



2012 Housing Needs Assessment

Executive Summary





EXECUTIVE SUMMARY

In late 2011, the Grand Forks Housing Authority and City of Grand Forks contracted with BBC Research & Consulting (BBC)—a Denver-based research firm—to examine residential housing supply, demand and needs in Grand Forks. This Executive Summary reports the primary findings from the study.

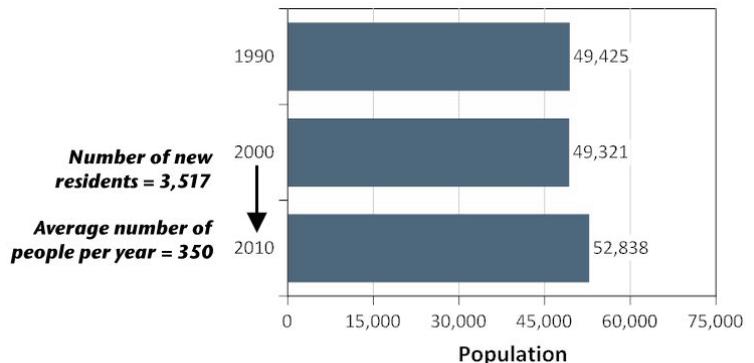
BBC's findings were based on a combination of data analysis, a resident survey, focus groups with housing and social service providers and interviews with stakeholders in the field of residential development, housing administration, rental, sales and planning.

Socioeconomic Background

After a slight population loss between 1990 and 2000, the city's population grew by 5.3% from 2000 to 2010. The 2010 Census reports the city's population as 52,838, compared to 49,321 in 2000—a change of 3,517 people.

**Figure ES-1.
Historic and Current
Population, City of Grand
Forks, 1990, 2000 and 2010**

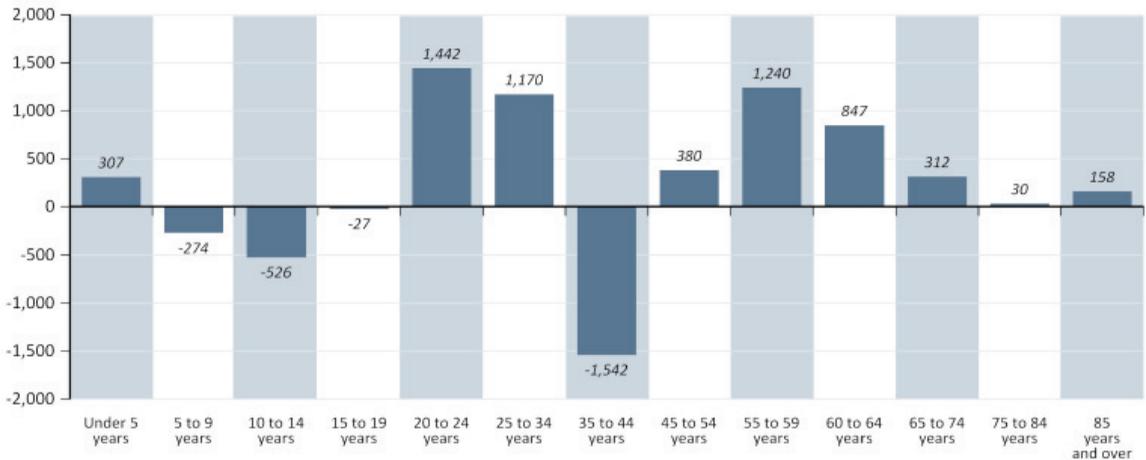
Source:
1990, 2000 and 2010 Census.



The primary reason for the city's growth was increased enrollment at the University of North Dakota (UND). Between 2000 and 2010, UND's enrollment grew by 3,700.

During the past decade, the city lost residents between the ages of 5 and 19 years old and 35 to 44 years old. The strongest growth by age was for 20 to 24 year olds (college age) and 55 to 59 year olds.

Figure ES-2.
Change in Population by Age, 2000 to 2010



Source: 1990, 2000 and 2010 Census.

Nearly 20% of Grand Forks residents—9,880 people—live in poverty (about \$23,000 for a family of four). Residents age 18 to 24 make up more than half of the city’s poor (5,059 people). Children make up 18% of the poor (1,786 children) and experienced the greatest increase in poverty in the last decade (from 15% in 2000 to 19% in 2010).

Figure ES-3.
Poverty by Age, City of Grand Forks, 2000 and 2010

	Number	Percent in Poverty	Percent in Age Group
Infants and toddlers (0 to 4)	729	7.4%	25.4%
School aged children (5 to 17)	1,057	10.7%	16.3%
College aged adults (18 to 24)	5,059	51.2%	44.6%
Young adults (25 to 44)	1,618	16.4%	12.8%
Baby boomers (45 to 64)	946	9.6%	8.4%
Seniors (65 and older)	471	4.8%	9.2%
Total	9,880	19.9%	

The city’s poor are concentrated in the north, between UND and downtown Grand Forks.

Source: 2000 and 2008-2010 American Community Survey 3-year estimate.

Renter income was flat between 2000 and 2010. Inflation increased by 27%, meaning that renters lost purchasing power.

Owners fared much better during the past decade: the median income of owners grew by 37%.

The city's primary industries pay, on average, less than what residents need to afford to buy at the median price and, for the Leisure and Hospitality industry, less than what is needed to afford the median rent.

Figure ES-4.
Primary Employment Industries and Wages/Affordable Rent+Utilities

	Number of Jobs	Average Wage	Affordable Rent (per Month)	Can Afford Median Monthly Rent?	Affordable Home Price	Can Afford to Buy Median Priced Home?
Education and health services	6,500	\$36,500	\$912.50	Yes	\$150,000	Yes
Trade, transportation and utilities	8,900	\$29,900	\$757.50	Yes	\$120,000	No
Leisure and hospitality	4,800	\$11,900	\$297.50	No	\$50,000	No

Note: The median home price in Grand Forks in 2011 was \$149,900 ; the median gross rent was \$632 in 2010.

Housing Market Conditions

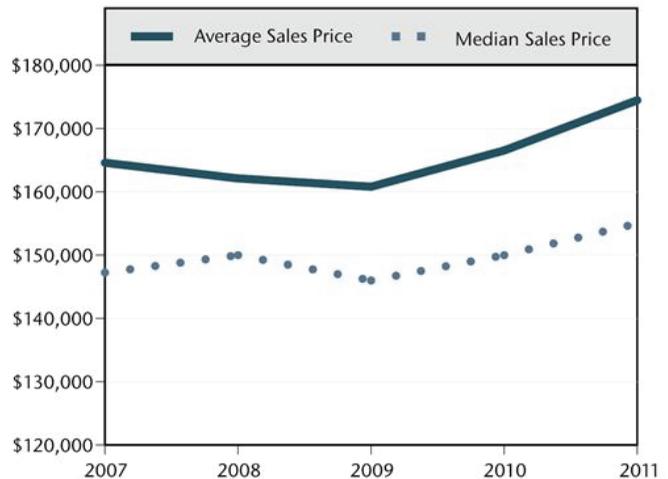
On average, 550 homes sold each year between 2007 and 2011.

63% of these homes were priced between \$100,000 and \$200,000. 60% of renters surveyed for this study desire to buy in this range.

14% sold for less than \$100,000. This compares to 26% of renters who need homes priced under \$100,000 to be able to buy.

Unlike many areas in the U.S., Grand Forks' home prices are rising.

Figure ES-5.
Primary Employment Industries and Wages/Affordable Rent+Utilities



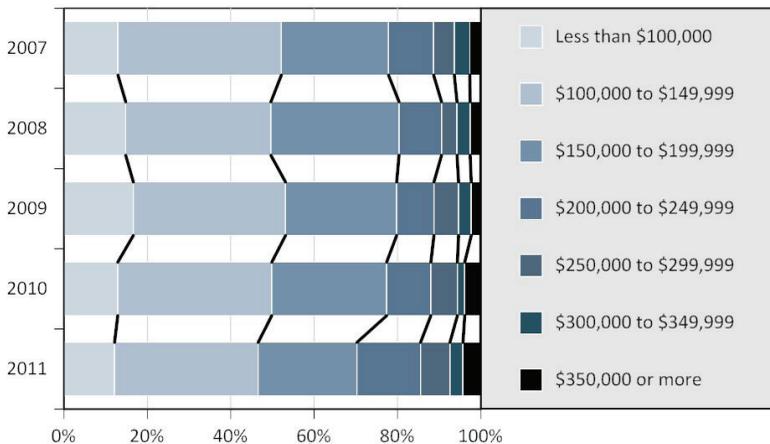
Note: The median home price in Grand Forks in 2011 was \$149,900 ; the median gross rent was \$632 in 2010.

2011 was the first year where the proportion of homes sold for less than \$150,000 dropped below 50%.

Between 2007 and 2011, single family homes in southwest and southeast Grand Forks sold for more than \$100,000 more than homes in northeast and north central Grand Forks.

Most affordable homes to buy are located in the northeast and north central Grand Forks.

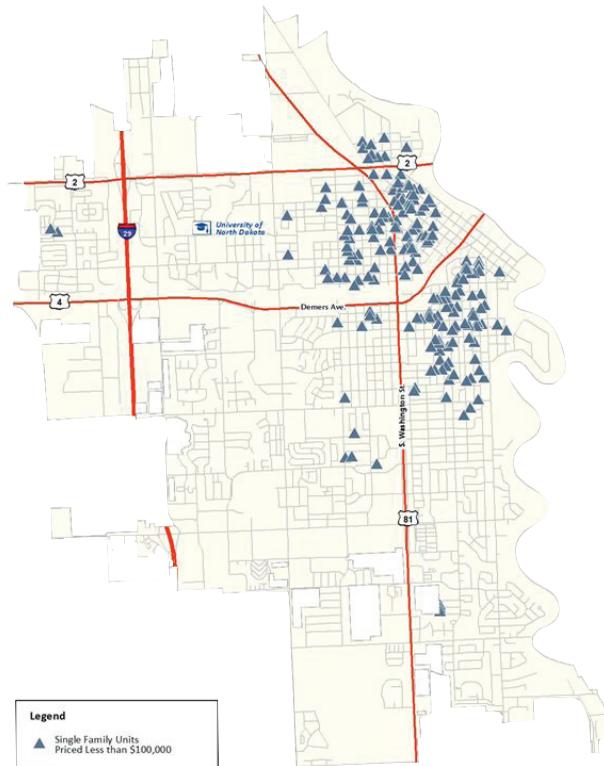
Figure ES-6.
Sales Price Distribution for All Sales,
City of Grand Forks, All Sales 2007 to 2011



Source: Grand Forks Board of Realtors MLS.

Figure ES-7.
Location of Single Family Homes
Less than \$100,000, City of Grand
Forks, 2007 to 2011

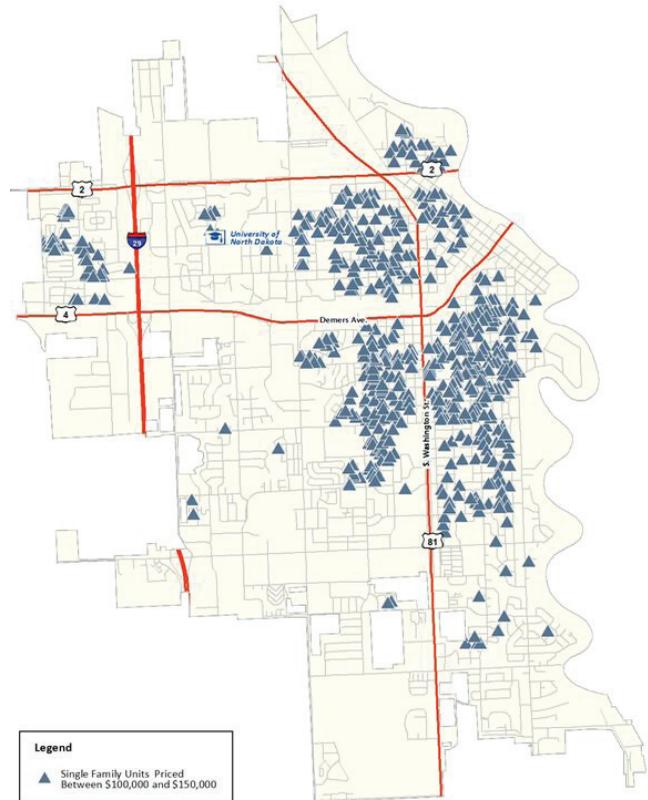
Source:
Grand Forks Board of Realtors MLS, City of
Grand Forks GIS Address file and BBC Research
& Consulting.



A comparison of renters' incomes with the prices of homes sold during 2011 found that, in general, home prices align with what renters can afford, except for renters earning less than \$25,000. However, the homes are largely located in north central and northeast Grand Forks.

Figure ES-8.
Location of Single Family Homes
Between \$100,000 and \$150,000,
City of Grand Forks, 2007 to 2011

Source:
Grand Forks Board of Realtors MLS, City of
Grand Forks GIS Address file and BBC Research
& Consulting.



Rental rates in Grand Forks have increased in the last 10 years, even as renter incomes have stayed the same. The median gross rent rose by \$155/month between 2000 and 2010 (from \$477 to \$632). To manage this increase, renters would need to earn \$6,000 more in 2010 than they did in 2000. And most do not.

Owners have experienced price increases too, but theirs have been easier to absorb because 1) they have only realized the increases if they have moved, and 2) owner incomes have risen since 2000 by nearly \$19,000 per year.

According to the gaps analysis conducted for this study—an exercise that compares the supply and demand of rental and for sale housing at various affordability levels—there are 1,750 renters earning less than \$10,000 who cannot find affordable rental units. Another 1,000 renters earn between \$10,000 and \$20,000 and have trouble finding affordable rentals.

Figure ES-9.
Rental Market Mismatch, City of Grand Forks, 2012

Income Range		Renters		Maximum Affordable Rent & Utilities	Total Rental Units and Vouchers		Rental Gap
		Number	Percentage		Number	Percentage	
\$0	\$9,999	2,372	20%	\$ 213	624	5%	-1,748
\$10,000	\$14,999	1,419	12%	\$ 319	670	5%	-748
\$15,000	\$19,999	1,244	11%	\$ 405	1,037	8%	-207
\$20,000	\$24,999	1,440	12%	\$ 525	2,893	23%	1,453
\$25,000	\$34,999	1,661	14%	\$ 725	3,629	29%	1,967
\$35,000	\$49,999	1,551	13%	\$ 1,057	2,470	20%	919
\$50,000	\$74,999	1,369	12%	\$ 1,659	1,101	9%	-268
\$75,000	\$99,999	489	4%	\$ 2,275	181	1%	-309
\$100,000	\$149,999	74	1%	\$ 3,500	0	0%	-74
\$150,000	or more	121	1%	\$ 3,501	0	0%	-121
Total		11,741	100%		12,605	100%	

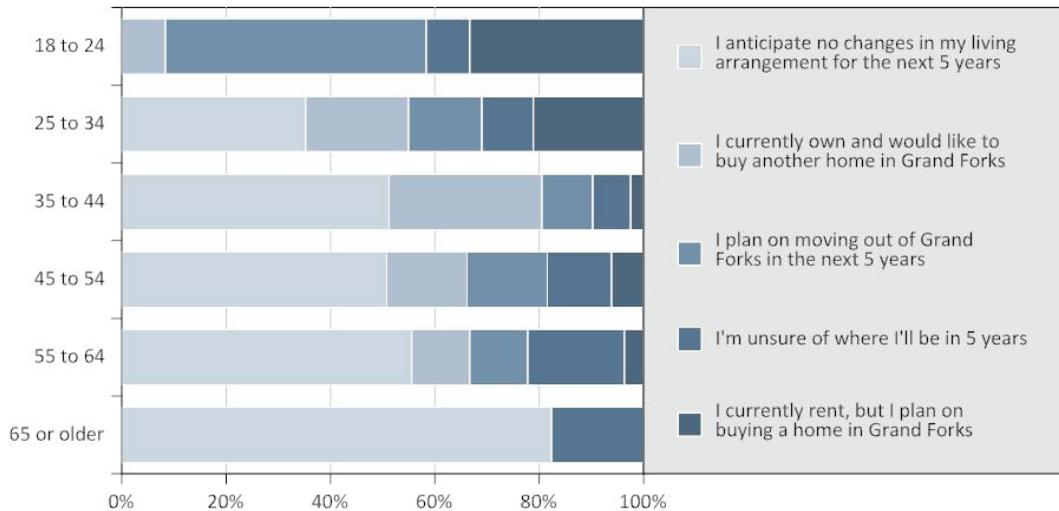
Source: BBC Research & Consulting.

The resident survey conducted for this study found that 12% of households are providing shelter to someone who cannot afford to live on their own; one-third are not family members.

Future Housing Needs

Resident's future demand for housing varies by age and income: most 18-24 year olds plan to move and higher-income residents are least likely to change their living arrangements.

Figure ES-10.
Likely Place of Residence in Five Years by Age Cohort



Note: For ages 18-24 n=12; for ages 25-34 n=71; for ages 35-44 n=82; for ages 45-54 n=65; for ages 55 to 64 n=27; and for ages 65+ n=17.

Source: BBC Research & Consulting from Grand Forks 2012 Resident Survey.

Demand for future housing in Grand Forks will depend heavily on how many current residents stay in the city. Except for college-age residents, in-migration into the city has been low.

For those residents who plan to stay in Grand Forks, 40% of renters want to buy in the next 5 years. 86% want a home priced under \$200,000.

Figure ES-13.
Plan to Purchase
a Home in Grand
Forks in the Next
Ten Years

Note:
 n=93 and n=35.

Source:
 BBC Research & Consulting from Grand Forks 2012 Resident Survey.

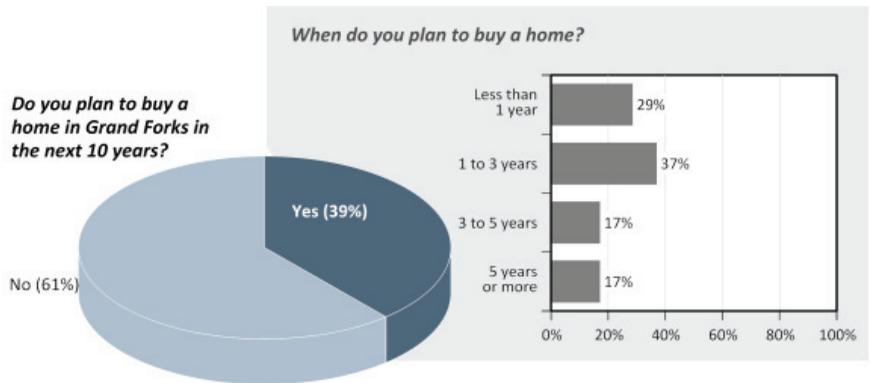
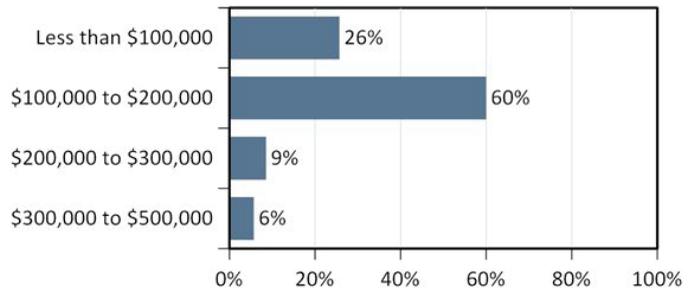


Figure ES-14.
Ideal Price of Future Home

Note:
 n=35.

Source:
 BBC Research & Consulting from Grand Forks 2012 Resident Survey.



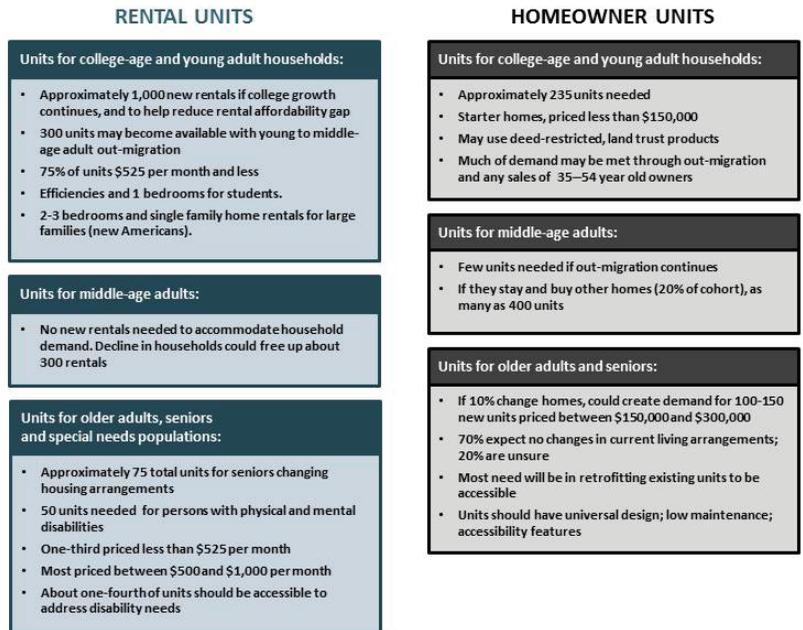
To estimate future housing needs, household growth by age group was projected into 2020. These projections assumed growth patterns experienced in the past decade will continue. Estimates of the housing units in most demand are shown in Figure ES-16.

Not all of these changes will translate into new housing units. This is because many of the city’s older adults are already housed. Instead, the likely occurrence is that some older adults will move into more desirable units (low maintenance, accessibility-friendly), freeing up single family homes to younger generations. There will also be a growing demand for accessibility improvements—in addition to health care and supportive services—for seniors who want and/or need to stay in their existing homes.

Figure ES-16.
Projected Housing Needs,
City of Grand Forks, 2010
to 2020

Source:

BBC Research & Consulting.



By demographic, future housing needs in 2010 are likely to include:

- **Low income renters who will continue renting:** The city has a current shortage of 2,339 units to serve renters who need units priced less than \$405/month.

The number of new rental units in demand will be strongly tied to student growth. If growth in the college-age population continues, as many as 1,000 new rental units may be needed to be created to keep up with demand. This is an average of 100 units each year, which is feasible compared to the average number of multifamily units permitted per year in the past 12 years (about 160/year).

A number of new apartment developments have recently become available. Their rate of lease-up, vacancies and rent levels should be considered in determining future rental needs. The rents on many of the newer units are higher than what is needed to close the rental gap. However, if existing renters vacate their current units for higher-end rentals, this could increase the availability of older, less expensive units.

New units should be priced at \$525 and less to avoid widening the rental gap and meet the demands of new renters, including those renters who are currently cost burdened and New Americans.

- **Renters who want to buy:** 40% of the city's renters express an interest in buying when surveyed for this study. The vast majority of these renters want homes priced at less than \$200,000. Overall, units that were on the market between 2007 and 2011 were priced in the ranges needed for renters who want to become homeowners. The exception is new construction, most of which is too expensive for first time homebuyers.
- **Owners who want or need to change where they live now or in the future:** Except for owners who have special needs—e.g., need accessibility features in their homes—current owners should be able to afford to downsize or find another affordable unit given their incomes.

For new growth, we anticipate that demand for ownership units will largely occur for older adults and seniors who are moving into the area and buying, becoming homeowners and/or looking for alternative products. Overall, the city will see increased demand for housing with universal design, smaller lots and which can be made accessible as homeowners age.

- **Young and middle age adults:** Demand for housing of young and middle-age adults will depend heavily on if trends reverse and these residents choose to stay in Grand Forks. We anticipate that the existing rental and homeownership market will largely be able to meet the housing demands of middle-age residents. This is due to continued outmigration and the smaller number of middle-age residents.

Young adults—especially those between the ages of 18 and 24—express strong interest in buying. Many will need to rent for longer than they would like due to the tightening of credit markets. As many as 250 units could be needed to accommodate their buying needs; most of these units should be priced at less than \$150,000. These households are also targets for deed-restricted affordable units and land trust programs.

If 35-54 year olds do not follow the same outmigration trends as occurred in the past decade and, as the survey data indicate, 20% buy new homes, as many as 400 units could be needed to meet demand. Some of this demand will be satisfied through older adults selling their homes and moving into other, more senior-friendly units.

- **Persons who need assisted or special needs housing:** These individuals will need very affordable rental units (less than \$525/month), larger units for low income families (2-3 bedrooms), low cost ownership products such as land trust and deed-restricted units and accessibility improvements to existing units.

How can the city best meet these needs?

A number of tools are needed to meet the growing and diverse housing needs of the city's current and future residents. Some of these tools are already in place; others should be considered and implemented in the future.

Current programs.

The Housing Authority of Grand Forks should continue playing a primary role in housing and managing the units occupied by the lowest income renters and special needs populations. The housing authority should be the lead in creating units to meet the unmet needs of persons with disabilities, formerly homeless/precariously housed and New Americans.

The housing authority's land trust homeownership program could be expanded to double in size to meet the needs of 18-24 year olds who want to own and create accessible homeownership opportunities for seniors and people with disabilities.

Future programs.

Developer contributions. Private sector developer contributions to create affordable and diverse housing should be expected in exchange for the city's contribution to infrastructure costs for residential construction.

Developers should be expected to incorporate such units into their developments or, alternatively, deed a lot to the city or housing nonprofit. A fee-in-lieu option should be allowed for developments such as student housing that are less appropriate for mixed tenants.

Developers should have the option of contributing a variety of needed products:

- Visitable/accessible units to meet the growing needs of seniors and persons with disabilities
- Small lot, cottage housing units or duplexes that can be easily integrated into new construction
- Rehabilitation of existing, vacant housing to incorporate accessible features.

Lower minimum lot sizes. The city needs to lower its minimum lot size requirement to at least 5,000 square feet (if not lower) and create affordable housing district overlays where very small lots are allowed (3,500 to 4,000 square feet). The city also should allow and encourage new urbanist design standards, which are very successful in adding product and price diversity to housing.

Affordable housing trust fund. The city should create an affordable housing trust fund to subsidize the creation of affordable and accessible housing. Such a fund could be capitalized with a general fund allocation, small property tax increase, contribution from foundations and/or fee-in-lieu payments from private developers. The most effective trust funds use ongoing sources of revenues.

High-risk renters fund. Finally, the city should investigate the creation of a “landlord risk reduction fund” to incentivize landlords to house potentially higher risk renters. The fund would reimburse landlords for damage to their properties if caused by high-risk tenants. These renters would include residents who have poor credit histories, criminal records, are formerly homeless, require service animals and others.





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