than the percentage change in per capita income. Fargo and Bismarck metro areas saw similar increases in per capita income (40% and 43%, respectively), but roughly 60% increases in average verified price. In Grand Forks, the change in per capita income (51%) was similar to the change in the average verified price of residential property (50%). For all micropolitan areas, the percentage change in the average price of residential property was higher than the percentage change in per capita income. The most notable disparity was in Williston which experienced a 113% increase in average verified price of residential property compared to an 8% change in per capita income.

The difference between metropolitan and micropolitan areas above suggests that an examination of the change in per capita income and change in average verified sale prices of residential property in the eight state planning regions (excluding the top 12 cities) might reveal similar disparities from 2010 to 2020. Figure 43 shows the percentage change in per capita personal consumption expenditures for housing and utilities in North Dakota, compared to the change in per capita personal income and average verified price for residential property in North Dakota by planning region for 2010 to 2020. For all eight planning regions, the percentage change in average verified price for residential property outpaced the percentage change in per capita income; the disparity between the two variables is most pronounced in Regions I and VIII located in the westernmost part of the state with extensive oil and gas production.

Figure 43. Percent Change in Per Capita Personal Consumption Expenditures for Housing and Utilities in North Dakota, in Per Capita Personal Income, and in Average Verified Prices for Residential Property in North Dakota by Planning Region, 2010-2020



	North Dakota	Region I	Region II	Region III	Region IV	Region V	Region VI	Region VII	Region VIII
Per Capita Personal Consumption Expenditures for Housing and Utilities	24.7%								
Per Capita Personal Income	38.9%	10.5%	32.0%	44.5%	50.2%	42.1%	46.9%	40.3%	24.3%
Average Verified Prices for Residential Property	81.4%	371.5%	90.9%	88.1%	114.7%	101.0%	100.0%	99.1%	162.9%

Sources: U.S. Bureau of Economic Analysis (2022) and North Dakota Office of State Tax Commissioner (2022)

Multiple Listing Services of North Dakota

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

Multiple listing service (MLS) agencies maintain private databases used to facilitate real estate transactions by real estate professionals. The databases are created and maintained through fees paid by individual real estate agents and agencies. Member realtors can list properties for sale enabling brokers to see one another's listings to help connect buyers and sellers. There are seven MLS agencies in North Dakota. They are: Bismarck-Mandan Board of REALTORS®, Badlands Board of REALTORS®, Jamestown Board of REALTORS®, Minot Board of REALTORS®, Fargo-Moorhead Area Association of REALTORS®, Williston Board of REALTORS®, and Grand Forks Area Association of REALTORS®. The databases are privately held by each MLS agency and information in the databases is not publicly available. In cooperation with the North Dakota Housing Finance Agency, the seven MLS agencies were contacted to request a data sharing agreement. Each of the seven agencies provided sales transaction data. The data from each MLS agency was combined into a statewide dataset with sales transaction details beginning in 2010. Findings are not reflective of every residential home sale in the state, rather, they reflect those transactions that were listed with one of the state's MLSs. However, according to real estate professionals, the MLS data capture the majority of residential real estate transactions in the state (Flohr, 2022). The exception would be transactions in small communities and rural areas, where many real estate agents or firms are not MLS members. Data were analyzed to provide an overview of housing market conditions in North Dakota statewide, in the state's 12 largest cities, and aggregated rural areas of the state. There are insufficient observations in the MLS data to analyze rural sales (excluding 12 largest cities) by state planning region. Like data from the Sales Ratio Study, values from the MLS are reported in nominal terms (not adjusted for inflation) due to the shortcoming in national housing indices and regional cost of living indices. Findings are detailed below.

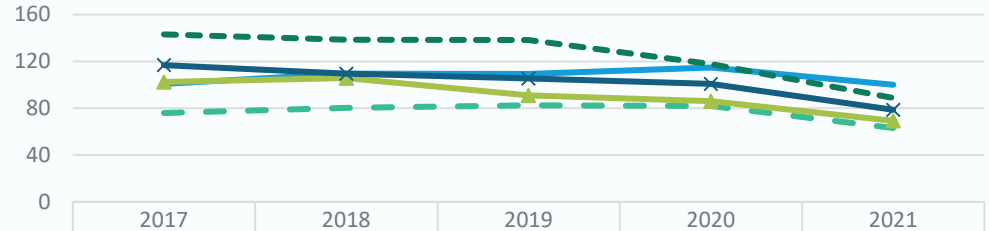
Comparison based on three geographies

Statewide; 12 Largest Cities Aggregated; and Statewide Excluding 12 Largest Cities of Bismarck, Devils Lake, Dickinson, Fargo, Grand Forks, Jamestown, Mandan, Minot, Valley City, Wahpeton, West Fargo, and Williston

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 2017 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.

Figure 44. Average Number of Days on the Market for Residential Homes Sold by Price Category in North Dakota, Multiple Listing Services, 2017 to 2021

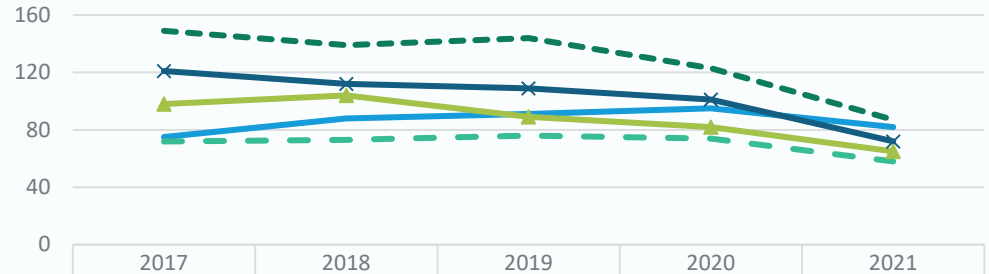


	2017	2018	2019	2020	2021
Up to $150,000	101	110	109	115	100
$150,001 to $250,000	76	80	82	82	63
$250,001 to $350,000	103	106	91	86	69
$350,001 to $500,000	117	110	106	101	79
Over $500,000	143	139	138	118	89

Source: Multiple Listing Services of North Dakota (2022)

In the 12 largest cities, the average number of days on market declined from 2017 to 2021 for all home price categories except for housing sales for $150,000 or less. Days on market for housing priced at $150,000 or less increased from 75 days in 2017 to 82 days in 2021. The greatest decrease in average days on market was for housing priced over $500,000, from 149 days in 2017 to 87 days in 2021. Days on market for homes priced from $250,001 to $350,000 and $350,000 to $500,000 also decreased substantially, by 33 days and 49 days, respectively.

Figure 45. Average Number of Days on the Market for Residential Homes Sold by Price Category, 12 Largest Cities in North Dakota, Multiple Listing Services, 2017 to 2021

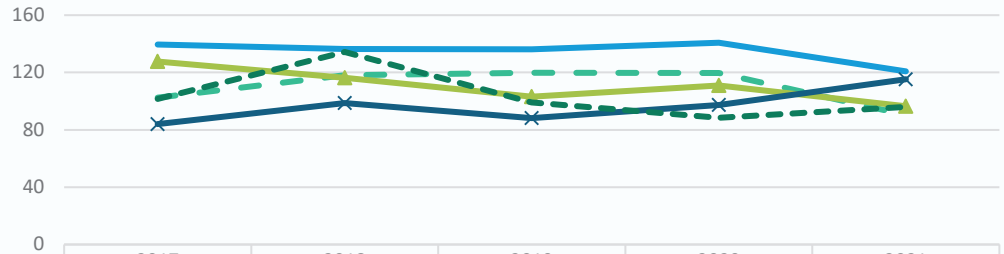


	2017	2018	2019	2020	2021
Up to $150,000	75	88	91	95	82
$150,001 to $250,000	72	73	76	74	58
$250,001 to $350,000	98	104	89	82	65
$350,001 to $500,000	121	112	109	101	72
Over $500,000	149	139	144	123	87

Source: Multiple Listing Services of North Dakota (2022)

The average number of days on market in rural North Dakota was considerably longer than in urban areas (the 12 largest cities combined) 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 (Figure 46).

Figure 46. Average Number of Days on the Market for Residential Homes Sold by Price Category in North Dakota Excluding the 12 Largest Cities, Multiple Listing Services, 2017 to 2021

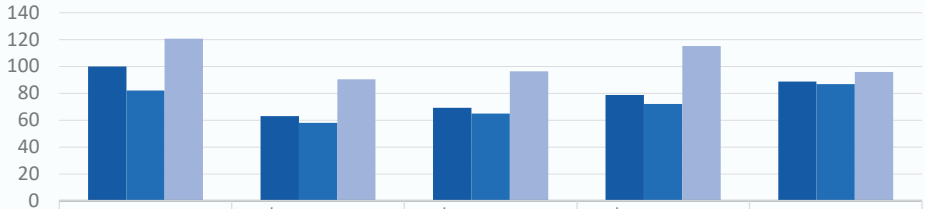


	2017	2018	2019	2020	2021
Up to $150,000	139	136	136	141	121
$150,001 to $250,000	102	118	120	120	90
$250,001 to $350,000	128	116	103	111	96
$350,001 to $500,000	84	99	88	97	115
Over $500,000	102	134	99	88	96

Source: Multiple Listing Services of North Dakota (2022)

Comparatively, mid-range priced houses ($150,001 to $250,000) had the fewest days on market, regardless of geography. Mid-range priced housing had an average of 90 days on the rural market, while those in the 12 largest cities averaged 58 days on market. Housing with sales prices up to $150,000 had some of the longest days on market in both the 12 largest cities and in rural areas, 82 and 121 days, respectively (Figure 47).

Figure 47. Average Number of Days on the Market for Residential Homes Sold by Price Category in North Dakota by Geography, Multiple Listing Services, 2021

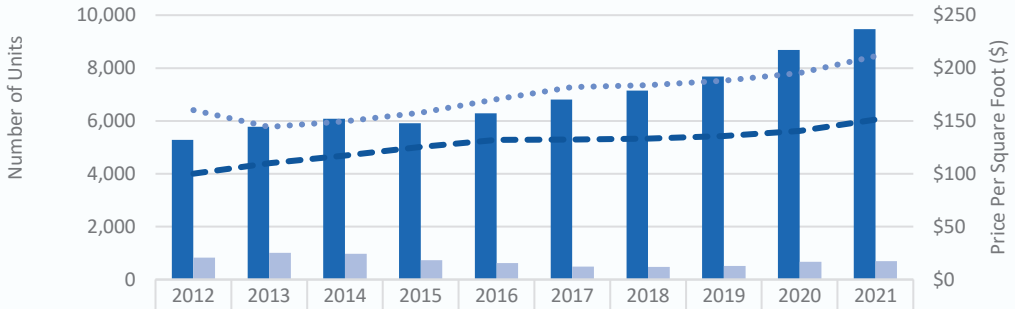


	Up to $150,000	$150,001 to $250,000	$250,001 to $350,000	$350,001 to $500,000	Over $500,000
Statewide	100	63	69	79	89
12 Largest Cities	82	58	65	72	87
Statewide (excluding 12 largest cities)	121	90	96	115	96

Source: Multiple Listing Services of North Dakota (2022)

Price Per Square Foot. New constructions sales listed through MLS represent a subset of all new construction in a given year. According to the Census Bureau's building permit data, 2,171 single family residential building permits were issued in 2020. While not all new construction homes are listed and sold through MLS, the data are adequate to estimate average price per square foot for new construction sales compared to the average square foot price of sales of existing homes. Average price per square foot for new construction sales statewide in 2021 was $211 in 2021 — $60 higher than the average price per square foot of existing construction. Average prices for both existing homes and new construction have increased by $51 per square foot since 2012 (Figure 48).

Figure 48. Number of Units Sold and Average Price Per Square Foot for Residential Homes Sold in North Dakota, Multiple Listing Services, 2012 to 2021

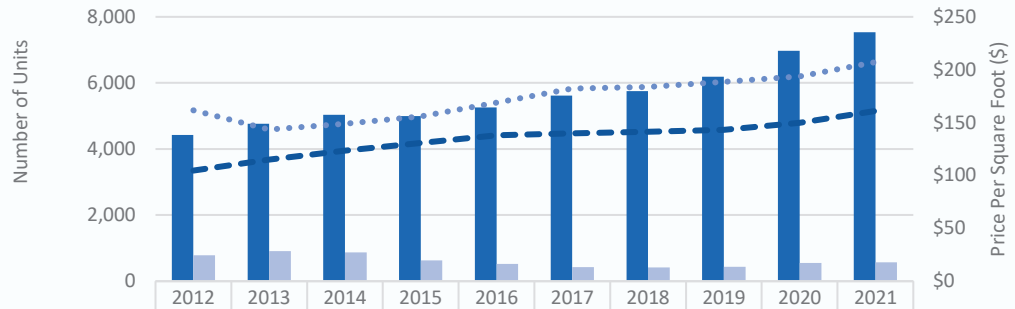


	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Existing Homes, Units Sold	5,278	5,774	6,087	5,910	6,293	6,814	7,152	7,681	8,685	9,468
New Homes, Units Sold	832	1,012	975	730	622	491	482	517	668	696
Existing Homes, Average Price	$100	$110	$117	$125	$132	$132	$133	$136	$141	$151
New Homes, Average Price	$160	$144	$150	$158	$171	$182	$184	$188	$195	$211

Source: Multiple Listing Services of North Dakota (2022)

The average price per square foot for existing construction was slightly higher in the 12 largest cities than for statewide overall in 2021 ($161 and $151, respectively), while the average price per square foot for new construction was slightly lower within larger cities ($207 and $211, respectively). Notably, the proportion of both new construction and existing home sales taking place in larger cities has dropped since 2012. New construction in larger cities made up 94% of new construction sales statewide in 2012, but just 82% in 2021. While this difference was much less dramatic for existing homes, sales outside larger cities increased in frequency over the past decade (Figure 49).

Figure 49. Number of Units Sold and Average Price Per Square Foot for Residential Homes Sold, 12 Largest Cities in North Dakota, Multiple Listing Services, 2012 to 2021



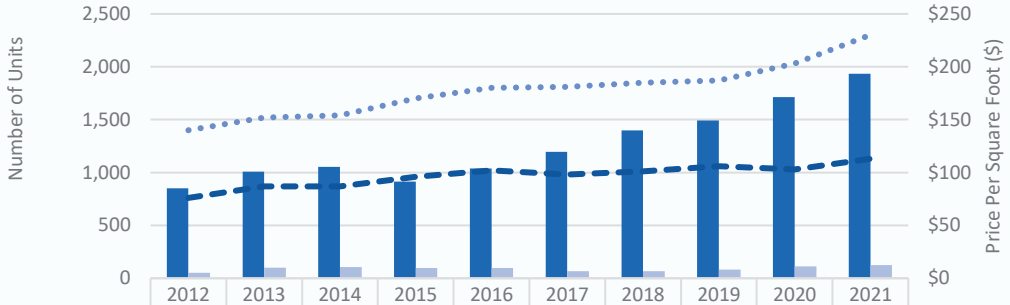
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Existing Homes, Units Sold	4,427	4,765	5,034	4,997	5,255	5,619	5,755	6,190	6,971	7,533
New Homes, Units Sold	780	913	869	634	524	425	415	434	555	573
Existing Homes, Average Price	$105	$115	$123	$131	$138	$140	$141	$143	$150	$161
New Homes, Average Price	$162	$143	$149	$156	$169	$182	$184	$188	$194	$207

Source: Multiple Listing Services of North Dakota (2022)

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. Average price per square foot for existing homes in rural areas since 2012 has been consistently lower than in the 12 largest cities. Average prices for new construction in rural areas of the state were generally similar to prices in urban areas for 2012 to 2020. However, in 2021 the average price per square foot for new construction was higher in rural areas than the 12 largest cities; $230 per square foot compared to $207 per square foot, respectively. Increases in price per square foot for both existing and new homes were fairly small and

consistent in rural areas from 2012 to 2020. In the past year though, the price per square foot in rural areas increased by $10 per square foot for existing housing and $27 per square foot for new housing (Figure 50).

Figure 50. Number of Units Sold and Average Price Per Square Foot for Residential Homes Sold in North Dakota Excluding the 12 Largest Cities, Multiple Listing Services, 2012 to 2021

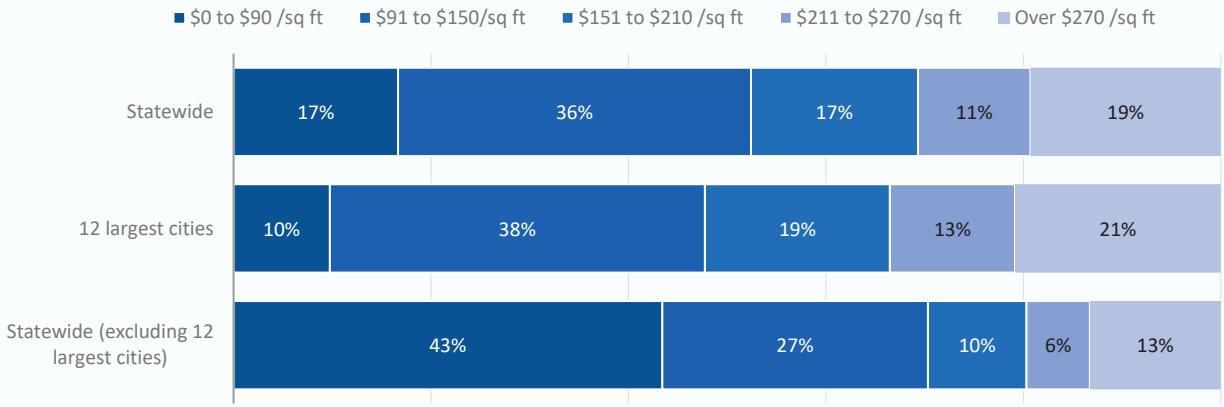


	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Existing Homes, Units Sold	851	1,009	1,053	913	1,038	1,195	1,397	1,491	1,714	1,935
New Homes, Units Sold	52	99	106	96	98	66	67	83	113	123
Existing Homes, Average Price	$76	$87	$87	$96	$102	$98	$101	$106	$103	$113
New Homes, Average Price	$140	$152	$154	$170	$180	$181	$185	$187	$203	$230

Source: Multiple Listing Services of North Dakota (2022)

In 2021, overall housing prices per square foot (new and existing housing) were generally higher in the 12 largest cities where 53% of housing was sold at more than $150 per square foot compared to 29% in rural areas of the state. Conversely, lower priced sales were more prevalent in rural areas of the state, where 43% of housing sales were $90 per square foot or less compared to 10% of sales in the state's 12 largest cities (Figure 51).

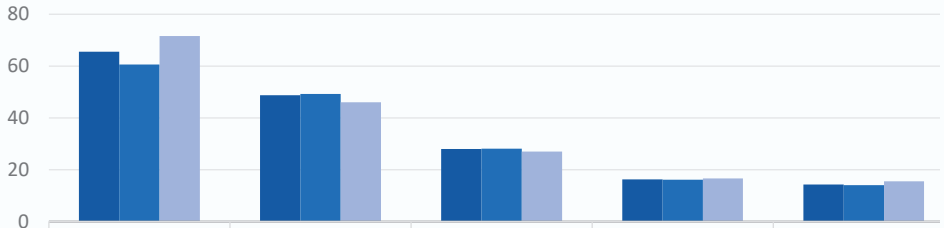
Figure 51. Residential Homes Sold in North Dakota by Average Price Per Square Foot and by Geography, Multiple Listing Services, 2021



Source: Multiple Listing Services of North Dakota (2022)

Average Age of Sold Properties. Regardless of location, newer homes sold for higher prices, with the most expensive housing ($350,001 or more) being less than 18 years old. Conversely, houses that sold at lower prices (up to $250,000) were at least 50 years old. The age of homes sold in each income category were fairly consistent, with the exception of houses listed at $150,000 or less, which were more than a decade older than sales in the state's 12 largest cities (Figure 52).

Figure 52. Average Age at Listing of Residential Homes Sold in North Dakota by Geography (in years), Multiple Listing Services, 2021

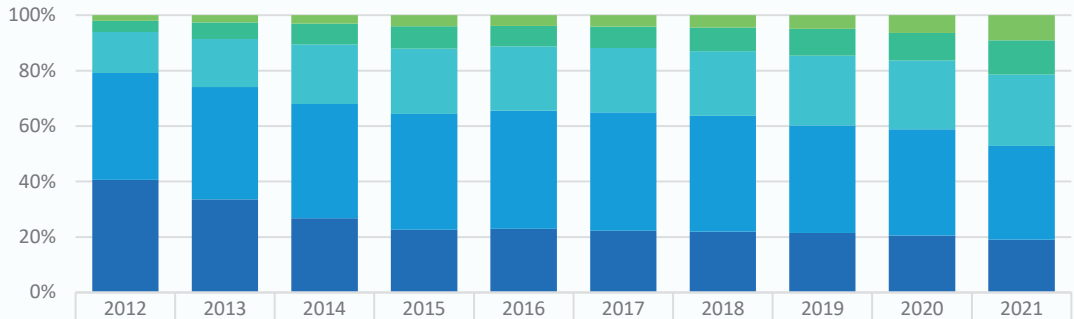


	Up to $150,000	$150,001 to $250,000	$250,001 to $350,000	$350,001 to $500,000	Over $500,000
Statewide	66	49	28	16	14
12 largest cities	61	49	28	16	14
Statewide (excluding 12 largest cities)	72	46	27	17	15

Source: Multiple Listing Services of North Dakota (2022)

Average Sale Prices. Since 2012 the percentage of higher-priced homes as a share of total sales in North Dakota has increased while the percentage of lower-priced homes as a share of total sales has decreased. In 2012, housing priced at more than $500,000 made up 2% of sales, compared to 9% in 2021. 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 to $350,000 increased from 15% in 2012 to 26% in 2021 (Figure 53).

Figure 53. Residential Homes Sold in North Dakota by Price Category, Multiple Listing Services, 2012 to 2021

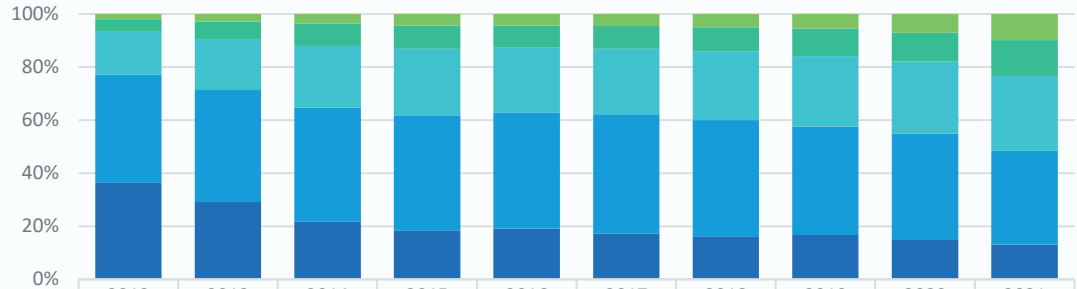


	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Over $500,000	2%	3%	3%	4%	4%	4%	4%	5%	6%	9%
$350,001 to $500,000	4%	6%	7%	8%	7%	8%	9%	10%	10%	12%
$250,001 to $350,000	15%	17%	21%	23%	23%	23%	23%	25%	25%	26%
$150,001 to $250,000	39%	41%	41%	42%	43%	43%	42%	39%	38%	34%
Up to $150,000	41%	34%	27%	23%	23%	22%	22%	21%	21%	19%

Source: Multiple Listing Services of North Dakota (2022)

Trends were similar in the 12 largest cities. The percentage of housing sold for $150,000 or less in the 12 largest cities decreased from 36% 2012 to 13% in 2021. Housing priced from $150,001 to $250,000 was slightly more stable, decreasing from a 10-year high of 45% in 2017 to 35% in 2021. Housing priced from $250,001 to $350,000 increased from 16% in 2012 to 28% in 2021. The percentage of housing priced at $350,000 or more increased from 6% of sales in 2012 to 23% of sales in 2021 (Figure 54).

Figure 54. Residential Homes Sold in North Dakota's 12 Largest Cities by Price Category, Multiple Listing Services, 2012 to 2021

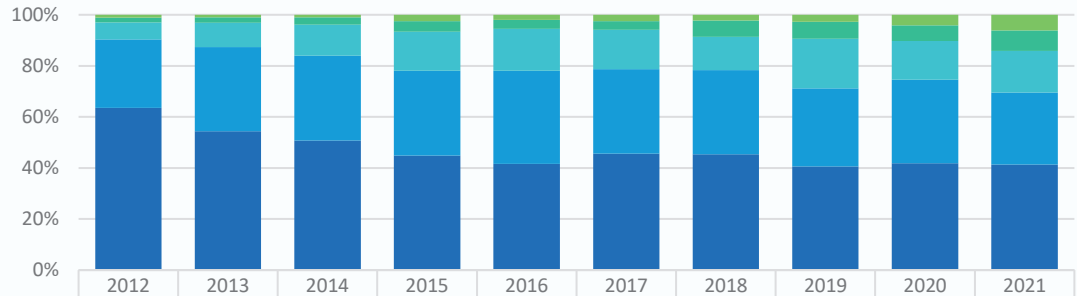


	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Over $500,000	2%	3%	4%	4%	4%	5%	5%	5%	7%	10%
$350,001 to $500,000	4%	7%	8%	9%	8%	9%	9%	10%	11%	13%
$250,001 to $350,000	16%	19%	23%	25%	25%	25%	26%	27%	27%	28%
$150,001 to $250,000	41%	42%	43%	44%	44%	45%	44%	41%	40%	35%
Up to $150,000	36%	29%	22%	18%	19%	17%	16%	17%	15%	13%

Source: Multiple Listing Services of North Dakota (2022)

In rural North Dakota the percentage of sales at higher prices has increased as well. In 2012, 91% of houses were sold for $250,000 or less. By 2021, this proportion decreased to 69%, with the greatest increase in the proportion sold for between $250,001 and $350,000 (from 7% in 2012 to 16% in 2021). The percentage of housing that sold for $150,000 or less decreased from 64% in 2012 to 41% in 2021 (Figure 55).

Figure 55. Residential Homes Sold in North Dakota – Excluding the 12 Largest Cities by Price Category, Multiple Listing Services, 2012 to 2021

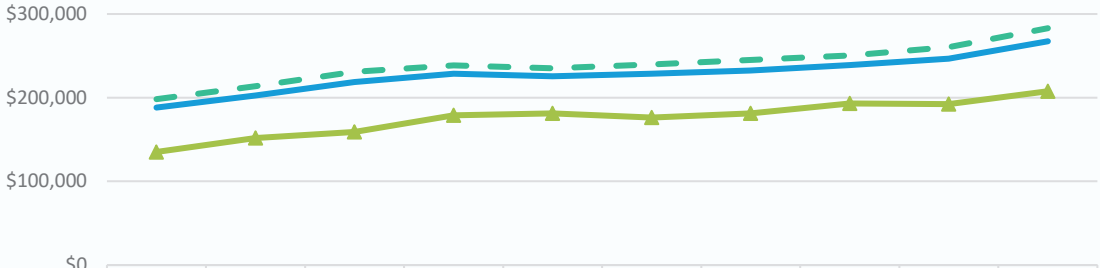


	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Over $500,000	1%	1%	1%	2%	2%	3%	2%	3%	4%	6%
$350,001 to $500,000	2%	2%	3%	4%	4%	3%	6%	7%	6%	8%
$250,001 to $350,000	7%	10%	12%	15%	16%	15%	13%	19%	15%	16%
$150,001 to $250,000	27%	33%	33%	33%	36%	33%	33%	31%	33%	28%
Up to $150,000	64%	54%	51%	45%	42%	46%	45%	41%	42%	41%

Source: Multiple Listing Services of North Dakota (2022)

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 price increased at a higher rate, rising 54% over the past decade from $135,167 in 2012 to $207,724 in 2021. From 2012 to 2013 and 2013 to 2014, average housing prices statewide increased 8% annually; after a brief decline in the middle of the decade, prices increased by 8% again from 2020 to 2021. This trend is similar regardless of location (Figure 56).

Figure 56. Average Price of Residential Homes Sold in North Dakota by Geography, Multiple Listing Services, 2012 to 2021



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Statewide	$188,218	$202,853	$218,638	$228,837	$225,718	$228,527	$232,427	$239,165	$246,786	$267,404
12 largest cities	$198,266	$213,606	$231,092	$238,571	$235,002	$239,898	$245,165	$250,584	$260,512	$283,020
Statewide (excluding 12 largest cities)	$135,167	$151,675	$159,089	$178,834	$181,115	$176,460	$181,408	$192,920	$192,325	$207,724

Source: Multiple Listing Services of North Dakota (2022)

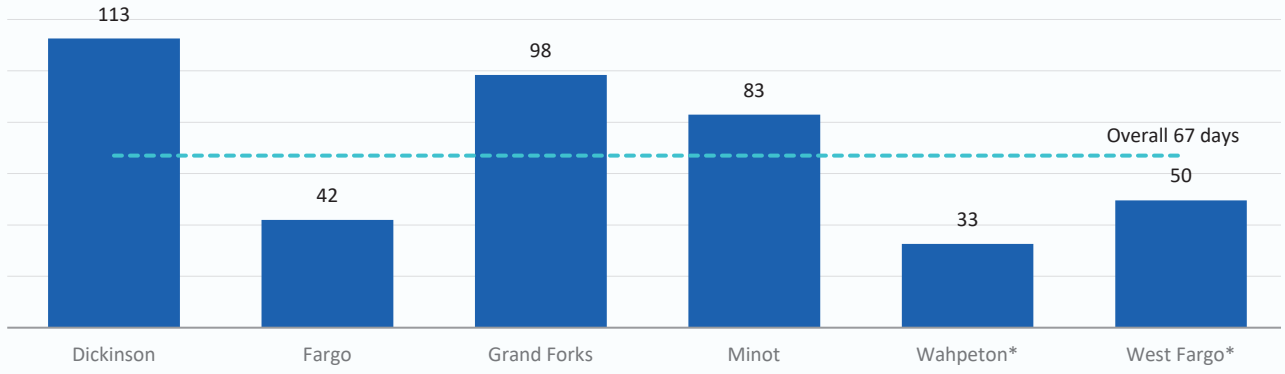
Comparison for North Dakota's larger cities

Bismarck, Devils Lake, Dickinson, Fargo, Grand Forks, Jamestown, Mandan, Minot, Valley City, Wahpeton, West Fargo, and Williston

MLS data were also used to compare market conditions among the state's 12 largest cities. However, for some cities there were insufficient data to enable comparisons among all 12 of the state's largest cities. In some cases, differences in how data were recorded resulted in large numbers of missing observations. For example, some MLS services recorded a listing date, the date sold, and the closing date. In other cases, only a listing date and closing date were recorded. There were substantial differences between listing date and sold date, and between listing date and closing date. Furthermore, in some of the state's smaller cities there were an insufficient number of transactions to report findings. Cities with a lack of comparable data or an insufficient number of observations were excluded from the comparative analysis of market conditions in the state's 12 largest cities.

Days on the Market. In 2021, houses sold in Dickinson spent the most time on the market when compared to other larger cities in North Dakota – 113 days on average. Houses in Wahpeton, Fargo, and West Fargo spent the fewest days on the market in 2021 (33, 42, and 50 days, respectively).

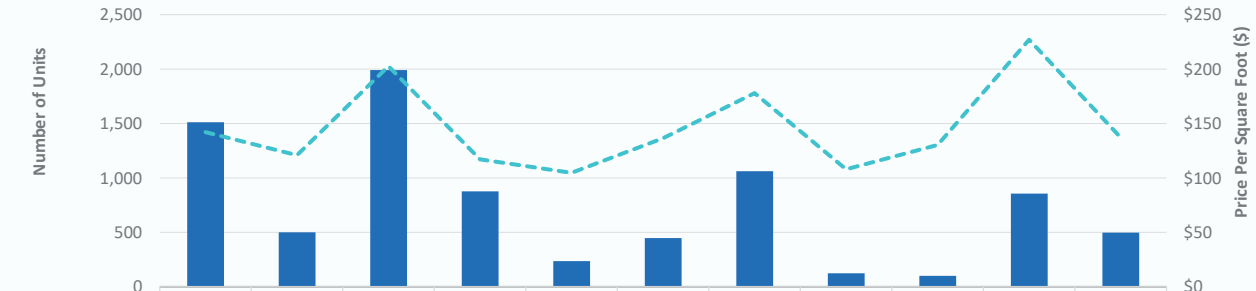
Figure 57. Average Number of Days on the Market for Residential Homes in North Dakota's Larger Cities, Multiple Listing Services, 2021



Notes: Comparable data for Bismarck, Devils Lake, Jamestown, Mandan, Valley City, and Williston were not available. *The margin of error exceeds 10% of the average for these geographies. Source: Multiple Listing Services of North Dakota (2022)

Price Per Square Foot. The average price per square foot varied considerable among the 12 largest cities. The average price per square foot for houses sold in 2021 was highest in West Fargo and Fargo ($227 and $203, respectively). Prices dropped to just over $100 per square foot in Jamestown and Valley City ($105 and $108, respectively). Average price per square foot for the remaining communities ranged from $121 to $142 per square foot (Figure 58).

Figure 58. Number of Units Sold and Average Price Per Square Foot for Residential Homes Sold in North Dakota's Largest Cities, Multiple Listing Services, 2021

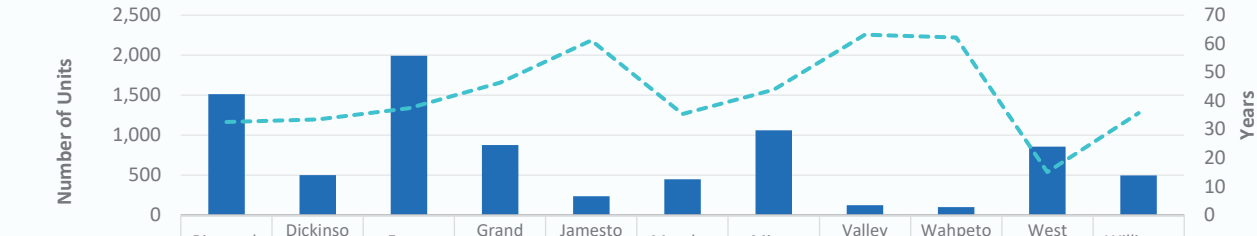


	Bismarck	Dickinson	Fargo	Grand Forks	Jamestown	Mandan	Minot	Valley City	Wahpeton	West Fargo	Williston
Units sold through MLS	1,513	501	1,992	877	238	448	1,061	124	101	856	499
Average price per square foot	$142	$121	$203	$117	$105	$136	$178	$108	$130	$227	$137

Note: Data for Devils Lake were suppressed as the number of home sales in 2021 was less than 30 units.
Source: Multiple Listing Services of North Dakota (2022)

Average Age of Sold Properties. Houses sold in 2021 in smaller communities tended to be older than those in the larger cities. For example, on average, houses sold in Jamestown, Wahpeton, and Valley City were all at least 60 years old when sold. Homes in Minot and Grand Forks, on average, were also quite old, 44 and 46 years, respectively. Comparatively, houses sold in West Fargo were newer, 15 years old on average. Average age of homes sold in the remaining communities ranged 33 to 37 years old (Figure 59).

Figure 59. Number of Units Sold and Average Age at Listing for Residential Homes Sold in North Dakota's Largest Cities, Multiple Listing Services, 2021

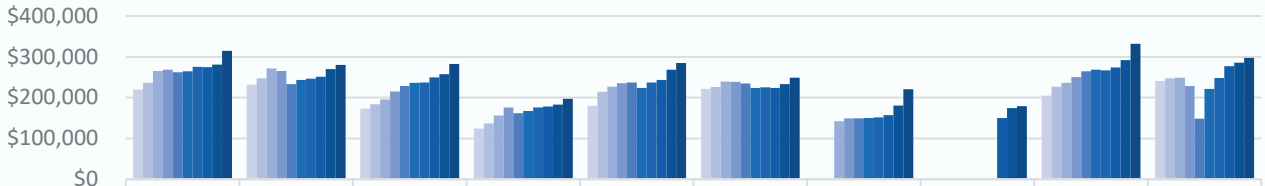


	Bismarck	Dickinson	Fargo	Grand Forks	Jamestown	Mandan	Minot	Valley City*	Wahpeton*	West Fargo	Williston
Units sold through MLS	1,513	501	1,992	877	238	448	1,061	124	101	856	499
Average age (years)	33	34	37	46	61	35	44	63	62	15	36

Notes: Data for Devils Lake were suppressed as the number of home sales in 2021 was less than 30 units. *The margin of error exceeded 10% of the average for these geographies. Source: Multiple Listing Services of North Dakota (2022)

Average Sales Price. Across all 12 cities, the average price of residential homes increased from 2012 to 2021. Increases were most notable in Bismarck and West Fargo, where average housing prices grew 12% and 14%, respectively in one year from 2020 to 2021. Dickinson, Wahpeton, and Williston saw the lowest annual increase in 2021. Average prices in communities impacted by the expansion of the oil and gas industry (Dickinson, Bismarck, Mandan and Williston) experienced a decrease in average prices mid-decade but have since recovered and experienced increasing average sale prices through 2021 (Figure 60).

Figure 60. Average Price of Residential Homes Sold in North Dakota's Largest Cities, Multiple Listing Services, 2012 to 2021



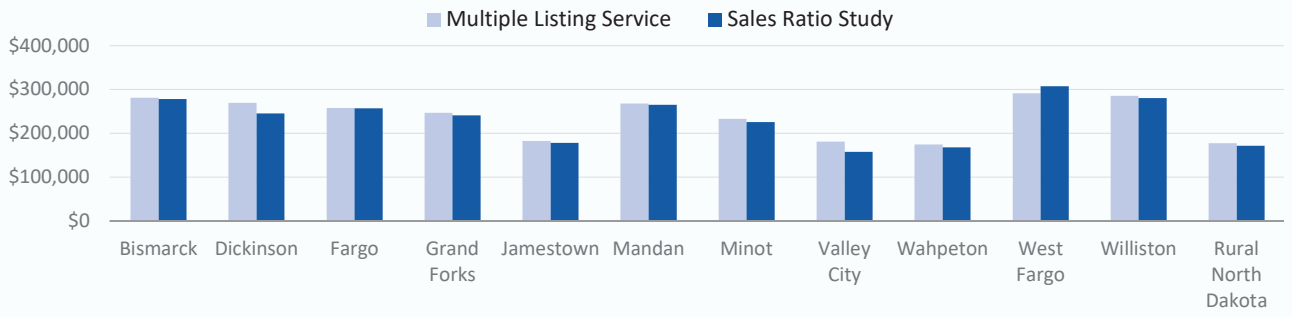
	Bismarck	Dickinson	Fargo	Grand Forks	Mandan	Minot	Valley City*	Wahpeton*	West Fargo	Williston
2012	$219,460	$231,350	$173,145	$124,423	$179,532	$221,481			$204,686	$241,008
2013	$236,448	$246,998	$183,342	$136,521	$214,197	$226,260			$226,645	$246,954
2014	$265,058	$271,759	$195,452	$156,367	$226,722	$239,708	$141,991		$236,154	$249,046
2015	$268,650	$265,248	$215,331	$175,792	$235,355	$238,525	$148,988		$250,585	$228,821
2016	$262,366	$232,819	$228,565	$161,516	$237,225	$234,558	$149,289		$264,801	$148,637
2017	$264,531	$243,636	$235,978	$167,175	$223,871	$224,082	$150,033		$268,354	$221,453
2018	$275,170	$246,823	$236,771	$175,599	$237,340	$225,348	$151,974		$266,461	$247,952
2019	$274,371	$250,852	$249,371	$178,622	$243,009	$223,336	$156,746	$149,878	$273,523	$277,423
2020	$281,089	$269,901	$257,571	$182,609	$268,125	$233,295	$180,973	$174,476	$291,562	$285,386
2021	$314,885	$280,204	$282,358	$196,849	$284,913	$249,028	$220,618	$179,110	$331,610	$297,057

Notes: Data for Devils Lake and select years for Valley City and Wahpeton were suppressed where the number of home sales was less than 30 units. *The margin of error exceeds 10% of the average for these geographies. Source: Multiple Listing Services of North Dakota (2022)

Comparison of Sales Ratio Study Data and Multiple Listing Services Data

The average verified prices reported in the Sales Ratio Study (SRS) track very well with data from the MLS in North Dakota, on a statewide basis, regionally, and in most of the state's 12 largest cities. Variability between the two datasets is greatest for rural parts of the state (excluding the 12 largest cities). Variability is due to low numbers of observed transactions, especially in the MLS data for rural counties where many transactions are not found in the current MLS dataset. Other differences may be due to the fact the SRS tracks mobile homes separately and excludes some transactions such as those between family members, non-profits, and other specific circumstances. In most cases the SRS data contains more home sale transactions than the MLS dataset for rural areas of the state (Figure 61).

Figure 61. Comparison of Average Sale Price for Residential Homes in 12 Largest Cities and Rural Areas in North Dakota, Multiple Listing Services and Sales Ratio Study data, 2020

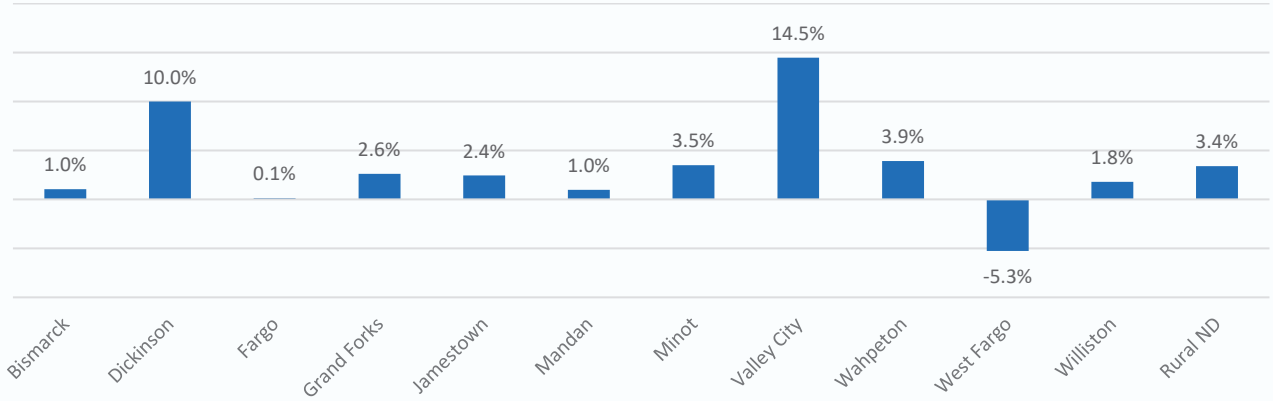


Sources: Multiple Listing Services of North Dakota (2022) and North Dakota Office of State Tax Commissioner (2022)

The average sale values for the two datasets are very similar for the 12 largest cities. In most cases the difference in the average values in 2020 differed by less than 4%. Only in Dickinson and Valley City do the average prices from the two datasets differ by 10% or more. In smaller markets like Valley City, year to year variation in average prices due to data limitations is likely. Excluding home sales in West Fargo, sale prices were higher in the MLS dataset than in the SRS dataset, for the 11 remaining cities (Figure 62).

Figure 62. Percent Difference in Average Sale Price for Residential Homes in Top 12 Cities and Rural Areas in North Dakota, Between the Multiple Listing Services and Sales Ratio Study data, 2020

Sale prices were higher in the MLS dataset for 11 of the top 12 cities



Sources: Multiple Listing Services of North Dakota (2022) and North Dakota Office of State Tax Commissioner (2022)

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. The results provide state-level insight into issues surrounding employment status, food security, housing stability, physical and mental health, access to health care, educational disruption, capacity to telework, and travel practices (U.S. Census Bureau, 2022).

For the purposes of the analysis of Household Pulse data for this study, 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. This rise in insecurity was experienced by many people throughout the country.

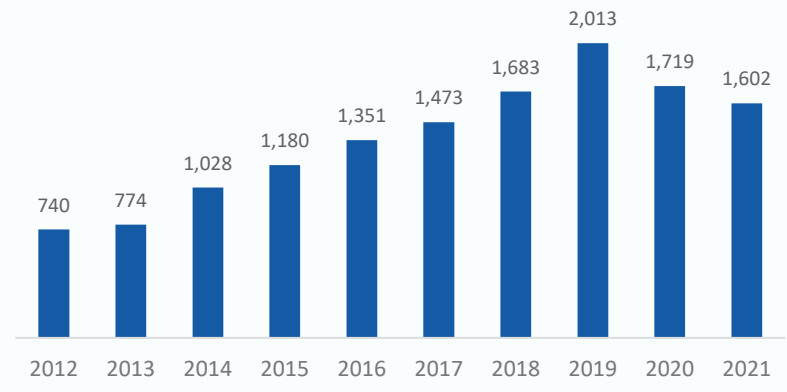
While the Census Bureau changed the wording on one of the housing-related questions in week 13 of survey administration, which limits the ability to compare with more recent trends, current data suggest that despite the rise in housing insecurity early in the pandemic, there has been relatively little change in the overall rate since August 2020. There is some fluctuation from week to week; however, data from the week of April 2022 (the most current at the time of this study) indicate that 6% of adults in the state report being housing insecure.

Despite relatively little change in housing insecurity over the past year, data show that many North Dakota adults are having difficulty paying rent. Approximately 13% of adults living in rental housing were not caught up on their monthly rent, according to data collected the week of April 2022. During the same week, 6% of those with a mortgage were not caught up on their monthly mortgage payments. Renters and homeowners with children, lower incomes, less education, or with a disability were more likely to report their household was behind on rent or 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. Eviction, and even the threat of eviction, is extremely disruptive for households. According to a recent Harvard study, involuntary relocation can contribute to poor mental health, job loss, and added financial stress for adults, as well as poor performance at school for children (Joint Center for Housing Studies of Harvard University, 2020).

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. 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).

Figure 63. Eviction Judgments (excluding dismissals) in North Dakota, 2012 to 2021



Source: North Dakota Supreme Court (2022)

Another way to look at these data is to consider the number of eviction judgments as a percentage of the total number of renter households. In 2016, approximately 1.1% of renter households were evicted in North Dakota. By 2019, the eviction rate rose to 1.6%, then decreased to 1.4% in 2020. However, it is important to note that the eviction rate may be slightly lower, as there may be cases in which a judgment was filed multiple times against the same address in the same year (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, 1,879 housing and utility providers across the state participate and receive payments on behalf of renters. From January 2021 through September 15, 2022, 11,148 households (with housing at the time of application) 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. 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).

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 indicated 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.

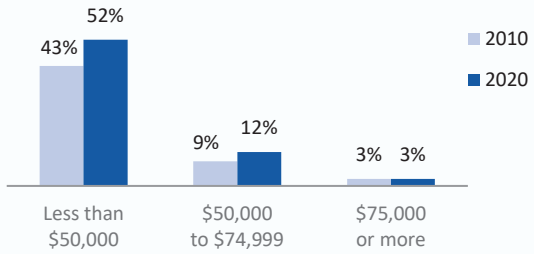
Households Burdened by Housing Costs

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. Compared to other states, the percentage of households burdened with housing costs (i.e., spending at least 30% of household income toward housing costs) in North Dakota is relatively low (23% in 2020, which is the second lowest among states behind West Virginia). 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).

Income. Housing costs are also more of a burden on households with lower incomes. While there are now fewer North Dakota households earning less than $50,000, the percentage of lower-income households that are paying 30% or more of their income toward housing costs increased during the past decade. Half of all households earning less than $50,000 were burdened by housing costs in 2020 (52%), up from 43% in 2010. Likewise, 12% of households earning from $50,000 to $74,999 were cost burdened in 2020, which is up from 9% in 2010 (Figure 64).

Figure 64. Households Spending 30% or More of Income Toward Housing Costs, by Household Income, North Dakota, 2010 and 2020

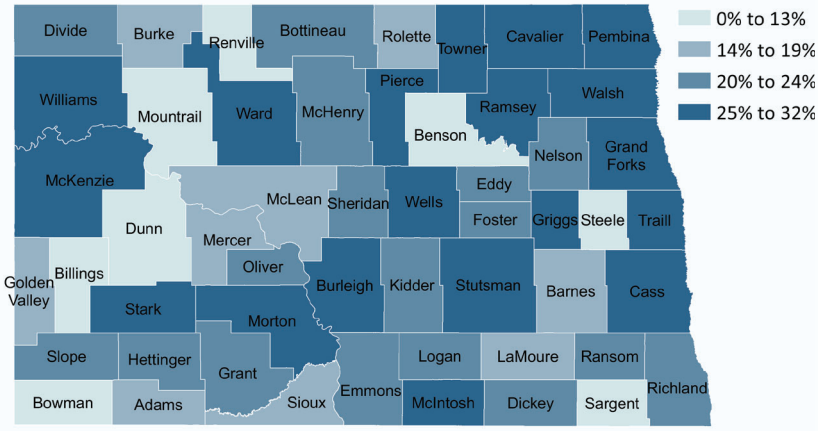


Sources: U.S. Census Bureau (2021c) and Center for Social Research (2022a)

Age. In addition to households with lower incomes, householders ages 65 and older are more likely than younger age groups to be burdened by housing costs. Older householders, due to limited or fixed incomes can be vulnerable to becoming burdened by rising housing costs. Statewide, one in four North Dakota householders ages 65 and older were burdened by housing costs in 2020; in 19 counties, this percentage exceeded 25% (Figure 65).

For older adults who rent, the risk of housing costs exceeding 30% of their income increases substantially. 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.

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



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

Homeownership and Rental Affordability

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

Affordable housing is a function of both the supply of low-cost housing and the income levels of residents. The Department of Housing and Urban Development (HUD) sets income limits that determine eligibility for assisted housing programs serving lower income households, housing for the elderly, and housing for persons with disabilities. HUD develops income limits based on median family income estimates for states and counties in the U.S.

Homeownership Affordability. Table 5 provides the income limits set by HUD based on the 2020 median family income (MFI) for North Dakota of $86,900 (U.S. Department of Housing and Urban Development, 2021). Seven categories of income are provided for housing program purposes and are based on a percentage below or above the state's MFI. The affordable purchase price for homeowners was based on a formula that is typical of those used by lenders and includes the following assumptions: a 30-year loan fixed at 5% interest; 5% down payment; property taxes at 1% of the loan; property insurance at 1% of the loan; a front-end debt-to-income ratio of no more than 28%; and the back-end ratio including all monthly debts at no higher than 36%.

Based on those assumptions, 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. Based on home values of housing in 2020, 42% of the owner-occupied housing units in the state were affordable for families with lower household income, with rates varying considerably based on geography (from 22% in Burleigh and Cass counties to 82% in Pembina County, based on county-specific affordable purchases price).

Table 5. Housing Ownership Affordability by Household Income Level in North Dakota, 2020

Household Income Category	Income Limits based on the 2020 MFI of $86,900 in North Dakota defined by HUD	Total Households that Meet the HUD Income Limit Thresholds		Ownership Affordability		
		Estimate	Percent of Total Households	Maximum Affordable Purchase Price	Owner-Occupied Homes meeting Affordability Limits based on Home Values (N=200,852) Number	Percent
Extremely Low	Less than $26,070	56,545	18%	$78,864	32,898	16%
Very Low	$26,070 - $43,450	52,601	16%	$131,440	66,141	33%
Low	$43,451 - $69,520	72,818	23%	$210,305	127,738	64%
Lower Moderate	$69,521 - $99,935	45,518	14%	$302,313	188,966	94%
Moderate	$99,936 - $121,660	32,901	10%	$368,033	188,966	94%
Upper*	$121,661 or more	62,170	19%	$441,640	188,966	94%
Lower (0-60% MFI)	Less than $52,140	121,682	38%	$157,729	83,551	42%

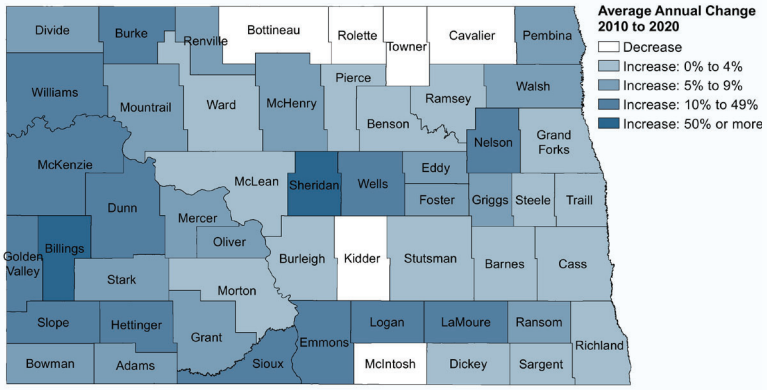
Note: *The maximum affordable purchase price for Upper Income Households was determined by capping the "upper" income limit to 20% higher than the lower limit. Sources: U.S. Department of Housing and Urban Development (2021), U.S. Census Bureau (2021c), and Center for Social Research (2022a)

Placed in context, 38% of North Dakota households cannot afford to purchase a home for more than $157,729. It is important to understand that the above assumptions are based on a 30-year fixed mortgage rate of 5%. In early May 2022, mortgage rates rose above 5%, the highest level since 2009 according to Freddie Mac's Primary Mortgage Market Survey (Kim, 2022). As the Federal Reserve continues to adjust the federal interest rate in an attempt to address rising inflation, housing experts are forecasting that mortgage rates may vary from 4.8% to 5.5% through 2022 (Campisi, 2022). However, if rates were to continue to rise into the 6% range, the estimated, affordable purchase price for lower income families in North Dakota could drop to $145,613, further limiting the available options (Table 6).

Another assumption included the formula to estimate affordability is that monthly household debt payments excluding a mortgage are no more than 10% of household income. While it is difficult to find information that defines exactly how many households exceed this limit, there are data suggesting that consumer debt overall is rising in North Dakota. For example, data from the Federal Reserve Bank of New York indicate that the average household consumer debt in North Dakota was $45,710 in 4th quarter 2020, which is up 50% from $30,280 in 4th quarter 2010 (or an increase of 4% per year on average) – the largest growth rate of any state during that time. While mortgage debt is contributing to this rise (5%

growth per year on average), non-housing debt is also a significant factor. Auto loan debt in North Dakota grew nearly twice as fast (9% per year on average) and student loan debt grew an average of 2% annually since 2010. Less of an impact are credit card balances which have remained relatively stable over the past decade.

Figure 66. Average Annual Change in the Debt-to-Income Ratios in North Dakota by County, 4th Quarter 2010 to 2020



Source: Federal Reserve (2021)

Figure 66 shows the variation by county of the rise in household debt relative to household income over the past 10 years. In 2010, the ratio of median household debt to income in North Dakota was 0.90, meaning that household income exceeded the debt level for households, on average. However, by 2020, the ratio flipped and rose to 1.10 (Federal Reserve, 2021). In addition, the ratio rose in most counties across the state. For 15 North Dakota counties, the ratio rose by at least 10% annually from 2010 to 2020 (Figure 66).

Depending on how monthly payments are determined for the various types of debt a household may hold, it may become quite challenging for many lower-income households in North Dakota to afford a mortgage. For example, assume that a lower-income household (earning less than $52,140) had monthly car and credit card payments totaling $652 per month. This non-housing debt accounts for 15% of their monthly household income. This level of non-housing debt, combined with an interest rate of 6% would bring the affordable purchase price for this family down to $117,611. At this price, only 28% of owner-occupied homes in the state are affordable and valued below this level – and percentages vary considerably by county (Table 6). See appendix tables for county-level detail.

Table 6. Housing Ownership Affordability for Lower Income Households in North Dakota, 2020

Assumptions: 30-year loan fixed, property taxes at 1% of the loan, property insurance at 1% of the loan, front-end debt-to-income ratio at no more than 28%, back-end ratio including all monthly debts at no higher than 36%

Note: Lower-income households are defined as those households earning less than $52,140 in 2020 (i.e., up to 60% MFI).

Variable Assumptions		Ownership Affordability for Lower Income Households		
			Owner-Occupied Homes meeting Affordability Limits based on Home Values (N=200,852)	
Interest Rate	Monthly Debt as % of Income (non-housing)	Maximum Statewide Affordable Purchase Price	Number	Percent
3.1%	10% ($435)	$184,617	99,316	49%
4.0%	10% ($435)	$171,220	83,551	42%
5.0%	10% ($435)	$157,729	83,551	42%
6.0%	10% ($435)	$145,613	66,141	33%
6.0%	15% ($652)	$117,611	55,654	28%

Sources: U.S. Department of Housing and Urban Development (2021), U.S. Census Bureau (2021c), and Center for Social Research (2022a)

Houses Sold in 2020. In 2020, the 30-year fixed mortgage rate was around 3.1%, which increases the affordable purchase price for lower income households to $184,617. Based on the owner-occupied housing inventory in 2020, approximately 49% of homes were affordable at this threshold based on self-reported home values. However, when the prices of homes sold in 2020 are examined using data from the MLS in North Dakota, only 33% of homes sold through the listing services in 2020 fell below the income threshold for lower income families in the state (3,179 homes sold for $184,617 or less). While not all home sales are captured through the MLS, the average residential purchase price of North Dakota housing units sold through the services in 2020 was $246,786 (Multiple Listing Services of North Dakota, 2022).

Table 7. 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)

While not all householders who 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 (Table 7). As noted previously, based on the number of MLS home sales in 2020, only 3,179 homes sold at a price that was affordable to these lower-income householders.

Rental Affordability. For renter households, monthly affordable housing costs were estimated at 30% of the corresponding income category – a level which, if exceeded can result in substantial budget constraints. In 2020, there were 56,545 extremely low-income households in North Dakota, which composed nearly one in five households statewide. These extremely low-income households were able to pay no more than $652 for rent each month without spending more than 30% of their income on housing. Based on the housing inventory at that time, about 33% of all rented units were affordable to extremely low-income households (Table 8). However, household income and rental rates vary widely throughout the state. In 2020, the percentage of renter-occupied housing units that were affordable to households with extremely low-income ranged from 10% in Pierce County to 78% in Oliver and Steel counties (based on county-specific affordably monthly rent). See appendix tables for county-level detail.

The inventory of affordable homes was much greater for North Dakota households in the lower moderate-income bracket ($69,521 to $99,935); 94% of the owner-occupied homes and 99% of renter-occupied homes were affordable for lower moderate-income households (Tables 5 and 8).

Table 8. Rental Housing Affordability by Household Income Level in North Dakota, 2020

Household Income Category	Income Limits based on the 2020 MFI of $86,900 in North Dakota defined by HUD	Total Households that Meet the HUD Income Limit Thresholds		Rental Affordability		
				Affordable Monthly Housing Costs – Rent a family can pay without spending more than 30% of income on housing	Renter-Occupied Homes Paying Cash Rent that meet Affordability Limits* (N=114,982)	
		Estimate	Percent of Total Households		Number	Percent of Renter-Occupied Homes
Extremely Low	Less than $26,070	56,545	18%	$652	37,995	33%
Very Low	$26,070 - $43,450	52,601	16%	$1,086	96,491	84%
Low	$43,451 - $69,520	72,818	23%	$1,738	112,595	98%
Lower Moderate	$69,521 - $99,935	45,518	14%	$2,498	113,859	99%
Moderate	$99,936 - $121,660	32,901	10%	$3,042	114,633	100%
Upper*	$121,661 or more	62,170	19%	$3,650	114,808	100%
Lower (0-60% MFI)	Less than $52,140	121,682	38%	$1,304	105,180	92%

Note: *The maximum affordable housing costs for Upper Income Households was determined by capping the "upper" income limit to 20% higher than the lower limit.
Sources: U.S. Department of Housing and Urban Development (2021), U.S. Census Bureau (2021c), and Center for Social Research (2022a)

State and Federal Multifamily Housing Developments

Programs for Rent and Income Restricted Affordable Multifamily Housing

State and federally funded affordable housing programs are designed to help ensure that safe and affordable housing is available for lower-income households, the elderly, and individuals with a disability. Access to safe, adequate, and affordable housing is critical to ensuring that some of the state's most vulnerable citizens have adequate access to affordable housing.

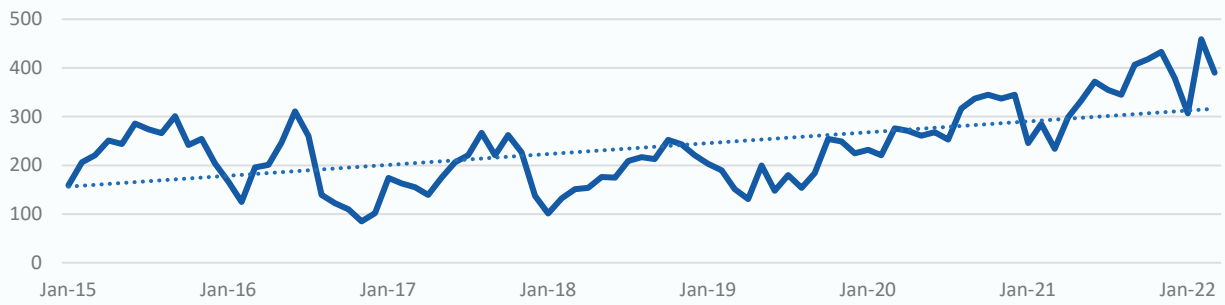
U.S Department of Housing and Urban Development (HUD). HUD has rental assistance-based programs that are administered by either public housing agencies (PHA) in North Dakota or the North Dakota Housing Finance Agency. The Housing Choice Voucher program and the Public Housing program are administered by PHAs, while the Performance-Based Contract Administration program and the Moderate Rehabilitation program are administered by the North Dakota Housing Finance Agency.

Housing Choice Voucher Program. The Housing Choice Voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Housing choice vouchers are administered locally by PHAs that receive federal funds from HUD. A housing subsidy is paid directly to the housing provider by the PHA on behalf of the participating family. The family pays the difference between the actual rent charged by the housing provider and the amount subsidized by the program. In most cases, the PHA will pay about 70% of a tenant's rent, while the tenant will pay the other 30%. Fair Market Rents (FMRs), which are updated on an annual basis, are used to determine the payments and differ by local area (U.S. Department of Housing and Urban Development, 2022a).

Housing vouchers can be a powerful tool, and when properly implemented, can stabilize families and give them greater choices about where to live. In North Dakota, a total of 7,175 households were receiving housing vouchers as of March 2022 to assist with housing options. However, there is considerable fluctuation in the number of housing vouchers redeemed from month to month and in some cases individuals who qualify for vouchers are not able to secure housing. 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) (Figure 67) (U.S. Department of Housing and Urban Development, 2022b).

This would suggest that even with a voucher, lower-income households have challenges securing housing through the voucher program. While there may be many reasons why individuals are not able to secure housing within the 60-day window, program administrators suggest there are two reason 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.

Figure 67. Monthly Number of Secured Housing Vouchers Left Unredeemed in North Dakota, January 2015 through March 2022



Source: U.S. Department of Housing and Urban Development (2022)

Public Housing Program. Local housing authorities also administer the Public Housing program, a federal program started in 1937. Public housing projects are owned and managed by local public housing authorities and provide rental housing for eligible lower-income families, the elderly, and people with disabilities. Tenants pay 30% of their household income or a minimum rent if they have little or no income. The public housing authorities receive operating funds from HUD to assist in funding the operating and maintenance expenses of their projects. 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 ranged from 65% to 100% in 2021; 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. The number of Public Housing program housing units and average occupancy rates are detailed in Table 9 (North Dakota Housing Finance Agency, 2022).

Table 9. Housing Units Administered by the Public Housing Program by Housing Authority, North Dakota, 2021

Public Housing Authority	Vacant Units	Habitable Units	Average Occupancy Rate
Housing Authority of Cass County	8	111	93.7%
Housing Authority of the City of Williston	15	128	88.3%
Rolette County Housing Authority	12	68	88.2%
Towner County Housing Authority	8	26	65.2%
North Central (Ramsey) Housing Authority	22	86	74.4%
Fargo Housing and Redevelopment Authority	35	230	84.3%
Mercer County Housing Authority	8	40	80.0%
Minot Housing Authority	71	261	74.4%
Traill County Housing Authority	0	27	100.0%
Burleigh County Housing Authority	23	288	91.8%
Barnes County Housing Authority	0	49	100.0%
Benson County Housing Authority	0	19	100.0%
McIntosh County Housing Authority	1	8	87.5%
Emmons County Housing Authority	2	15	86.7%
Nelson County Housing Authority	1	25	96.0%

Source: North Dakota Housing Finance Agency (2022)

Section 8 Performance-Based Contract Administration (PBCA). The North Dakota Housing Finance Agency (NDHFA) provides rental assistance known as PBCA. The program was approved by Congress in 1974. NDHFA, on behalf of HUD, contracts with property owners to provide rental assistance for a fixed period of time for lower-income families. Like the Housing Choice Voucher program, assistance payments are made directly to the landlord. Participants must have incomes at or below 80% of area median income and pay 30% of their adjusted gross income. The NDHFA issues a payment to the property owner for the remainder of the contract rent (North Dakota Housing Finance Agency, 2022).

Moderate Rehabilitation (Mod Rehab) Program. Like the PBCA program, the Mod Rehab program is a federal program that provides project-based rental assistance to lower-income families through a housing assistance payment contract between the property owner and HUD. Very low-income families (with incomes up to 50% of the area median family income) and low-income families (with incomes from 51% to 80% of the area median income) are eligible for the program. Participants in the Mod Rehab program pay 30% of adjusted gross income towards rent. The remainder of the rent is paid by HUD directly to the property owner (North Dakota Housing Finance Agency, 2022).

USDA Rural Residential Housing Program (USDA RD). USDA RD Section 515 makes loans to qualified housing developers as an incentive to build multifamily rental properties that meet the needs of lower-income families, elderly, and individuals with a disability in communities with a population of 35,000 or less. In addition to low-interest loans for property development, USDA also provides rental assistance for lower-income households. In 2020, USDA RD had 113 projects with 2,134 housing units. Three-fourths of USDA RD housing units (1,637 units) receive rental assistance (U.S. Department of Agriculture, 2022a).

Low Income Housing Tax Credit Program (LIHTC). LIHTC provides federal income tax credits to individuals, partnerships, LLCs or other entities, such as housing authorities and other legal entities, for the construction or renovation of properties that serve the needs of lower-income households (North Dakota Housing Finance Agency, 2022).

The North Dakota Housing Incentive Fund (HIF) was authorized by the North Dakota Legislative Assembly in 2011 and has become one of the largest creators of affordable housing in the state. It is the first and only state-funded housing program in North Dakota. Housing units in the program benefit low- and moderate-income households (below 140% of area median family income). Like the Low-Income Housing Tax Credit program, units are income and rent restricted to the target households. NDHFA has allocated more than $109 million to support 88 projects in 26 communities across the state (North Dakota Housing Finance Agency, 2022).

Rent and Income Restricted Housing Unit Inventory. Each of the various lower-income housing programs are separate programs administered by different state and federal agencies with various rent and income restrictions that determine eligibility. Each program maintains separate databases that track the total number of units, the number of lower-income units, and the number of units available at various income restrictions.

However, housing projects may receive funding from multiple affordable housing programs and must meet the terms and conditions associated with each program. For example, housing projects may receive funding from both HIF and LIHTC and be included in both the HIF database and the LIHTC database. Because of participation in multiple programs, determining the number of lower-income housing units is challenging. Simply summing up the number of units in each program would overestimate the number of lower-income units available in the state because projects that receive support from more than one program would appear in each program's database. Summing the total number of units as reported by each administering agency would suggest there are 14,677 lower-income units in the state (Table 10). However, the actual number of rent and income restricted housing units is less than the sum of projects, as reported by each program.

Table 10. Rent and Income Restricted Multifamily Housing Units in North Dakota by Individual Housing Program, 2021

Housing Program	Total Project Units	Total Lower-Income Housing Units
HIF	3,128	2,521
LIHTC	7,426	7,328
USDA Section 515	2,134	2,134
PBCA/Mod Rehab	2,876	2,694
Total (duplicated counts)	**15,564**	**14,677**

Notes: Some projects include market-rate units, which are included in the Total Project Units column. The Total row contains duplicated units, as the same unit may be in multiple programs.
Sources: North Dakota Housing Finance Agency (2022) and USDA (2022a)

Controlling for projects that are enrolled in more than one program eliminates double counting and presents an accurate accounting of the actual number of lower-income housing units in the state. While most projects are enrolled in only a single program, a substantial number of projects are enrolled in multiple programs. Controlling for project enrollment in multiple programs reveals the total number of project units of 13,219, of which 12,361 are low-income units (Table 11).

All households in projects administered by PBCA and Mod Rehab and some projects administered by USDA receive rental assistance. Like determining the total number of housing units, determining the total number of households that receive rental assistance also requires controlling for projects that have multiple funding sources. Of the 12,361 affordable housing units in the state, 4,368 (35%) receive rental assistance. Rental assistance policies vary slightly but generally limit household rental costs to 30% of household income (Table 11).

Table 11. Number of Rent and Income Restricted Multifamily Housing Units in North Dakota by Housing Program Combinations, 2021

Low Income Housing Program	Total Project Units	Total Lower-Income Housing Units	Housing Units Receiving Rental Assistance
LIHTC only	5,267	5,178	-
HIF only	2,230	1,626	-
PBCA Mod Rehab Only	1,690	1,524	1,524
USDA only	1,250	1,250	960
LIHTC/PBCA Mod Rehab	857	860	860
LIHTC/HIF	671	669	-
LIHTC/USDA	555	555	501
LIHTC/PBCA Mod Rehab/USDA	288	288	177
HIF/PBCA/Mod Rehab	182	182	182
USDA/PBCA	165	165	120
LIHTC/HIF/PBCA Mod Rehab	24	24	24
HIF/USDA	40	40	20
Total	**13,219**	**12,361**	**4,368**

Note: Some projects include market-rate units, which are included in the Total Project Units column.
Sources: North Dakota Housing Finance Agency (2022) and USDA (2022a)

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. However, affordable housing projects that use multiple funding sources must meet the regulatory requirements of each funding source. Therefore, controlling for projects that receive funding from multiple sources is also an important consideration in determining how many units are available at the various income restrictions. When housing projects are enrolled in multiple programs, income restrictions default to the program with the most restrictive income limits. For example, consider a project has 20 units and is enrolled in both HIF and LIHTC. The HIF income restrictions indicate that households with 140% of MFI are eligible. However, the LIHTC income restrictions limit household income to 60% of MFI. Because income restrictions default to the most restrictive, in reality there are 20 units available at 60% MFI. Table 12 illustrates the effect of the process of netting out income restrictions based on the various income restrictions of the various programs.

Table 12. Unduplicated Number of Rent and Income Restricted Multifamily Housing Units in North Dakota by Income Restrictions, 2021

Income Category	Income as a % of MFI	Lower-Income Housing Units
Extremely Low Income	0 to 30%	951
Very Low Income	31% to 50%	1,953
Low Income	51% to 80%	8,633
Lower Moderate & Moderate Income	81% to 140%	824
Total		**12,361**

Sources: North Dakota Housing Finance Agency (2022) and USDA (2022a)

Generally speaking, the effect is to reduce the number of units for households with slightly higher incomes and to increase the number of units with more restrictive income limits. However, in some cases the netting process may result in what appears to be more units at various restrictions. That inconsistency is a result of not all project units participating in more than one program. For example, a project may have a total of 100 units, of which all 100 units are PBCA/Mod Rehab but only 20 are enrolled in LIHTC. The netting process results in an accurate physical count of the number of units available at various income restrictions regardless of program participation.

Opportunities for lower-income householders to find affordable rents are limited in North Dakota. Estimates indicate that approximately 62,224 extremely and very low-income householders in North Dakota rented their homes in 2020 – and about two-thirds of these householders spent at least 30% of their income toward rent (67%) (U.S. Census Bureau, 2021d). Yet there are only 2,904 rent and income restricted multifamily housing units in the state's lower-income housing programs that would be available to these householders based on program income restrictions (Table 13).

Table 13. Total Households by Income and Tenure Compared with Total Rent and Income Restricted Multifamily Housing Units in North Dakota, 2020

Household Income Category	Total Householders	Approximation of Householders that Rent	Lower-Income Housing Units Available in ND
Extremely Low	56,545	35,013 (62%)	951
Very Low	52,601	27,211 (52%)	1,953
Low	72,818	28,710 (39%)	9,457
Lower Moderate	45,518	12,263 (27%)	
Moderate	32,901	5,796 (18%)	

Sources: Center for Social Research (2022a), U.S. Census Bureau (2021d), North Dakota Housing Finance Agency (2022) and USDA (2022a)

Rent and Income Restricted Multifamily Housing Inventory by Placed-in-Service Date. Another important consideration when examining issues of affordable housing is the age and condition of housing enrolled in the various low-income housing programs. Many projects have been in service for many years and may need repair and rehabilitation. Table 14 details the age of rent and income restricted multifamily housing units and Table 15 details the year that properties were placed into service, by housing program.

Table 14. Unduplicated Number of Rent and Income Restricted Multifamily Housing Units in North Dakota by Age of Housing, 2021

Placed in Service Date	Total Lower-Income Housing Units	Percent of Total
1960-1969	325	2.6%
1970-1979	1,370	11.1%
1980-1989	1,406	11.4%
1990-1999	2,370	19.2%
2000-2009	2,107	17.0%
2010-2019	3,786	30.6%
2020 or newer	997	8.1%
Total	**12,361**	**100.0%**

Sources: North Dakota Housing Finance Agency (2022) and USDA (2022a)

The age of the property reflects when the property last received funding for rehab and not necessarily when the structure was originally constructed. Forty-four percent of affordable housing units have been in service since before 2000, which suggests that many low-income housing properties are likely in need of remodeling and rehabilitation.

USDA and PBCA/Mod Rehab have some of the oldest properties in the state inventory of rent and income restricted multifamily housing. Considering these

programs have been around since the 1960s and 1970s, it is not unexpected that these programs would have some of the oldest properties. Seventy-five percent of USDA properties and 65% of PBCA/Mod Rehab properties have been in service for at least 33 years.

Table 15. Number of Rent and Income Restricted Housing Units in North Dakota by Program and Age of Housing, 2021

Placed in Service Date	HIF		LIHTC		PBCA/Mod Rehab		USDA	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
1960-1969	-	-	-	-	87	3.2%	238	11.2%
1970-1979	-	-	-	-	887	32.9%	634	29.7%
1980-1989	-	-	-	-	768	28.5%	738	34.6%
1990-1999	-	-	1,984	27.1%	160	5.9%	336	15.7%
2000-2009	-	-	2,273	31.0%	-	-	138	6.5%
2010-2019	1,761	69.9%	2,533	34.6%	438	16.3%	50	2.3%
2020 or newer	760	30.1%	538	7.3%	354	13.1%	-	-
Total	**2,521**	**100.0%**	**7,328**	**100.0%**	**2,694**	**100.0%**	**2,134**	**100.0%**

Notes: Data in this table are unduplicated at the program level only. Some units may be in multiple programs.
Sources: North Dakota Housing Finance Agency (2022) and USDA (2022a)

Housing Projections

Projected Housing Needs

Methodology

Assumptions that future need for housing will be affected largely by the changing aging structure, potential future housing needs were modeled in a two-step process. First, county- and age-specific population projections for 2025 were estimated using a cohort component model. Second, the relationship between the number of people in a specific age group and the percentage of householders in that same age group was examined using 2010 and 2020 data. As the distributions remained consistent over the two time periods, the assumption was that this relationship would hold through 2025. Thus, the 2020 distributions of people to households were applied to the age-specific population projections. Future housing needs were established in terms of age of householder, household income, and homebuyer type.

Population and Householders. Age-specific future population was projected using a standard cohort component population projection model. This study used county-specific trends in fertility, mortality, and migration to project future population. Actual fertility and mortality rates were obtained from the North Dakota Department of Health, Division of Vital Records. Fertility rates were based on total births, by age of mother, by county from 2017 to 2020. Mortality rates were based on total deaths by age and gender, by county from 2016 to 2020. County specific migration rates were based on various combinations of recent and historical trends.

Household Characteristics. Future housing needs were estimated by age of householder, household income, and homebuyer type. A householder is described as the person, or one of the people who own a home, are purchasing a home, or have a rental contract. Householders can be either family members (i.e., people in the household who are related by birth, marriage, or adoption) or non-family members. Findings are presented in terms of all households without consideration of whether the householder has family or non-family characteristics.

Distributions of household income by age were calculated for six income categories and four age categories using data from the 2016-2020 American Community Survey (2020 ACS). The age- and income-specific proportions based on 2020 ACS data were applied to the total projected number of households to estimate households by household income, householders by age, and households by type of homebuyer. The income categories used to describe household income align with various housing support programs and are based on a percentage of the median family income (MFI) established by the U.S. Department of Housing and Urban Development (HUD). Categories are described as extremely low-income (i.e., 0% to 30% MFI or less than $26,071), very low-income (i.e., 31% to 50% MFI or $26,071 to $43,450), low income (i.e., 51% to 80% MFI or $43,451 to $69,520), lower moderate income (i.e., 81% to 115% MFI or $69,521 to $99,935), moderate income (116% to 140% MFI or $99,936 to $121,660), and upper income (i.e., above 140% MFI or $121,661 or more). An additional category, referred to as 'lower income' was included to look at those households with income up to 60% MFI or $52,140 or less. The HUD-determined MFI for North Dakota in 2020 was $86,900. Income categories available in the 2020 ACS do not align exactly with the HUD-determined income limits; therefore, data were aggregated using the closest category limits available in the ACS.

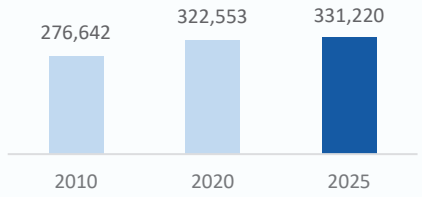
The age distribution of householders was placed into the following categories: younger than 25 years, 25 to 44 years, 45 to 64 years, and 65 and older. Homebuyers were classified into five categories based on historical profiles of income and age classifications of the ACS. The first-time homebuyer was assumed to be less than age 45 with a household income of $45,000 to $99,999. While a first-time homebuyer could be older than 44, this ACS age category was the best fit available to describe first-time homebuyers. Low-income homebuyers were assumed to be younger than age 65 and have a household income less than $75,000. Moderate-income homebuyers were assumed to be ages 25 to 64 and have a household income from $75,000 to $99,999. Upscale homebuyers were assumed to be ages 25 to 64 and have a household income of $100,000 or more. Elderly homebuyers were classified as any householder ages 65 and older.

Housing Needs Forecast

Economic growth in the first half of the past decade created substantial increases in the demand for housing. In some areas in western North Dakota, housing demand exceeded housing supply, resulting in housing shortages and high housing costs. However, beginning in 2015, steep declines in crude oil prices reduced oil and gas development, resulting in a substantial slowdown of new construction, increased vacancy rates, and price moderation in the housing market. While future oil and gas price increases will likely result in increased oil and gas development, the pace of development is not likely to return to the rapid pace of expansion experienced from 2008 to 2014.

Projections by Age of Householder. Occupied housing in North Dakota grew rapidly over the past decade, increasing by 12% from 2010 to 2015 and slowing to a 3% rise from 2015 to 2020. This growth was fueled by an influx of workers into the state as a result of the expanding oil and gas industry, as well as an increase in the number of persons living by themselves. However, recent outmigration combined with fewer births suggests that future growth in the number of households will be moderate. Thus, the number of occupied housing units in North Dakota is projected to grow by 3% to 331,220 households by 2025.

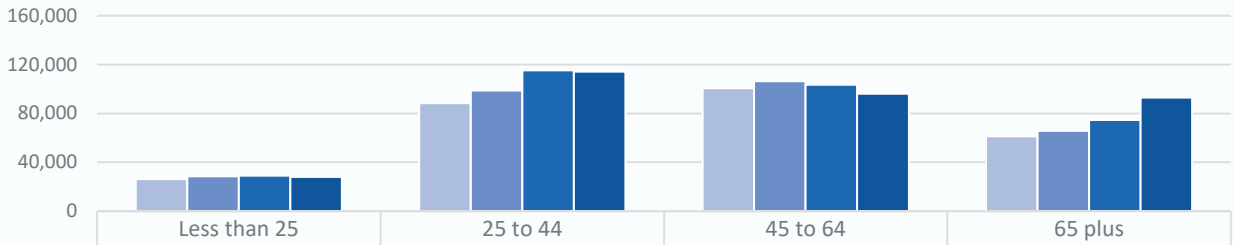
Figure 69. Total Households in North Dakota, 2010, 2020 and the 2025 Projection



Source: Center for Social Research (2022b)

The most significant change in occupied housing expected to occur by 2025 will be an increased need for housing suited to meet the needs of an aging population. As baby boomers continue to age forward, the number of householders ages 65 and older is projected to increase substantially, from 74,787 in 2020 to 92,919 in 2025, a 24% increase. Growth in this householder cohort is expected in every region across the state, with each planning region projected to grow by at least 17% from 2020 to 2025. Region V, home to the city of Fargo, will likely see the largest growth, with projections indicating an increase of 5,395 householders ages 65 and older by 2025 (a 29% increase).

Figure 70. Total Householders by Age of Householder in North Dakota, 2010-2020 and the 2025 Projection



	Less than 25	25 to 44	45 to 64	65 plus
2010	26,257	88,410	100,707	61,268
2015	28,636	98,854	106,394	65,754
2020	29,042	115,299	103,425	74,787
2025	28,061	114,149	96,091	92,919

Source: Center for Social Research (2022b)

As baby boomers continue to age forward, there will be fewer householders in the 45 to 64 age cohort. This cohort is projected to decrease by 7% or by 7,334 households by 2025. While a few 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 is projected to change very little through 2025; a 1% loss of 1,150 householders over the forecasted period. In contrast, from 2010 to 2020 this householder cohort grew by 30% (26,889 householders). This growth reflects the impact of the state's robust economy during that time, especially the energy development sector where employment expansion was staggering. As noted earlier, a slowdown in this industry, beginning around 2015, has resulted in significant outmigration. As a result, projections suggest that this cohort will likely decrease to 114,149 households by 2025. Geographically, the projected changes in this cohort are mixed. Western North Dakota is projected

to show the largest declines in householders ages 25 to 44 by 2025. The eastern portion of the state, largely driven by Cass County, will see modest growth in this age cohort.

The youngest householders, those less than age 25, are projected to decrease by 3% or 981 households statewide. 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 of this loss and the outmigration of younger adults, younger households are projected to show a slight decrease from 2020 to 2025. These losses are projected to affect most of the state, except for Regions I and VI where the number of younger households will largely remain unchanged. Region VII, home to the state's capitol in Bismarck, is projected to show modest growth in this cohort of 4% (Table 16).

Table 16. Projected Change in North Dakota Households by Age of Householder, 2020 to 2025

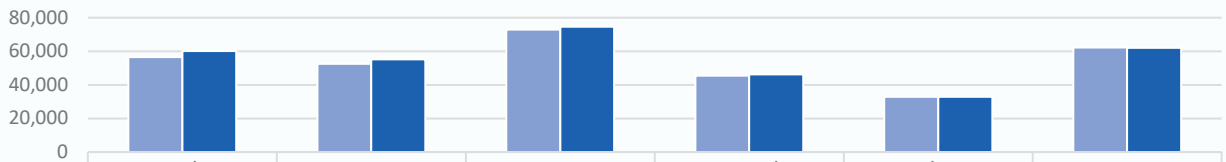
	All Householders		Less than 25 years		Ages 25 to 44		Ages 45 to 64		Ages 65 and older	
	Numeric	Percent	Numeric	Percent	Numeric	Percent	Numeric	Percent	Numeric	Percent
North Dakota	**8,667**	**2.7%**	-981	-3.4%	-1,150	-1.0%	-7,334	-7.1%	**18,132**	**24.2%**
Region I	-734	-3.3%	**14**	**0.8%**	-970	-9.7%	-718	-10.3%	**941**	**24.7%**
Region II	**289**	**0.7%**	-147	-3.8%	-843	-5.6%	-774	-6.0%	**2,053**	**22.1%**
Region III	**134**	**0.9%**	-48	-6.5%	**20**	**0.5%**	-615	-11.2%	**777**	**18.2%**
Region IV	**184**	**0.5%**	-420	-8.1%	**142**	**1.0%**	-1,349	-11.5%	**1,811**	**20.3%**
Region V	**6,039**	**6.5%**	-453	-4.3%	**1,547**	**4.2%**	-449	-1.6%	**5,395**	**29.3%**
Region VI	-17	-0.1%	**1**	**0.1%**	-202	-3.3%	-1,126	-13.6%	**1,311**	**17.3%**
Region VII	**2,801**	**4.2%**	**148**	**3.7%**	-721	-3.2%	-1,442	-6.2%	**4,816**	**27.4%**
Region VIII	-29	-0.1%	-76	-7.4%	-122	-1.7%	-860	-12.4%	**1,029**	**20.7%**

Note: Bold text represents projected growth. Source: Center for Social Research (2022b)

Projections by Household Income. As the household mix in North Dakota changes, projections indicate greater need for more affordable housing for lower-income households. Extremely low-income households in North Dakota are projected to grow by 6% or 3,621 households by 2025. Very low-income households are projected to grow by 5% or 2,566 households and low-income households will grow by 2% or 1,768 households. Relatively little change is projected for moderate- and upper-income households through 2025 (Figure 71).

Extremely low-income households are expected to grow by at least 2% in all eight planning regions by 2025. Likewise, most regions throughout the state will also see an increase in very low- and low-income households by 2025. Regions V and VII specifically (home to Fargo and Bismarck/Mandan, respectively) are projected to see the largest increases in households with lower incomes. Combined, households earning less than $75,000 (extremely low-, very low-, and low-income households) are projected to increase by 3,673 in Region V and by 2,547 in Region VII.

Figure 71. Total Householders by Household Income Levels in North Dakota, 2020 and the 2025 Projection



	Extremely Low Household Income	Very Low Household Income	Low Household Income	Lower Moderate Household Income	Moderate Household Income	Upper Household Income
2020	56,545	52,601	72,818	45,518	32,901	62,170
2025	60,166	55,167	74,586	46,202	32,988	62,108

Source: Center for Social Research (2022b)

In contrast to the growth in lower-income households throughout the state, most planning regions are projected to show very little change in moderate- and upper-income households by 2025. The exception is Region V where projections are suggesting an increase of at least 5% for each income category (Table 17).

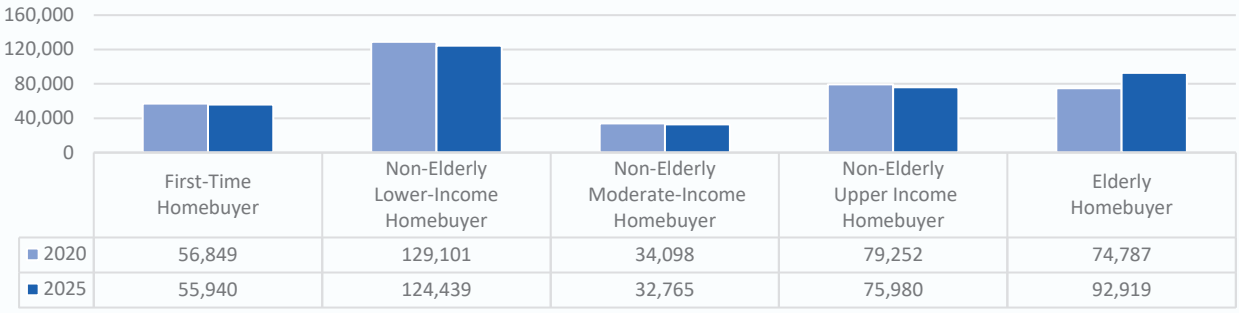
Table 17. Projected Change in North Dakota Households by Household Income, 2020 to 2025

	Extremely Low Less than $25,000		Very Low $25,000 to $44,999		Low $45,000 to $74,999		Lower Moderate $75,000 to $99,999		Moderate $100,000 to $124,999		Upper $125,000 or more	
	Numeric	Percent	Numeric	Percent	Numeric	Percent	Numeric	Percent	Numeric	Percent	Numeric	Percent
North Dakota	**3,621**	**6.4%**	**2,566**	**4.9%**	**1,768**	**2.4%**	**684**	**1.5%**	**87**	**0.3%**	-62	-0.1%
Region I	**208**	**7.2%**	-56	-2.0%	-137	-2.8%	-219	-6.8%	-133	-5.8%	-395	-6.2%
Region II	**398**	**6.0%**	**173**	**2.6%**	-9	-0.1%	-48	-0.8%	-62	-1.6%	-167	-2.0%
Region III	**111**	**3.0%**	**49**	**1.7%**	**36**	**1.2%**	-8	-0.4%	-49	-3.8%	-9	-0.5%
Region IV	**169**	**2.0%**	**191**	**2.5%**	**37**	**0.4%**	-50	-1.0%	-39	-1.0%	-125	-2.3%
Region V	**1,238**	**7.7%**	**1,178**	**7.8%**	**1,257**	**5.9%**	**889**	**6.6%**	**519**	**5.5%**	**965**	**5.4%**
Region VI	**295**	**5.8%**	**135**	**3.1%**	-79	-1.4%	-113	-3.2%	-116	-5.3%	-148	-4.6%
Region VII	**1,039**	**10.4%**	**854**	**8.1%**	**654**	**4.4%**	**249**	**2.5%**	**56**	**0.8%**	-46	-0.3%
Region VIII	**163**	**4.5%**	**42**	**1.6%**	**9**	**0.2%**	-17	-0.7%	-89	-3.6%	-137	-3.2%

Notes: Bold text represents projected growth. Household income categories do not align with the MFI ratios established by HUD exactly due to limited income categories available in the American Community Survey. Data were aggregated using the closest income categories provided.
Source: Center for Social Research (2022b)

Projections by Type of Homebuyer. Projections were also calculated for five types of homebuyers by combining the age of the householder with household income in an effort to provide additional insight into the types of housing that will be needed by 2025. Insight gained from this analysis suggests that, again, householders ages 65 and older will be the driving force for future housing needs. Projections indicate that householders ages 65 and older will grow by 18,132 or 24% by 2025, and by at least 17% in every planning region throughout the state (Figure 72 and Table 18).

Figure 72. Total Householders by Type of Homebuyer in North Dakota, 2020 and the 2025 Projection



Source: Center for Social Research (2022b)

Table 18. Projected Change in North Dakota Households by Type of Homebuyer, 2020 to 2025

	First-Time Homebuyer (ages <45, $45k-$99k)		Non-Elderly Lower-Income Homebuyer (ages <65, <$75k)		Non-Elderly Moderate-Income Homebuyer (ages 25-64, $75k-$99k)		Non-Elderly Upper-Income Homebuyer (ages 25-64, $100k plus)		Elderly Homebuyer (ages 65 plus, any income)	
	Numeric	Percent	Numeric	Percent	Numeric	Percent	Numeric	Percent	Numeric	Percent
North Dakota	-909	-1.6%	-4,662	-3.6%	-1,333	-3.9%	-3,272	-4.1%	**18,132**	**24.2%**
Region I	-395	-8.4%	-668	-8.5%	-278	-10.1%	-739	-10.0%	**941**	**24.7%**
Region II	-412	-5.1%	-918	-5.6%	-257	-5.7%	-582	-5.6%	**2,052**	**22.1%**
Region III	-4	-0.2%	-392	-6.1%	-85	-6.0%	-162	-6.3%	**775**	**18.1%**
Region IV	-62	-0.9%	-945	-5.2%	-186	-4.7%	-446	-5.7%	**1,811**	**20.3%**
Region V	**399**	**2.2%**	**235**	**0.6%**	**145**	**1.5%**	**366**	**1.6%**	**5,398**	**29.3%**
Region VI	-99	-2.7%	-664	-7.2%	-235	-9.0%	-431	-10.3%	**1,310**	**17.3%**
Region VII	-265	-2.6%	-777	-3.4%	-335	-4.6%	-870	-4.7%	**4,816**	**27.4%**
Region VIII	-70	-2.3%	-533	-7.3%	-103	-5.8%	-409	-7.2%	**1,030**	**20.7%**

Note: Bold text represents projected growth. Source: Center for Social Research (2022b)

Projected Housing Inventory

Methodology

Two methods were used to project future housing inventory in North Dakota. The first method uses recent trends in housing construction to illustrate the potential growth in housing stock if current building trends were to continue throughout the study period (Model 1). Forecasts of future housing inventory using recent trends were based on the average annual change in the total number of housing units using annual estimates from the U.S. Census Bureau for 2015 through 2020 for counties and cities. County data were aggregated into the eight planning regions. Trend data for reservation areas were based on information from the 2010 and 2020 Census, along with information from associated county data. The purpose of this scenario is to provide a benchmark for evaluating the appropriateness of continuing the existing level of housing construction. The assumption in this model is that housing construction will continue unabated to the year 2025.

The second housing inventory forecast is based on the projected growth in population and households (Model 2). The same population projections used to project changes in households and household characteristics were used to estimate potential future housing inventory (total housing units). The historic relationship between the total number of households (also referred to as occupied housing) and the total number of housing units was used to project future housing needs. The ratio of occupied housing units to total housing units in 2020 was applied to the projected change in households to estimate projections of total housing units needed. A key assumption is that as the number of households increase, new housing units will be added to the housing inventory in a manner consistent with past observations. The model also assumes that the historic relationship between households and total housing units is stable and that the current inventory of housing is adequate (neither a surplus nor shortage of housing). The model does not take into consideration consumer preferences or other characteristics of the state's housing inventory.

An examination of the historical ratio of households (occupied units) to total housing units reveals the relationship has been relatively consistent since 1990 (see Table 4). Model 2 assumes that the past distribution of housing units represents the appropriate mix of housing and that those relationships will remain constant throughout the projection period. However, that assumption should be monitored as characteristics of households may change over time and affect that distribution. For example, increased housing costs, a lack of inventory at affordable prices, or a lack of inventory that meets buyer preferences may lead to a greater proportion of younger householders, first-time homebuyers, or lower-income households postponing the purchase of a home, which in turn increases the need for additional rental housing stock. The continuation of the trend of increased single-person households and older adults may also increase demand for multifamily housing. The projection of future housing stock illustrates the likely response to future housing demand if historical relationships between total housing units and occupied housing units remain unchanged.

Housing Inventory Forecast

Model 1. Relying solely on recent years' trends as an indicator of future housing stock results in a 4% increase in housing units statewide by 2025, which equates to an additional 15,850 new housing units by 2025 (Table 19). A continuation of historic annual growth patterns over the past decade suggests that the number of housing units would grow in most planning regions throughout North Dakota by 2025, ranging from a 1% growth in Region II to 9% growth in Region I. Growth is projected to be greatest in Regions I, V, and VII. The projected strong growth in Region I is carry-over from the incredible demand for housing in the early part of the decade. While the industry took a significant downturn prior to the 2015-2020 study period, housing demand remained strong during the first few years of the 2015-2020 period used for the trend analysis and growth slowed in recent years. Growth has been steady in Regions V and VII, home to the state's two largest cities, Fargo and Bismarck.

In Regions III and VI, projections based on recent building trends proved exceptionally challenging. In Region III, annual housing estimates indicated very modest growth in total housing units, increasing approximately 0.3% annually from 2010 to 2020. However, the 2020 Census reported a 7.7% decrease in the number of housing units from 2010. It is difficult to suggest that nearly 1,500 units were either torn down or abandoned. This reported loss in housing units in Region III, home to the Turtle Mountain Indian Reservation, could be the result of Census undercount. The Census Bureau recently released data on under and overcounted populations in the 2020 Post-Enumeration Survey. The survey found that American Indians and Alaska Natives living on reservations were the most undercounted group in 2020 (Khubba, Heim, &

Hong, 2022). In Region VI, trend data from annual housing estimates also showed modest growth in the number of housing units in the past decade, but the 2020 Census reported at 1.5% decrease in the number of housing units from 2010. The conflicting data in Regions III and VI between annual estimates and the decennial Census make assessing trends using the past five years problematic. Doing so using annual estimates would suggest future growth, while using decennial Census data for 2010 and 2020 suggest decreases. Accordingly, for 10 of the 15 counties included in Regions III and VI, housing trends were calculated using decennial Census data. The other five counties in the region were calculated using recent trends on data from annual housing estimates. Given the conflicting trends between annual estimates and the decennial Census data, projections for Regions III and IV should be interpreted with caution.

Table 19. Housing Units in North Dakota, 2010, 2020, and 2025 (Model 1)

	2010	2020	Percent Change: 2010 to 2020	2025 Model 1 Forecast	Change: 2020 to 2025	
					Numeric	Percent
North Dakota	312,861	370,642	18.5%	386,492	15,850	4.3%
Region I	14,611	29,285	100.4%	31,878	2,593	8.9%
Region II	42,435	48,643	14.6%	49,015	372	0.8%
Region III	19,058	17,593	-7.7%	16,918	-675	-3.8%
Region IV	40,436	43,920	8.6%	45,057	1,137	2.6%
Region V	83,159	102,173	22.9%	110,700	8,527	8.3%
Region VI	29,194	28,763	-1.5%	28,596	-167	-0.6%
Region VII	64,960	76,508	17.8%	80,120	3,612	4.7%
Region VIII	19,008	23,757	25.0%	24,208	451	1.9%

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

Model 2. Based on estimated change in population by age, the state would need to add an additional 9,285 housing units by 2025, a 3% increase from 2020 (Table 20). The strongest need for housing is projected for Regions V and VII. The model projects an additional 6,570 housing units needed in Region V, an increase of 6% by 2025 – and 3,040 more housing units in Region VII, an increase of 4% by 2025. Projections for Regions I, VI, and VIII show a slight decrease in housing needs by 2025, suggesting that current inventory is sufficient to meet future need. Modest growth is projected in Regions II, III, and IV by 2025 with projected increase in housing needs of less than a 1% increase.

Table 20. Housing Units in North Dakota, 2010, 2020, and 2025 (Model 2)

	2010	2020	Percent Change: 2010 to 2020	2025 Model 2 Forecast	Change: 2020 to 2025	
					Numeric	Percent
North Dakota	312,861	370,642	18.5%	379,927	9,285	2.5%
Region I	14,611	29,285	100.4%	28,353	-932	-3.2%
Region II	42,435	48,643	14.6%	48,966	323	0.7%
Region III	19,058	17,593	-7.7%	17,744	151	0.9%
Region IV	40,436	43,920	8.6%	44,116	196	0.4%
Region V	83,159	102,173	22.9%	108,743	6,570	6.4%
Region VI	29,194	28,763	-1.5%	28,740	-23	-0.1%
Region VII	64,960	76,508	17.8%	79,548	3,040	4.0%
Region VIII	19,008	23,757	25.0%	23,717	-40	-0.2%

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

Comparison and Summary of Model 1 and Model 2. In Region V, housing needs based on population projections suggest an increase in housing needs, but at rates slightly less than what recent building trends would suggest. Recent building trends (Model 1) would suggest an increase in housing units of about 8% in Region V, while population projections (Model 2) would suggest a 6% increase in the number of housing units needed. Projections based on recent trends (Model 1) and population projections (Model 2) are very similar for Region VII suggesting recent building trends may likely continue.

Model 1 is a simple trend analysis that uses historic patterns to project future patterns. Trend analysis assumes that future conditions will be the same as historic conditions. While trend analysis does not take into consideration any change in factors that may impact housing needs, trend analysis does provide a useful comparison to the Model 2 assessment. Model 2 takes into consideration changes in population and applies the historic relationship between population and households to project future housing needs.

Data in Model 2 project future housing needs based on the assumption that the historic relationship between population and housing units is stable. This relationship projects the need for housing units based on the assumption that current housing inventory is adequate and meets buyer's preferences. If the current housing inventory does not meet consumer preferences in terms of age, amenities, and characteristics, additional housing stock that meets consumer preference may be needed. Projections of housing units in this study do not control for market preferences or any potential gap between housing inventory and consumer preference or demand.

Discussion

Demographics

North Dakota has experienced substantial population growth over the past 10 years, resulting in a reversal of decades' long trends in population and key socio-economic indicators. Moderate population growth is projected over the next few years, increasing by 1.3% from 779,094 in 2020 to 789,074 in 2025. Population growth since 2010 has been driven by strong in-migration as a result of employment opportunities in the state — which has also contributed to a substantial increase in the prime childbearing age cohort and more births. This recent change has resulted in the state's population becoming younger and more racially diverse over the past decade. While the state overall has become younger, the baby boom generation is getting older. The oldest baby boomers are now 76 years old, and younger boomers will continue aging into the 65 and older cohort until 2029. While population trends have currently stabilized, the continued increase in the number of baby boomers will be a significant demographic driver which will continue to fuel the need for housing suited to meet the needs of an aging population.

Despite a recent decline in oil and gas development activities, thousands of jobs have been added over the past decade and the state's economy is considerably stronger than it was just a few years ago. Economic growth is especially strong in the state's largest urban areas where economies are more diversified. However, growth and strong economic conditions vary regionally. Some rural areas continue to experience population declines, although at rates lower than in the past. Other rural counties remained stable or experienced modest population growth. Economic growth is likely to continue to increase population statewide, albeit at more modest rates.

Higher wages and salaries have resulted in higher household and family incomes across the state. Despite the rise in incomes, there has been little overall change in the number of moderate-income households in North Dakota. While there has been an increase in the number of households that earn more than $125,000, the majority of all North Dakota households earn less than $75,000 annually (57%); 38% earn less than $50,000. Further, despite rapid growth in incomes across North Dakota during the past decade, there was little change in the state's official 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. In addition, nearly 5,000 people have received services for homeless each year from 2019 to 2021. Of individuals receiving services for homelessness in 2021, about 43% were ages 25 to 44 – the largest percentage of any age group served; children composed 19% of those receiving services for homelessness. 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 among individuals receiving services for homelessness in North Dakota.

Household Characteristics and Affordability

While most occupied housing in the state is owner occupied, homeownership rates have declined across all income categories, with the sharpest declines for middle income households. While most households with moderate- and upper-level incomes can afford most of the state's inventory of housing, only 42%, or just over 83,000 of the state's inventory of owner-occupied housing was affordable for lower-income households. For further context, there are approximately 66,525 lower-income households in North Dakota that rent. While not all renters may want to buy a home, even if 10% (6,653 households) of lower-income renters (household income of less than $52,140) wanted to purchase a home, only 3,179 home sales listed through the MLS in 2020 would have been affordable for lower-income households. While not all homes are listed and sold through the state's MLS, clearly there is a lack of affordable housing units in the state and even fewer that are on the market and available for purchase. A steady increase in home prices, monthly housing costs, and lack of available housing inventory is likely the contributing cause for the decline in homeownership.

Homeownership affordability is also impacted by mortgage interest rates. In early May 2022, mortgage rates rose above 5%, the highest level since 2009 according to Freddie Mac's Primary Mortgage Market Survey. As the Federal Reserve continues to adjust the federal interest rate in an attempt to address rising inflation, housing experts are forecasting that mortgage rates may vary from 4.8% to 5.5% through 2022. At the time of this study's release, interest rates for a 30-year fixed mortgage hovered around 6%. Assumptions on affordable purchases prices in this study assumed a 5% interest rate and non-housing debt of 10% of income. Should interest rates continue to rise, and should households have other debt

such as car and/or credit card payments that exceed 10% of their income, the amount that families can afford to spend on a home is reduced substantially.

As homeownership rates declined over the past decade, rental occupancy increased in the state. Renters are also experiencing rising housing costs, with gross rents increasing by 49% in the past decade. The median gross rent statewide was $828 per month in 2020. 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 the $652 in rent per month. Based on current housing inventory, there were 37,995 renter-occupied homes that would be affordable at that price. It is likely some of those extremely low-income households are paying more than 30% of their household income (defined as cost burdened), and some households with higher earnings are paying rents lower than the 30% standard. Statewide, 39% of all renters, 52% of households earning less than $50,000 (regardless of tenure status), and 26% of seniors were cost burdened in 2020. While a majority of North Dakotans who rent can afford housing, lower-income households and seniors are especially strained by recent trends.

While there are various rent and income-restricted multifamily housing programs available in North Dakota to help households with lower incomes secure affordable, safe, and appropriate housing, these programs fall short of meeting the need. The Housing Choice Voucher program aims to fill the gap between affordable rent and market rates for lower-income households. However, a growing number of voucher recipients have been unable to secure affordable housing, often due to difficulty finding properties with rents low enough to meet HUD program requirements or situations in which property managers do not accept vouchers. Occupancy rates at Public Housing programs are consistently high, indicating strong demand. Other programs provide loan guarantees and tax credits to incentivize development of low-income properties with various income restrictions. However, there are only 951 rent and income-restricted multifamily housing units available to extremely low-income households based on respective income restrictions. Further, many properties that participate in the various rent and income-restricted housing programs have been in service for decades and may likely need repair and/or rehabilitation. Forty-four percent of rent and income-restricted housing in North Dakota is more than 20 years old and 25% is more than 30 years old. Additionally, most projects owned and managed by local public housing authorities are at least 40 years old. Clearly there is need for not only additional affordable multifamily units, but renovation of a substantial portion of the current inventory of income-restricted multifamily housing. Higher rents and the lack of low-income housing, age of low-income housing, and the percentage of renters, especially seniors, suggest the need for not only additional rent and income-restricted housing, but renovation of much of the existing inventory.

Housing Needs Projections

The historic relationship between population, households (also referred to as occupied housing), and the total number of housing units was used to project future housing needs. The model assumes historic trends will remain stable over the study period and the current inventory of housing is adequate (neither a surplus nor shortage of housing) and meets consumer preferences. The model does not take into consideration consumer preferences or characteristics of the current housing inventory. Further, the model is not scenario driven and does not consider changes in population or housing needs based on potential changes in demographic or economic conditions.

Despite economic conditions that spurred rapid population growth in the past decade, economic conditions and population increases have since stabilized. Projections, based on the historic relationship between population, household characteristics, and housing units indicate the need for 9,285 additional housing units by 2025 to meet projected population growth. Growth projections vary regionally with the greatest projected need in State Planning Regions V and VII. As the household mix in North Dakota changes, projections indicate greater need for more affordable housing to meet the needs of lower-income households. Little change is expected in the number of moderate- and upper-income households by 2025. The distribution of homebuyer type is projected to remain fairly constant with only slight changes in the number of homebuyers by homebuyer type through 2025, with the exception of elderly homebuyers. Homebuyers ages 65 and older are projected to increase by 24% or 18,132, from 74,787 in 2020 to 92,919 in 2025. As baby boomers continue to age, they will continue to be a substantial driver of housing needs.

Current Market Conditions

The Sales Ratio Study is a publicly available time series dataset on housing prices in North Dakota and provides the best data for rural North Dakota as far fewer sales are listed and sold through the state's MLS in nonmetro areas. While the Sales Ratio Study has some limitations, the average verified prices reported in the study track very well with data from MLS on a statewide basis, regionally, in most of the state's 12 largest cities, and in rural areas; however, there are an insufficient number of observations in the MLS data to compare rural sales by state planning region (excluding 12 largest cities). While the Sales Ratio Study is the best publicly available data for rural areas, there is potential for year-to-year variability in rural areas and the state's smaller cities. Annual changes in rural areas and the state's smaller cities that have fewer total sales can be impacted by a few high- or low-priced transactions in any particular year. Overall, the two datasets indicate similar trends and generate similar estimates of average prices, which provides a high degree of confidence in the accuracy of the data.

Sales Ratio Study Data: Housing sale prices reported by the North Dakota Office of State Tax Commissioner Sales Ratio Study increased in all 12 of the state's largest cities by at least 47% from 2010 to 2020. Sale prices for housing in rural areas also increased since 2010 and at rates that were greater than observed in the state's 12 largest cities. The percentage change in average sale price was most dramatic in the first half of the decade for most of the 12 largest cities, especially those communities impacted by expansion of the oil and gas industry. While economic conditions have moderated and become more stable, price increases in the second half varied considerably among the 12 largest cities. With more stable economic conditions, one would expect prices to stabilize as well; however, that has not consistently been the case.

In 2020, average prices varied considerably among the 12 largest cities and rural areas of the state. Average prices in the 12 largest cities ranged from a low of $158,089 in Valley City to $307,785 in West Fargo. Similar variability exists in rural areas of the state with average prices ranging from $109,357 in Region III to $252,407 in Region I. In rural areas of the state, while prices have risen dramatically, they are still low relative to the state's 12 largest cities. Given the substantial regional variability in average sale prices, it is difficult to generalize change in prices statewide, other than to say prices have increased substantially since 2010.

MLS Data: Data from MLS provide valuable insights into market conditions. In both the state's 12 largest cities and in rural areas, the average number of days on market has declined since 2017. In the state's largest cities, homes are selling faster in all home price categories except homes that sold for $150,000 or less. While the number of days on market for higher priced homes saw the greatest drop, the average days on market was greater for higher priced homes than for more moderately priced housing. Moderately priced homes in the $150,001 to $250,000 and $250,001 to $350,000 ranges spent the fewest days on market in 2021, 58 and 65 days, respectively.

The average number of days on market was considerably longer across all price ranges in rural North Dakota when compared with urban areas. Even lower priced housing had longer days on market in rural North Dakota than the 12 largest cities; 39 days longer for housing that sold for up to $150,000 and 32 days longer for housing priced from $150,001 to $250,000. While there is considerable variability in the number of days on market between rural and urban communities, the decline in the average days on market illustrates strong market conditions throughout the state.

The age of properties in the various price ranges was similar regardless of location, with the exception of houses listed at $150,000 or less. In rural areas of the state, houses that sold for $150,000 or less in 2021 were more than a decade older on average than in the state's 12 largest cities (72 years old compared to 61 years old, respectively). Even homes that sold from $150,001 to $250,000 were quite old; 49 years in the state's 12 largest cities and 46 years old in rural areas. Only homes priced at $350,000 or more were on average less than 18 years old. The lowest priced housing is the oldest and typically has longer days on market, which suggests that those homes may not be meeting homebuyer preferences.

Since 2012 the percentage of higher priced home sales as a share of total sales in North Dakota has increased while the percentage of lower priced homes sold as a share of total sales has decreased. In the state's largest cities, 77% of sales were for housing priced at $250,000 or less in 2012 compared to 48% in 2021. The percentage of housing priced at $350,000 or more increased from 6% of sales in 2012 to 23% in 2021. In rural North Dakota the percentage of sales at higher prices increased as well. In 2012, 91% of houses were sold for $250,000 or less. By 2021, this percentage decreased

to 69%. The increase in the percentage of higher-priced housing sold and the decrease in lower-priced housing sold further supports recent trends of increased housing prices.

Average prices for both existing home and new construction sales statewide increased by $51 per square foot since 2012. Cost per square foot from 2012 to 2021 increased from $100 to $151 per square foot for existing homes and from $160 to $211 per square foot for new homes. Average prices for new construction in rural areas of the state were generally similar to prices in urban areas from 2012 to 2019. However, in 2020 and 2021 the average price per square foot for new construction was higher in rural areas than in the 12 largest cities. The increase in price per square foot could be year-to-year variability due to fewer new homes constructed in rural areas or other factors such as workforce issues, supply-chain issues, and rising prices in general. For example, there are 24 counties in North Dakota that do not have a residential construction business, potentially increasing the costs for those who wish to build in these areas. Changes in the average price per square foot for both existing and new construction sales in North Dakota further supports the trend of increasing housing costs.

The use of MLS data in this study was quite limited and represents only a sampling of the information that could be gleaned from the data. Limitations on time and study scope prevented a more detailed analysis of the MLS data. Future efforts will expand analysis of data from the MLS to provide further insight into housing market conditions. Additional market analysis to further determine the gap between existing housing inventory and market preferences and demand is needed. The historic relationship between population, household characteristics, and housing units would suggest the state's housing inventory is well aligned with projected future needs. However, preliminary market analysis suggests that may not be the case. Given the short supply of housing units that meet affordability standards for lower-income households, the decline in the number of days on market for all but the lowest-priced housing, and the average age of homes suggest the current inventory of housing is not meeting consumer preferences.

Conclusions

The previous housing needs assessment conducted in 2016 was heavily influenced by sheer growth in the state's population. Much work was focused on trying to understand the future trajectory, and how to meet the volume of additional housing required to satisfy a rapidly expanding population. A considerable amount of uncertainty in the future economic climate existed at that time. It was uncertain if past trends would continue – if the state's unprecedented economic growth would moderate and if unmet housing needs would influence future housing needs.

Since the middle of the past decade, population growth has moderated; however, the state is still expected to experience moderate population growth, a reversal of decades of population declines. This assessment is showing less emphasis on housing needs based on the overall growth in future population. Rather than housing needs driven solely by a rapidly growing population, this forecast is suggesting more emphasis on housing needs based on household characteristics. Affordability issues for lower- and moderate-income households, housing for an aging baby boomer cohort, and housing needs for special populations were identified as key considerations. Current market conditions and characteristics of the housing inventory, in particular the age of the current housing inventory, were also identified as key considerations.

Like population, economic expansion has also moderated in the second half of the decade. Economic growth has varied regionally and more recently been concentrated in the state's largest urban areas where economies are more diversified. However, despite favorable economic conditions statewide, there has been little overall change in the number of moderate-income households, the poverty rate, or in the number of individuals receiving services for homelessness. Statewide economic growth has not translated into improved financial conditions across all income ranges.

Homeownership rates are declining and rental rates increasing. These trends may not necessarily indicate a preference to rent, but rather reflect a lack of available housing that is affordable and meets homebuyer preferences. Both residential housing sale prices and rental prices have continued to increase. Access to affordable housing for lower- and moderate-income households remains a concern as a very small percentage of housing sales, based on MLS data, would be affordable for lower- and moderate-income households.

Higher priced homes represent an increasing percentage of all sales in North Dakota. The average number of days on market has declined except for the lowest priced housing which are also, on average, the oldest properties. Age of housing also is a concern for moderately priced housing, which may likely need renovation and may not be in line with consumer preferences. The inventory of rent and income-restricted multifamily housing is also quite old and likely in need of renovation.

Housing needs based on historic relationships between population, household characteristics, and housing units would suggest the state's housing inventory is reasonably aligned with projected future needs. However, housing market conditions suggest that might not be the case. Preliminary analysis suggests there may be a disconnect between the current inventory, homebuyer preferences, and properties available on the market. The short supply of housing units that meet affordability standards for lower-income households, the decline in the number of days on market for all but the lowest priced housing, and the average age of homes being sold suggest the current inventory of housing may not be meeting consumer preferences. Additional market analysis to assess the potential gap between the existing housing inventory and market preferences is needed.

Finally, while a key component of the statewide housing needs assessment is to provide insights into future housing requirements in the state, the main document and supporting materials also serve as a repository of data and information on recent trends and current conditions on a wide range of demographic, economic, and housing indicators. The study authors and the ND Housing Finance Agency hope the information generated by the study will help community leaders, non-profits, and state and local governments assess recent trends, current conditions, projections, and other key considerations in order to develop programs and policy ensuring safe, adequate, and affordable housing in North Dakota.

References

Campisi, N. (2022, May 4). *Mortgage Interest Rates Forecast: How High Will Rates Climb In 2022?* Retrieved from Forbes Advisor: https://www.forbes.com/advisor/mortgages/mortgage-interest-rates-forecast/

Center for Social Research at North Dakota State University. (2022a). *Estimation of 2020 Estimates by applying the 2016-2020 American Community Survey 5-Year Estimate Distributions of Population and Household Characteristics to the 2020 Decennial Census P.L. 94-171 Totals for Population, Housing Units, and Occupied Housing.* Unpublished.

Center for Social Research at North Dakota State University. (2022b). *Population, Household, and Housing Unit Projections for North Dakota by County, Reservation, and Top 12 Cities, 2020 to 2025. Unpublished.*

Centers for Disease Control and Prevention. (2021). *U.S. Census Populations with Bridged Race Categories*. Retrieved from National Center for Health Statistics, National Vital Statistics System: https://www.cdc.gov/nchs/nvss/bridged_race.htm

Chaluvadi, A. (2022, February 7). *Eye on Housing - Building Materials Remain Top Challenge for Builders*. Retrieved from National Association of Home Builders: https://eyeonhousing.org/2022/02/building-materials-remain-top-challenge-for-builders/?_ga=2.109237189.1553996918.1645132512-1106853271.1645132512

Federal Reserve. (2021). *Board of Governors of the Federal Reserve System*. Retrieved from County-Level Debt-to-Income Ratio, 1999 - 2021: https://www.federalreserve.gov/releases/z1/dataviz/household_debt/

Flohr, D. (2022). Personal communication. *Executive Director with the North Dakota Housing Finance Agency*.

Florida, R. (2018). *Vacancy: America's Other Housing Crisis*. Retrieved from Bloomberg CityLab: https://www.bloomberg.com/news/articles/2018-07-27/the-disturbing-rise-of-housing-vacancy-in-u-s-cities

Joint Center for Housing Studies of Harvard University. (2020). *America's Rental Housing 2020*. Retrieved from Harvard University: https://www.jchs.harvard.edu/americas-rental-housing-2020

Khubba, S., Heim, K., & Hong, J. (2022). *National Census Coverage Estimates for People in the United States by Demographics Characteristics - 2020 Post-Enumeration Survey Estimation Report, PES20-G-01*. U.S. Census Bureau. Retrieved from https://www2.census.gov/programs-surveys/decennial/coverage-measurement/pes/national-census-coverage-estimates-by-demographic-characteristics.pdf

Kim, C. (2022, May 5). *Average mortgage rate climbs to 13-year high of 5.27%*. Retrieved from HousingWire: https://www.housingwire.com/articles/average-mortgage-rate-climbs-to-13-year-high-of-5-27/

McKernan, P. (2017, Fall). Homelessness and Prisoner REentry: Examining Barriers to Housing Stability and Evidence-based Strategies that Promote Improved Outcomes. *Journal of Community Corrections*.

Multiple Listing Services of North Dakota. (2022). Unpublished data from the seven local Boards of REALTORS® in North Dakota.

National Youth in Transition Database. (2018). *Youth transitioning out of foster care: Currently employed part- or full-time in North Dakota*. Retrieved from Annie E. Casey Foundation KIDS COUNT Data Center: https://bit.ly/3neanlb

North Dakota Continuum of Care. (2022a). HMIS: Homeless Management Information System. Data request in May 2022.

North Dakota Continuum of Care. (2022b). *Point-in-Time Count and Housing Inventory Count*. Retrieved from North Dakota Continuum of Care and the HUD Exchange: https://ndcontinuumofcare.org/index.php/point-in-time-housing-inventory-count/ and https://www.hudexchange.info/programs/hdx/pit-hic/

North Dakota Department of Corrections and Rehabilitation. (2022a). Personal communications with Patrick Bohn. Unpublished.

North Dakota Department of Corrections and Rehabilitation. (2022b). North Dakota Sober Living Bed Count, March 2022. Personal communicationswith Rick Hochhalter.

North Dakota Department of Health. (n.d.). *Vital Records Publications*. Retrieved from Division of Vital Records: https://www.health.nd.gov/vital/vr-publications

North Dakota Department of Human Services. (2022). *Recovery Housing*. Retrieved from Behavioral Health Division: https://www.behavioralhealth.nd.gov/recovery-housing

North Dakota Department of Human Services. (2022a). *ND Rent Help*. Retrieved from North Dakota Department of Human Services: https://www.applyforhelp.nd.gov/nd-rent-help

North Dakota Department of Human Services. (2022b). *ND Help for Homeowners*. Retrieved from North Dakota Department of Human Services: https://www.applyforhelp.nd.gov/nd-help-homeowners

North Dakota Department of Human Services, Children and Family Services. (2020). *Children in foster care in North Dakota*. Retrieved from Annie E. Casey Foundation KIDS COUNT Data Center: https://bit.ly/3tu5VT2

North Dakota Department of Public Instruction. (2022). *Students who are homesless in North Dakota*. Retrieved from Annie E. Casey Foundation KIDS COUNT Data Center: https://bit.ly/3qeerni

North Dakota Housing Finance Agency. (2022). Personal communication. Unpublished.

North Dakota Long Term Care Association. (2021). *NDLTCA Member Survey on Workforce Shortage Crisis & the Impact of COVID-19 in Long Term Care Facilities.* North Dakota Long Term Care Association, August 2021. http://www.ndltca.org.

North Dakota Office of State Tax Commissioner. (2022). Property Tax: Assessment Sales Ratio Study, 2010 to 2020.

North Dakota Supreme Court. (2022). Eviction Judgements in North Dakota, 2016 to 2021. Obtained from the North Dakota Department of Human Services, unpublished data.

Scommegna, P. (2018, April 23). *Are Baby Boomers Healthy Enough to Keep Working?* Retrieved from Population Reference Bureau: https://www.prb.org/resources/are-baby-boomers-healthy-enough-to-keep-working/

U.S. Bureau of Economic Analysis. (2021a). *Regional Economic Accounts. Annual Gross Domestic Product (GDP) by State. SAGDP9 Real GDP in Chained Dollars.* Retrieved from U.S. Bureau of Economic Analysis: https://www.bea.gov/data/gdp/gdp-state

U.S. Bureau of Economic Analysis. (2022). *Regional Economic Accounts. SAINC51 Disposable Personal Income Summary. Per Capita Disposable Personal Income by State*. Retrieved from U.S. Bureau of Economic Analysis: https://www.bea.gov/data/income-saving/personal-income-by-state

U.S. Bureau of Labor Statistics. (2021). *Historical Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, all items, index averages*. Retrieved from U.S. Bureau of Labor Statistics: https://www.bls.gov/cpi/tables/supplemental-files/historical-cpi-u-202101.pdf

U.S. Census Bureau. (2021a). *Historical Population Change Data (1910-2020)*. Retrieved from United States Census Bureau: https://www.census.gov/data/tables/time-series/dec/popchange-data-text.html

U.S. Census Bureau. (2021b). *Decennial Census P.L. 94-171 Redistricting Data*. Retrieved from United States Census Bureau: https://www.census.gov/programs-surveys/decennial-census/about/rdo/summary-files.html

U.S. Census Bureau. (2021c). *American Community Survey 5-Year Estimates*. Retrieved from https://data.census.gov

U.S. Census Bureau. (2021d). *American Community Survey 5-Year Estimates Public Use Microdata Sample*. Retrieved from U.S. Census Bureau: https://data.census.gov/mdat

U.S. Census Bureau. (2021e). *American Community Survey 1-Year Estimates*. Retrieved from U.S. Census Bureau: https://data.census.gov

U.S. Census Bureau. (2021g). *County Business Patterns*. Retrieved from U.S. Census Bureau: https://www.census.gov/programs-surveys/cbp.html

U.S. Census Bureau. (2022). *Household Pulse Survey*. Retrieved from U.S. Census Bureau: https://www.census.gov/data/experimental-data-products/household-pulse-survey.html

U.S. Census Bureau. (2022b). *Population and Housing Unit Estimates*. Retrieved from United States Census Bureau: https://www.census.gov/programs-surveys/popest.html

U.S. Census Bureau. (2022c). *Building Permits Survey*. Retrieved from U.S. Census Bureau: https://www.census.gov/construction/bps/

U.S. Census Bureau. (n.d.). *Decennial Census of Population and Housing Publications*. Retrieved from United States Census Bureau: https://www.census.gov/programs-surveys/decennial-census/decade/decennial-publications.html

U.S. Department of Agriculture. (2022). *Farms and Land in Farms*. Retrieved from United State Department of Agriculture. Economics, Statistics and Market Information System: https://usda.library.cornell.edu/concern/publications/5712m6524

U.S. Department of Agriculture. (2022a). Rural Development Datasets. Multifamily Housing. Retrieved from https://www.sc.egov.usda.gov/data/MFH.html

U.S. Department of Health and Human Services. (2021a). *Children exiting foster care by exit reason in North Dakota*. Retrieved from Annie E. Casey Foundation KIDS COUNT Data Center: https://bit.ly/3thLxVo

U.S. Department of Housing and Urban Development. (2014, July). *Housing First in Permanent Supportive Housing Brief*. Retrieved from U.S. Department of Housing and Urban Development: https://www.hudexchange.info/resource/3892/housing-first-in-permanent-supportive-housing-brief/

U.S. Department of Housing and Urban Development. (2021). *North Dakota 2020 Income Limits*. Retrieved from U.S. Department of Housing and Urban Development: https://www.huduser.gov/portal/datasets/il.html#2020

U.S. Department of Housing and Urban Development. (2022a). *Fair Market Rents (40th Percentile Rents)*. Retrieved from U.S. Department of Housing and Urban Development: https://www.huduser.gov/portal/datasets/fmr.html

U.S. Department of Housing and Urban Development. (2022b). *Housing Choice Voucher (HCV) Data Dashboard*. Retrieved from U.S. Department of Housing and Urban Development: https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/dashboard