

2024 NORTH DAKOTA STATEWIDE HOUSING NEEDS ASSESSMENT

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Stakeholders

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Introduction

Purpose

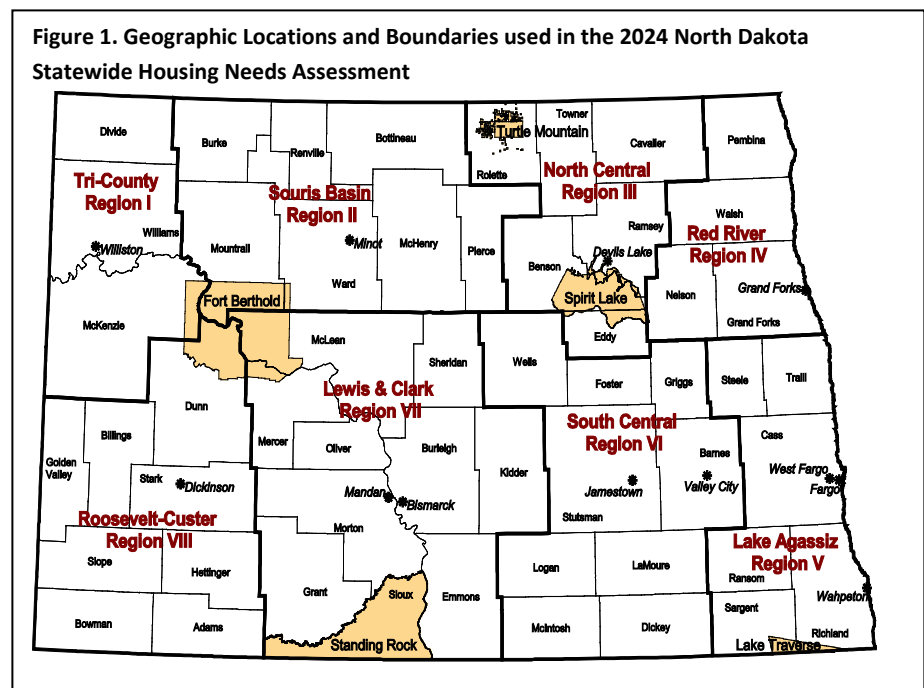
This study is an update to a previous Statewide Housing Needs Assessment conducted in 2022. The focus of this report is to provide an overview of current conditions and important trends that affect housing dynamics in North Dakota. Forecasts of future housing needs are based on forecasts of population in 2027 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 15 years, North Dakota experienced dynamic demographic and economic change. One major driver of change was the development, and subsequent maturing of the oil and gas industry. The growth of that industry was unprecedented for North Dakota and completely reversed decades-old trends in population loss and age distributions. Socio-economic drivers relating to energy development have now largely stabilized. A second major driver was the COVID-19 pandemic. These two drivers have effected profound change in North Dakota. These types of dynamic changes can make forecasting difficult. To address these challenges, population, housing needs, and housing inventory were modeled by balancing recent socio-economic conditions with historical patterns of key factors to model future conditions. While conditions have moderated and stabilized, the new normal in terms of longer-term trends and conditions are still evolving. Regardless of data shortcomings and the challenges associated with forecasting following a period of unprecedented growth, 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 two sections of this report provide an overview of current conditions and trends affecting population and housing dynamics in North Dakota. 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 the current housing sales market based on residential property transactions accounted for in the North Dakota Sales Ratio Study. This section is followed by a more detailed look at affordability concerns for owners and renters in the state. The report concludes with the modeling methodology used to generate projections of future housing needs and projected housing inventory, and a summary of those projections.

Population and housing projections in this report were calculated for all 53 counties, the 12 most populated cities, the eight planning regions, and four American Indian reservations (see Figure 1 for locations).



Executive Summary

Population Characteristics

- After decades of moderate growth, North Dakota’s population surged to record numbers during the previous 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. As the oil and gas industry matured and stabilized in the latter part of the decade, the annual growth rate slowed to an average of 0.6% annually from 2015 to 2020. Population estimates released by the Census Bureau in July 2024 indicate a continuation of moderate growth, increasing by 0.6 % from 2020 to 2023.
- 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, with the median age decreasing from 37 years in 2010 to 35.8 years in 2022. 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 33% from 2010 to 2022. The oldest baby boomers are now 76 years old, and younger boomers will continue aging into this age cohort through 2029.
- North Dakota’s population is projected to show moderate growth by 2027, increasing by 4% or about 28,000 people from 2022. The most significant change in population that is expected to occur by 2027 will be the aging forward of baby boomers into the ‘65 and older’ category.
- Most individuals ages 65 and older are aging in place (in their own household), so it is important to consider that 32% of them have a disability; and this increases to 43% for American Indians ages 65 and older. In addition, the number of individuals ages 65 and older residing in nursing homes grew by 16% from 2010 to 2022 – and is expected to increase by 22% by 2027, highlighting a continued need for long term care options in the state.
- As North Dakota’s population grew over the past several 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 17% in 2022. The Hispanic population, regardless of race more than doubled, increasing from 13,467 in 2010 to 33,189 in 2022.
- Disposable personal income in North Dakota has risen substantially since 2005. Despite this rise in income, 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 earning \$125,000 or more, half of all North Dakota households earn less than \$75,000 annually (51%); 33% earn less than \$50,000. There was also little change in the state’s official poverty rate (12% in 2012 to 11% in 2022). Approximately 80,810 North Dakotans were living in poverty in 2022, 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. Individuals who are either Black or American Indian are 11 times more likely to experience homelessness than the white population in North Dakota. Mental health disorders are becoming more frequent among individuals receiving services for homelessness. In 2023, about 29% of individuals receiving services for homelessness in the state also had a mental health disorder – 15% had a chronic health condition.
- Children and youth are also at risk of experiencing homelessness. During the 2023-2024 school year, 2,802 school aged youth were identified as lacking a fixed, regular, and adequate nighttime residence – an increase of 57% from 1,788 in 2020-2021. 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 at least one-third of young adults experience homelessness within two years of ‘aging out’ of foster care.

Housing Characteristics

- While most housing in North Dakota is owner-occupied (63% in 2022), homeownership rates are down from where they were in 2012, regardless of income. The greatest declines in homeownership rates were for households with lower and moderate incomes. From 2012 to 2022, the homeownership rate for households earning \$50,000 to \$74,999 dropped from 75% to 57%. Even for households with incomes of \$100,000 or more, the homeownership rate dropped from 92% to 89% during this ten-year period. During the same time frame, median monthly housing costs for homeowners with a mortgage (including mortgage, insurance, and utilities) rose 38%, from \$1,201 in 2012 to \$1,653 in 2022.
- As the homeownership rate in North Dakota decreased, the rate of rental occupancy grew from 34% in 2012 to 37% in 2022. Rental households are also facing a substantial increase in housing costs. Gross rent in North Dakota grew by 50% from 2012 to 2022 – twice the rate of inflation, from a median of \$610 per month in 2012 to \$912 in 2022. For about one in five households in North Dakota (i.e., those earning less than \$29,041 and defined as extremely low-income by HUD), the most they could afford would be \$726 each month.
- Housing costs in North Dakota are substantially more of a burden for renters than homeowners. In 2022, 39% of renters in the state were cost burdened (spending at least 30% of income toward housing) compared to 15% 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, 27% of North Dakota householders ages 65 and older were burdened by housing costs – for older adults who rent, 56% were burdened by housing costs.

Housing Sales Market

- Increasing housing costs are a major factor influencing declining homeownership and the increase in the number of households that rent. According to the annual Sales Ratio Study conducted by the North Dakota Office of State Tax Commissioner, the average residential home sale price increased in all 12 of North Dakota's largest cities from 2012 to 2022 by at least 21%. Growth in sale prices over the 10-year period ranged from a low of 21% in Williston to a high of 89% in West Fargo. For the cities of Dickinson, Fargo, Grand Forks, Jamestown, Mandan, Valley City, and West Fargo, sale price increases were greater in the first part of the decade (from 2012 to 2018). For the cities of Bismarck, Devils Lake, Minot, Wahpeton, and Williston, sale price increases were greater in the second part of the decade (2018 to 2022). The average sale price for residential homes in North Dakota's 12 largest cities ranged from \$181,346 in Devils Lake to \$379,312 in West Fargo in 2022.
- The average sale price for residential homes also increased in rural areas of the state from 2012 to 2022 – but at a slower pace than in the 12 largest cities. Increases ranged from 8% in Region II to 86% in Region V. Average prices in rural areas were lower as well, ranging from \$124,168 in Region III to \$279,840 in Region I in 2022.
- Along with a rise in monthly housing costs for homeowners and increasing sale prices is a rise in values associated with housing construction. Average values associated with construction permits for single-family homes in North Dakota increased steadily from 2015 through 2023, by 7% 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 2023 was \$334,469, a 25% increase from \$268,678 in 2020. For the 41% of households in North Dakota earning less than \$58,081, the most they could afford would be \$162,202.

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 (USDA), and the North Dakota Housing Finance Agency administer programs that provide low interest loans, tax credits, and rental assistance payments. Statewide there are currently 11,216 subsidized multifamily housing units at various income restriction limits.

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- Of the 11,216 affordable housing units in the state, 3,952 (35%) receive rental assistance. Rental assistance policies vary slightly but generally limit household rental costs to at or below 30% of household income. Determining the number of affordable housing units is complex given that low-income properties may participate in more than one low-income housing program. Without controlling for enrollment in multiple programs it is very easy to overestimate the actual number of available low-income properties or those that receive rental assistance.
 - Through the Housing Choice Voucher program administered by HUD, a total of 7,511 households were approved for housing vouchers as of June 2024 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 (369 vouchers) is 87% higher than the monthly average from 2015 to 2020 (197 vouchers). 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 61,773 extremely- and very low-income householders in North Dakota rented their homes in 2022. However, there are only 3,574 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. Thirty-two percent of affordable housing units have been in service since before 2000 and 11% have been in service since before 1980 (meaning 11% have been in service for 45 to 64 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

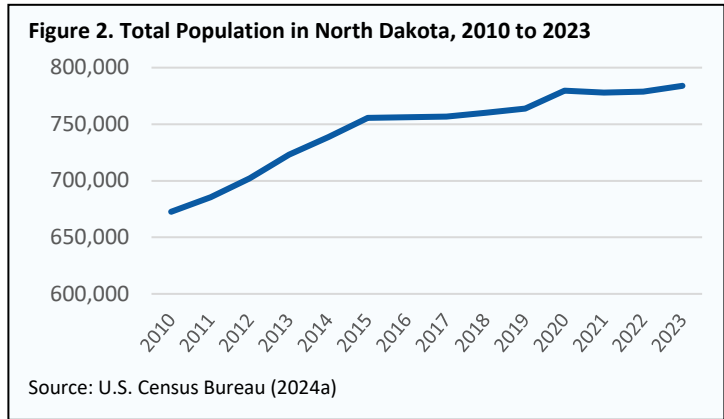
- Based on estimated change in population by age and the state's current housing inventory, the state would need to add an additional 20,382 housing units by 2027 to meet the potential need, a 6% increase from 2022. The strongest need for housing is projected for Regions V and VII (Fargo and Bismarck regions, respectively).
- As the household mix in North Dakota changes, projections indicate greater need for housing at all income levels. However, the greatest need is for more affordable housing for lower- and moderate-income households. Extremely low-income households in North Dakota are projected to grow by 8% or 4,997 households by 2027. Very low and low-income households are projected to grow by 7% and 6%, respectively. Lower moderate- and moderate-income households are expected to grow by 5% and 4% respectively through 2027.
- The most significant change in occupied housing expected to occur by 2027 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 78,047 in 2022 to 95,274 in 2027, a 22% increase. Growth in this householder cohort is expected in every region in the state, with each planning region projected to grow by at least 9% from 2022 to 2027.

Population Characteristics

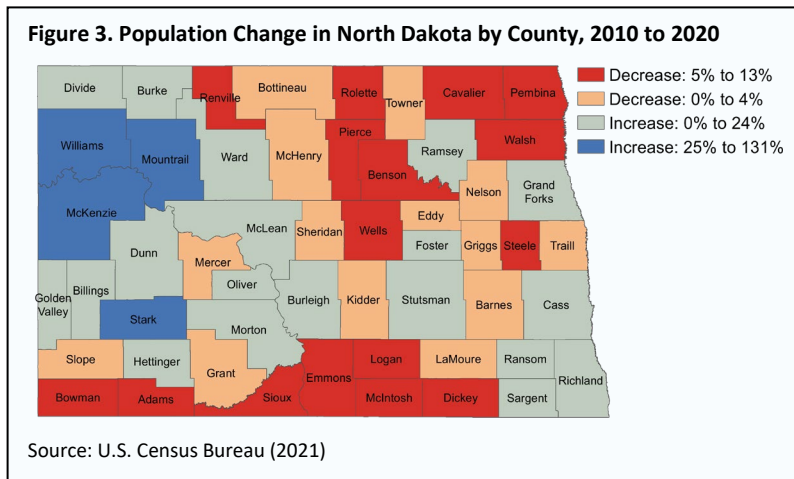
Population Trends

North Dakota's Population Shows Continued, but Moderated Growth

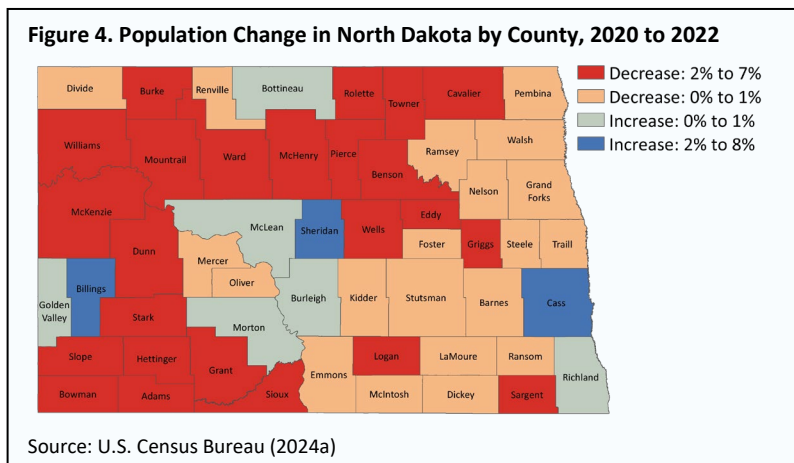
Due largely to energy development activities, North Dakota's population has changed dramatically during the past 13 years. Much of the population growth since 2010 took place early on, increasing an average of 2.4% annually from 2010 to 2015 (Figure 2). In response to a downturn in the oil and gas industry and workers leaving the state, the annual growth rate slowed to an average of 0.6% annually from 2015 through 2020. 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. Since 2020, estimates indicate continued growth, but at a much slower pace (0.6% from 2020 to 2023) (U.S. Census Bureau, 2024a).



The impact of shale oil extraction in the western part of the state, beginning 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, 2021).



Despite overall growth since 2010 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.

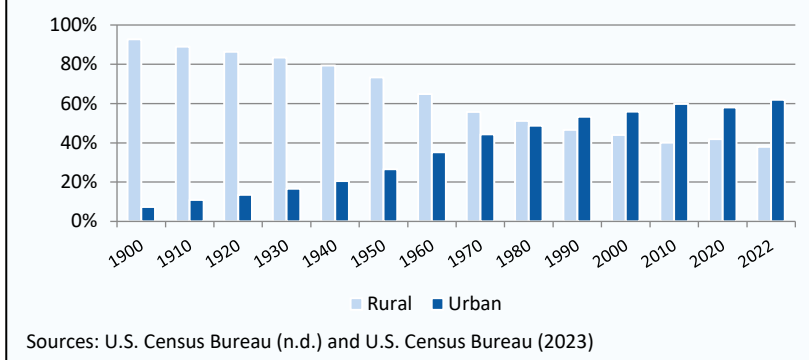
Current estimates since 2020 indicate that most counties in the state decreased in population through 2022 (U.S. Census Bureau, 2024a). In fact, 24 counties decreased by at least 2%. Nine counties had an increase in population from 2020 to 2022, with Sheridan, Cass, and Billings counties growing by at least 2% (Figure 4).

Population Consolidation

Half of North Dakota’s Population Resides in Seven Most Populated Cities

A rural-to-urban migration in North Dakota began in earnest during the 1940s (Figure 5). 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 2022 data from the U.S. Census Bureau’s American Community Survey, 62% of North Dakota’s population is defined as urban (U.S. Census Bureau, 2023). Half of North Dakota’s population resides in the state’s seven most populous cities: Fargo, Bismarck, Grand Forks, Minot, West Fargo, Williston, and Dickinson. For context, there are currently 356 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, 2024a).

Figure 5. Rural-Urban Population Distribution in North Dakota, 1900 to 2022



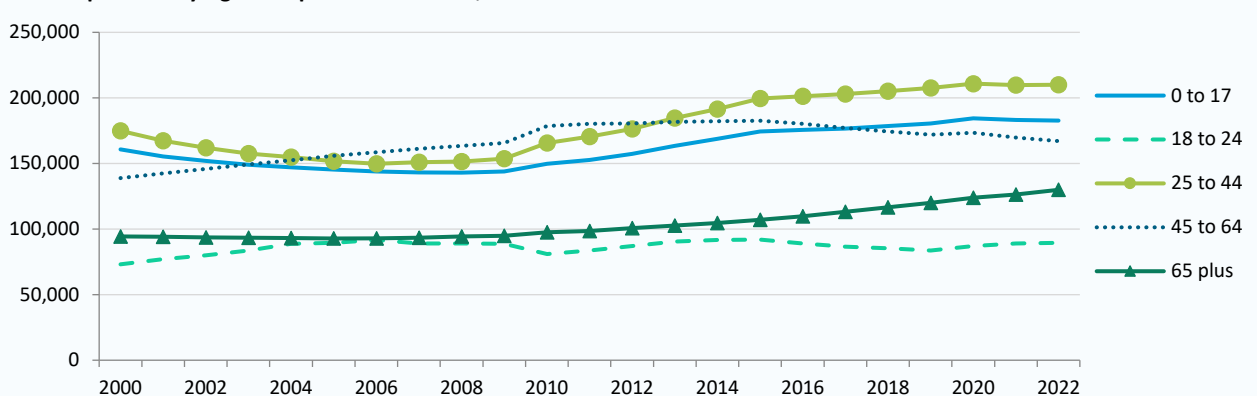
Shifting Age Distribution

Population Growth has Slowed for Most Age Groups, Except for Those 65 and Older

The age structure in North Dakota has recently been impacted by a strong, diversified economy in the eastern part of the state and the substantial growth in western North Dakota as a result of energy development. The rapid growth in population from 2010 to 2015 was fueled largely by people ages 25 to 44 moving to North Dakota for employment opportunities. This demographic shift, combined with an increased birth rate, resulted in North Dakota being the only state to become younger, with the median age decreasing from 37.0 years in 2010 to 34.7 in 2015. Since 2015, the median age has increased to 35.8 in 2022; however, it is still lower than the national median of 39.1 years.

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, has grown an average of 2% every year from 2010 through 2022 (Figure 6) (U.S. Census Bureau, 2024a).

Figure 6. Population by Age Group in North Dakota, 2000 to 2022



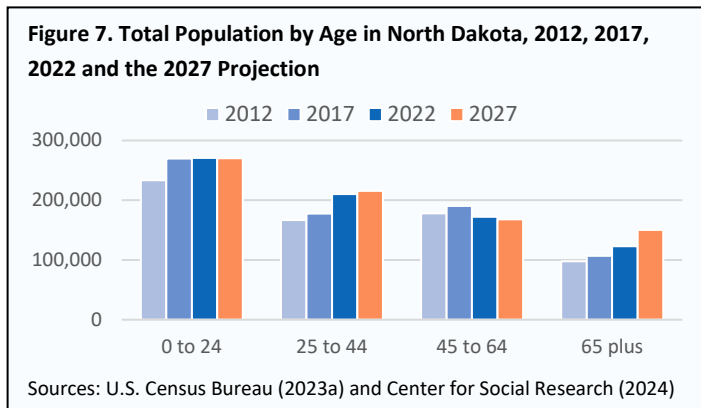
Source: U.S. Census Bureau (2024a)

Projected Population

The Aging of Baby Boomers Will Drive Future Population Change

Population projections for North Dakota were prepared for this study to show the potential change in the number of people over a five-year period, from the base year of 2022 out to 2027. As energy development activities in western North Dakota slowed, migration patterns and birth rates shifted, resulting in moderated population growth since 2020.

Overall, the state’s population is projected to grow by 3.6% over the next five-year period, from 776,874 in 2022 to 804,651 people by 2027 (an increase of 27,777 people).



The most significant change in population that is expected to occur by 2027 will be the continued aging forward of the baby-boom cohort into the 65 and older category. Statewide, population in the 65 and older category is projected to increase from 123,220 in 2022 to 150,309 in 2027, a 22% increase. Growth in this age category is expected in nearly every county in the state, the 12 most populated cities, as well as the four American Indian Reservation 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 3% (4,415 people) by 2027 (Figure 7). While seven counties may

see modest growth in the 45 to 64 age group, losses in this age cohort are expected in five of the eight planning regions in North Dakota (Center for Social Research, 2024).

The 25 to 44 age cohort, or the prime childbearing age group grew by 28% from 2010 to 2020. 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. While population growth has slowed, projections suggest this cohort will likely increase by 3% to 215,938 people by 2027. Geographically, the eastern and western parts of North Dakota are projected to show the largest increases in people ages 25 to 44 by 2027.

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. As a result, the 0 to 24 age cohort is expected to show a slight decrease of 284 people from 2022 to 2027, a 0.1% loss. These losses are projected to affect much of the state, except for the western part of the state where the number of births has remained steady, contributing to a projected growth in the 0 to 24 age group of 5% in Region I and 6% in Region VIII. Region V, home to the city of Fargo, is also projected to show modest growth in this youngest cohort of 2% (Table 1).

Table 1. Population by Age Cohort in North Dakota by Planning Region, 2022 and the 2027 Projection

Planning Regions	Total			Ages 0 to 24			Ages 25 to 44			Ages 45 to 64			Ages 65 and Older		
	2022	2027	% Change	2022	2027	% Change	2022	2027	% Change	2022	2027	% Change	2022	2027	% Change
North Dakota	776,874	804,651	3.6%	270,618	270,334	-0.1%	210,551	215,938	2.6%	172,485	168,070	-2.6%	123,220	150,309	22.0%
I	55,352	58,051	4.9%	20,798	21,830	5.0%	17,862	17,703	-0.9%	11,175	11,740	5.1%	5,517	6,778	22.9%
II	99,382	99,011	-0.4%	34,678	33,665	-2.9%	28,157	25,971	-7.8%	21,520	21,983	2.2%	15,027	17,392	15.7%
III	38,053	37,516	-1.4%	13,701	13,683	-0.1%	8,342	8,373	0.4%	8,978	7,795	-13.2%	7,032	7,665	9.0%
IV	93,358	93,488	0.1%	35,665	33,457	-6.2%	23,581	24,662	4.6%	19,445	17,652	-9.2%	14,667	17,717	20.8%
V	222,145	240,288	8.2%	80,814	82,410	2.0%	64,621	70,580	9.2%	46,114	47,998	4.1%	30,596	39,300	28.4%
VI	55,638	54,974	-1.2%	16,629	16,469	-1.0%	12,206	11,589	-5.1%	14,224	12,402	-12.8%	12,579	14,514	15.4%
VII	164,856	171,203	3.9%	52,473	52,073	-0.8%	42,654	43,799	2.7%	39,821	37,843	-5.0%	29,908	37,488	25.3%
VIII	48,090	50,120	4.2%	15,860	16,747	5.6%	13,128	13,261	1.0%	11,208	10,657	-4.9%	7,894	9,455	19.8%

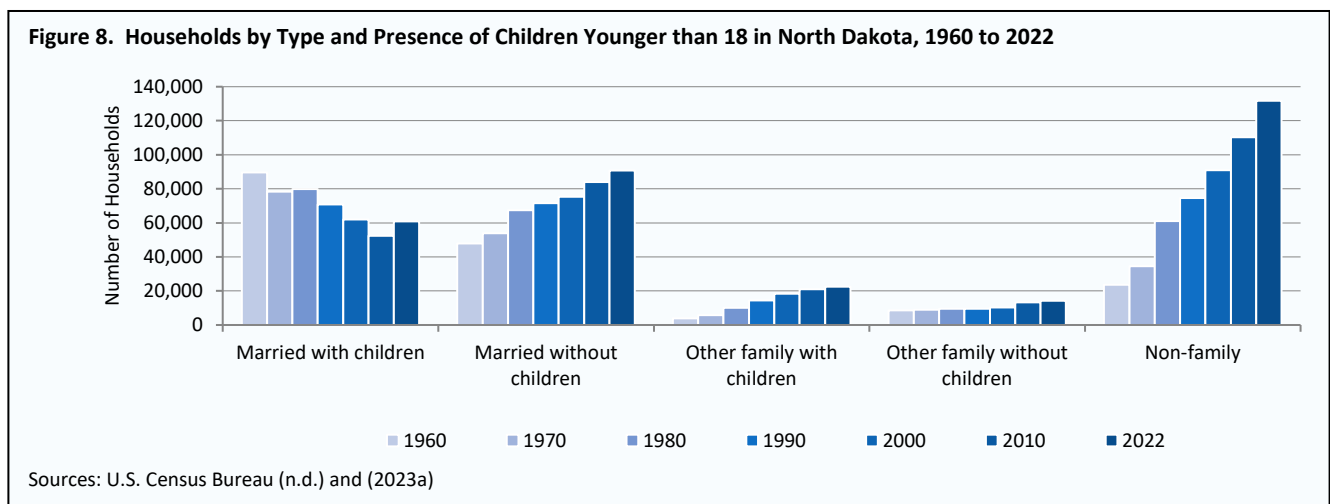
Note: Bold text represents a projected growth in that particular cohort. Sources: U.S. Census Bureau (2023a) and Center for Social Research (2024)

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 2022. 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, the number of married couples with children decreased gradually each decade, and accounted for 52,438 households by 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 2022 data indicate an increase in the number of married couples with children; however, given overall population growth in the state, these households continue to represent approximately 19% of all households in North Dakota (U.S. Census Bureau, 2023a).

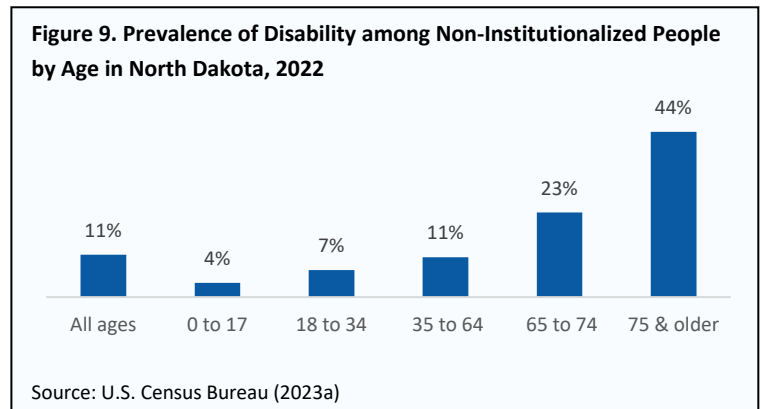
A notable shift in household composition in North Dakota has been the continued growth in non-family households. Non-family households, which consist of a single person living alone or unrelated persons living together, represented fewer than 24,000 households in 1960 or 14% of occupied housing units. However, by 2022, this household type grew to 131,721 households, representing 41% of the occupied housing units in the state. Importantly for housing, 81% 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.



Populations with Disabling Conditions

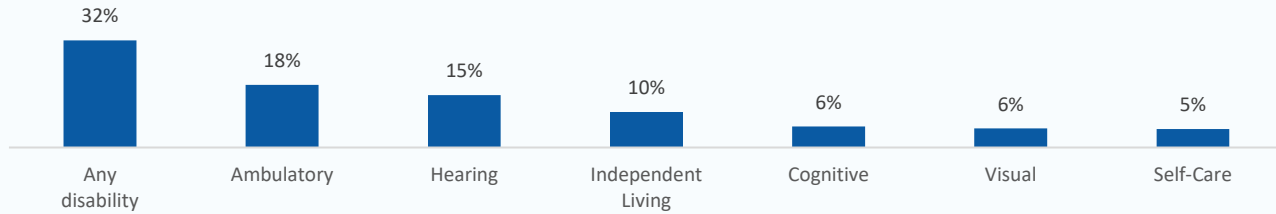
One in Three North Dakotans 65 and Older Lives with a Disability

In North Dakota, 11% of the population, or 86,397 people reported having a disability in 2022. This percentage increases substantially for older populations. Nearly half of persons ages 75 and older in North Dakota reported having a disability in 2022 (21,085 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 a disabling condition in 2022 (32%). This percentage increases to 43% for American Indians ages 65 and older (U.S. Census Bureau, 2023a).



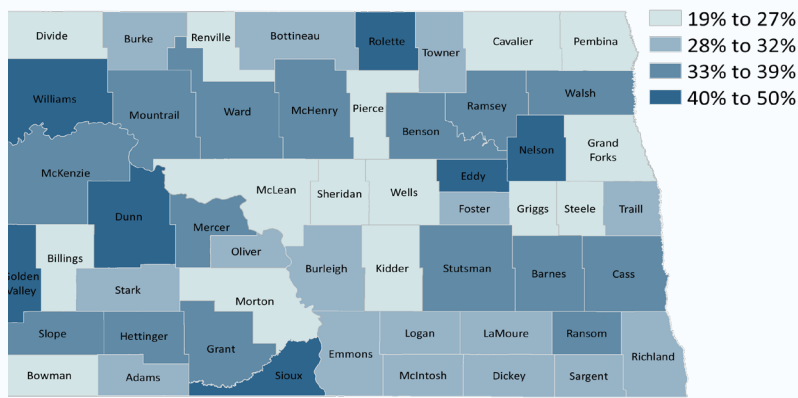
The oldest of the baby-boom generation began turning 76 years old in 2022 – and younger boomers will continue turning 76 through 2040. Data suggest that this generation is living longer and research indicates that baby boomers, as they age, face more chronic disease and disability than earlier generations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

Figure 10. Prevalence of Disability among Non-Institutionalized People Ages 65 and Older in North Dakota, 2022



Source: U.S. Census Bureau (2023a)

Figure 11. Disability Rate for People Ages 65 and Older in North Dakota, 2022



Source: U.S. Census Bureau (2023a)

Overall, 18% of North Dakotans ages 65 and older reported having serious difficulty walking or climbing stairs in 2022 (21,381 people), 15% had difficulty hearing, and 10% had difficulty living independently. Fewer than 10% each had difficulties with cognition, vision, or caring for themselves (Figure 10).

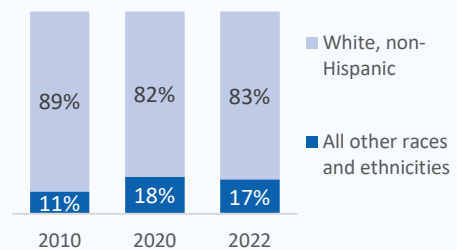
In general, disability rates for persons 65 and older are highest in rural portions of the state, including reservation areas. In seven, largely rural North Dakota counties, at least 40% of people 65 and older had a disabling condition in 2022 (Figure 11) (U.S. Census Bureau, 2023a).

Racial Diversity

Racial and Ethnic Diversity in North Dakota Nearly Doubled Since 2010

The racial and ethnic composition in North Dakota has changed considerably in the past 12 years. From 2010 to 2020, the proportion of North Dakota’s population that was a race other than non-Hispanic white increased from 11% to 18% (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). Current 2022 data suggest little change in the racial composition of North Dakota’s population from 2020.

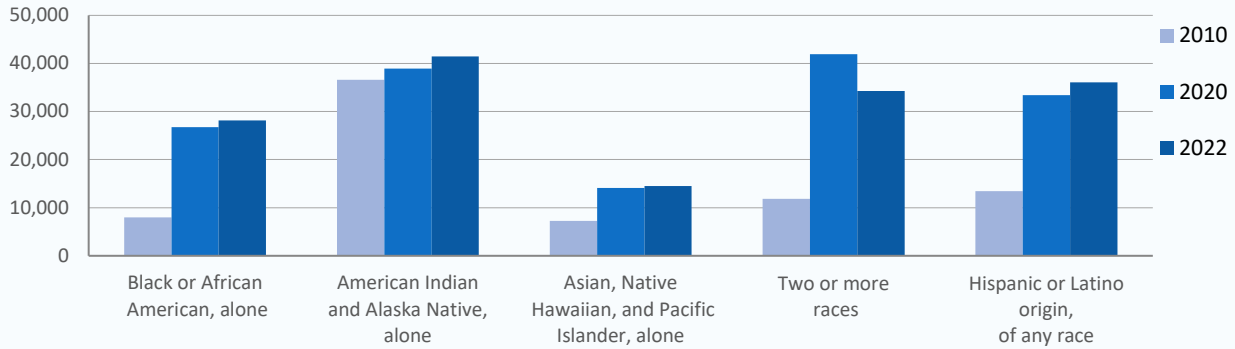
Figure 12. Racial and Ethnic Population Diversity in North Dakota, 2010, 2020, and 2022



Sources: U.S. Census Bureau (2021 and 2024a)

American Indians comprise the largest non-white racial group in the state, representing 5% of the state’s population in 2022 at 41,435 people. While this population grew 13% 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 from 43,371 in 2010 to 51,413 in 2022, a 19% increase (U.S. Census Bureau, 2024a).

Figure 13. Individual Racial and Ethnic Population Diversity in North Dakota, 2010, 2020, and 2022



Note: 'Alone' indicates the respondent identified as 'one race only'.
Source: U.S. Census Bureau (2021 and 2024a)

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 and the generally robust economic conditions statewide. Growth rates then slowed through 2017, yet per capita disposable income in North Dakota continued to exceed the national average (Figure 14). From 2017 through 2023, per capita values in North Dakota again grew rapidly, averaging 6% annually to \$67,093, which was 10% higher than the national average of \$60,299 in 2023.

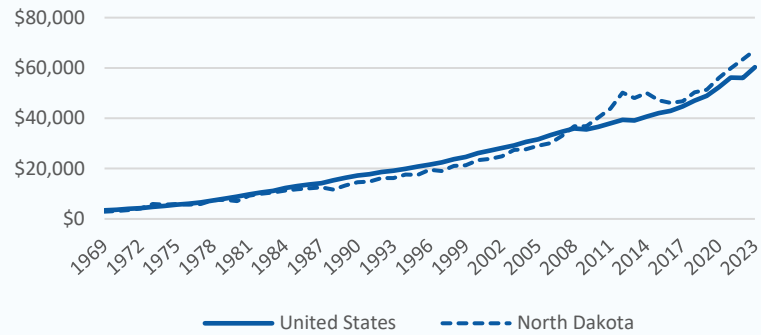
In 2012, North Dakota's per capita disposable income of \$50,147 ranked 2nd

highest among states behind Connecticut. North Dakota currently has the 9th highest per capita disposable income at \$67,093 in 2023. Massachusetts, Connecticut, and Washington reported the highest per capita values among states in 2023 (\$74,342, \$73,888, \$70,589, respectively). Only the District of Columbia was higher at \$84,161 (U.S. Bureau of Economic Analysis, 2024a).

Higher wages and salaries have also resulted in higher household and family incomes in the state. While the inflation rate grew 19% from 2017 to 2022 (U.S. Bureau of Labor Statistics, 2024), the median family income in North Dakota increased by 25% from \$80,091 in 2017 to \$100,188 in 2022 (U.S. Census Bureau, 2023a)

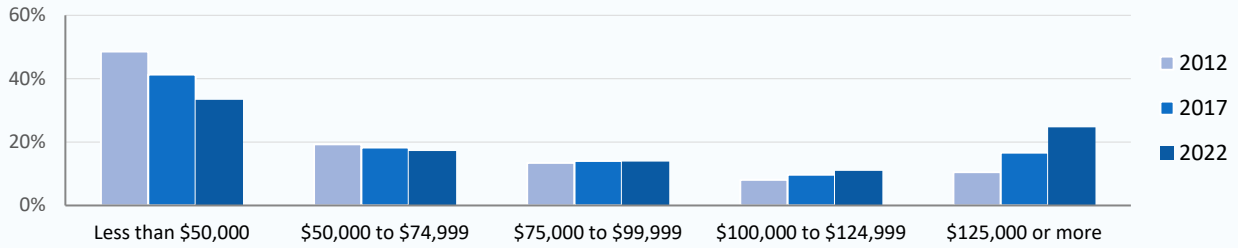
Despite the rise in incomes, there has been little overall change in the number of moderate-income households in North Dakota. Households earning from \$75,000 to \$99,999 represented about 14% of all households in the state in 2022, compared to 13% in 2012. And while there are fewer households earning less than \$50,000 in 2022 compared to 2012, in 2022, half of all North Dakota households earned less than \$75,000 annually (51%); 33% earned less than \$50,000. Those households earning at least \$125,000 doubled from 11% in 2012 to 25% in 2022 (Figure 15) (U.S. Census Bureau, 2023a).

Figure 14. Per Capita Disposable Personal Income in North Dakota and the United States, 1969 to 2023



Source: U.S. Bureau of Economic Analysis (2024a)

Figure 15. North Dakota Households by Household Income Level, 2012, 2017, and 2022

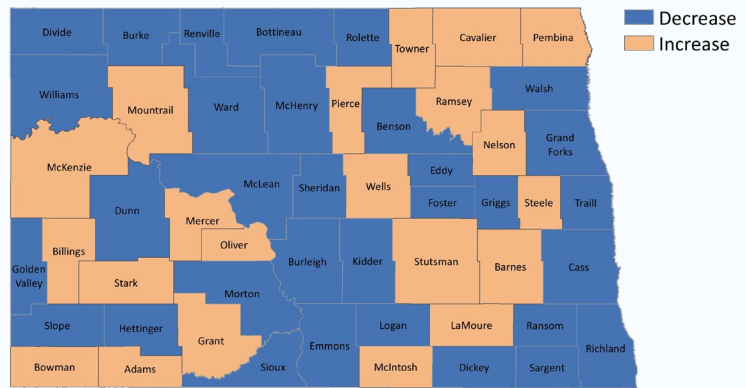


Source: U.S. Census Bureau (2023a)

Poverty. Despite the rapid growth in incomes across North Dakota during the past few years, there was little change in the state’s official poverty rate. Approximately 80,810 North Dakotans were living in poverty in 2022, meaning they had incomes considered too low to cover basic living expenses. Overall, the poverty rate edged down slightly from 12% in 2012 to 11% in 2022. Despite this slight improvement statewide, 21 counties showed an increase in poverty since 2012 (Figure 16) (U.S. Census Bureau, 2023a).

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; Black or 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, 2023a).

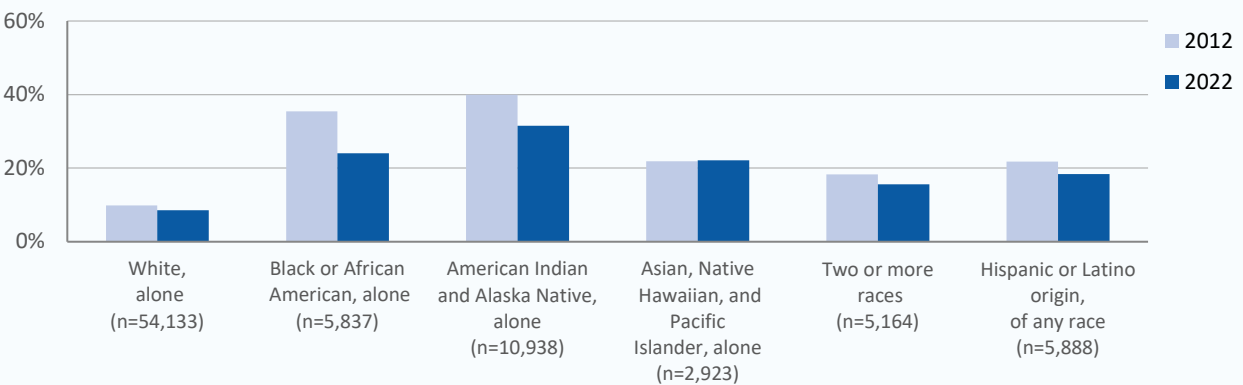
Figure 16. Change in Poverty Rate in North Dakota by County, 2012 to 2022



Source: U.S. Census Bureau (2023a)

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, 2023a). Despite improved poverty rates from 2012 to 2022, residents in these communities continue to face significant, ongoing barriers to financial stability.

Figure 17. Poverty Rate in North Dakota by Race and Ethnicity, 2012 and 2022



Notes: ‘Alone’ indicates the respondent identified as ‘one race only’. The ‘n’ values represent the number of people experiencing poverty in 2022. Source: U.S. Census Bureau (2023a)

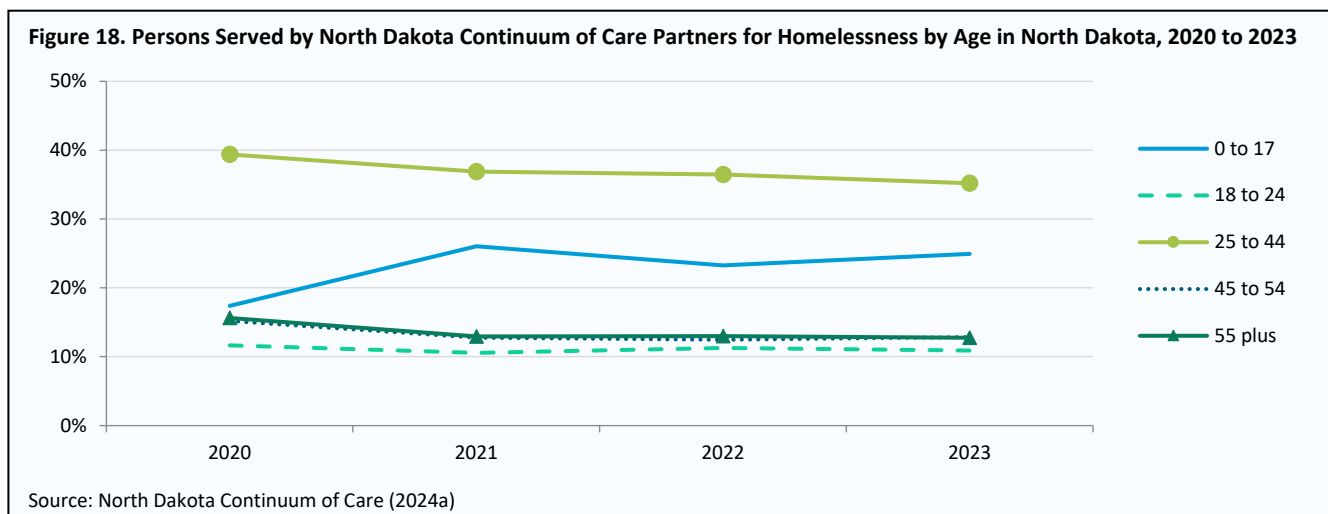
Populations Experiencing Homelessness

Stable Housing Continues to be a Significant Challenge for Many Individuals, Families, and Children 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 number of individuals receiving services for homelessness in North Dakota has been steadily increasing over the past four years. In 2023, CoC partners served 6,208 individuals experiencing homelessness in the state, which is a 35% increase from 4,606 people in 2020 (North Dakota Continuum of Care, 2024a).

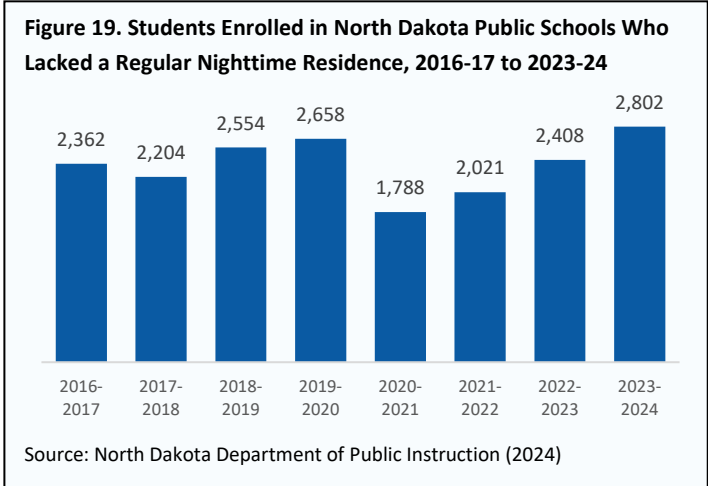
The age composition of individuals being served by CoC partners has shifted over the past few years. While there was little change in the number of adults ages 18 to 24 or 45 and older receiving services from 2020 to 2023 in North Dakota, children now account a much larger share of those served. Specifically, children ages 0 to 17 accounted for 25% of those receiving services for homelessness in 2023, an increase from 17% in 2020. During the same time, the primary workforce population ages 25 to 44 decreased from 39% of those receiving services in 2020 to 35% in 2023 (Figure 18).



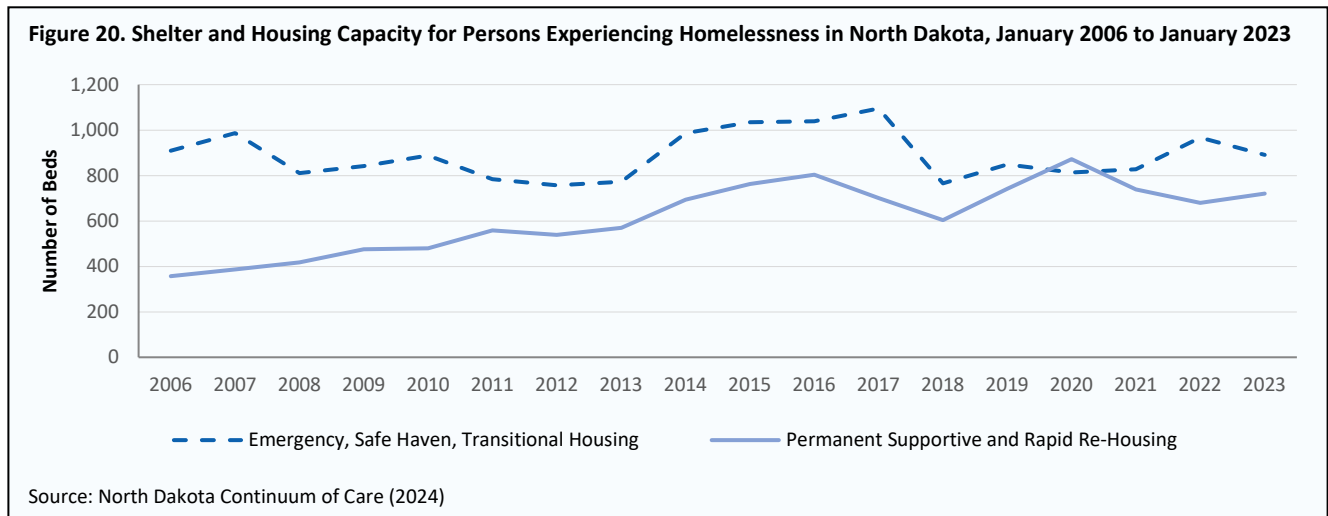
Another notable trend is an increase in the number of individuals receiving services who are also struggling with other conditions, disorders, or disabilities. In particular, 29% of individuals receiving services for homelessness in 2023 had a mental health disorder – which is up from 11% in 2017. In addition, 15% of those receiving services had a chronic health condition in 2023, which is up from 4% in 2017 (North Dakota Continuum of Care, 2024b).

Individuals who are Black or African American are among the fastest growing populations in North Dakota. They are also disproportionately affected by homelessness. While Black and African Americans comprise about 3% of the total population in North Dakota, they comprise 20% of all individuals receiving services for homelessness. Even more disparate are data for American Indians living in the state. American Indians comprise 5% of the total population in North Dakota yet represent 29% of individuals served by CoC partners for homelessness in North Dakota (1,804 people). Individuals who are either Black or American Indian are 11 times more likely to experience homelessness than the white population in North Dakota (North Dakota Continuum of Care, 2024a).

School Children Impacted by Unstable Housing. While the North Dakota Continuum of Care partners provided services to 1,548 children in 2023, 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 broadly defines homeless children as those 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 2,802 public school children who lacked a permanent nighttime residence during the 2023-24 school year, an increase of 57% from 1,788 in the 2020-21 school year (Figure 19) (North Dakota Department of Public Instruction, 2024).



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 2023 evaluation, it was determined that North Dakota had 1,612 beds, and just over half of them (55%) 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 (45% in 2022) (North Dakota Continuum of Care, 2024). 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).



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, 2,025 children received foster care services during 2022, an 8% increase from 1,878 in 2012 (North Dakota Department of Health and Human Services, 2023). When children leave the foster care system in North Dakota, most of them are reunited with family, a guardian, or are adopted (89% in 2021) (U.S. Department of Health and Human Services, 2023). 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’ or emancipation, securing safe and affordable housing can be a challenge.

The number of North Dakota youth who age out of foster care has dropped by half over the past several years. In 2009, one in 10 foster youth were emancipated (98 youth or 11%), a proportion which has decreased to 3% (or 33 youth) in 2021 (U.S. Department of Health and Human Services, 2023). Leaving foster care can mean the loss of an array of resources and services that previously supported them in care. While many youths who age out of foster care successfully find 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 39% of North Dakota youth aging out of foster care experienced homelessness by age 19 and another 35% were homeless at some point during the next two years (by age 21) – this despite 68% finding employment by age 21 (National Youth in Transition Database, 2021).

Long Term Care Populations

Despite More North Dakotans Aging in Place, the Need for Assisted Living will Continue to Grow

In 2022, approximately 4% of North Dakota’s population lived in some type of group housing (27,238 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, 2023a). One-fourth of all those living in a group facility were people ages 65 and older living in nursing or skilled care (25% or 6,783 people in 2022).

While there was a 16% increase in the number of people 65 and older living in nursing homes from 2010 to 2022, those 65 and older living in their own home grew by 27% (U.S. Census Bureau, 2023a). 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 22% to 8,274 people by 2027.

Current information from North Dakota’s Long Term Care Association suggests that the effects of the COVID-19 pandemic are continuing to have 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, 2023). 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 living 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

Matching the pace of population growth in North Dakota, housing units increased by 17% from 2010 to 2020. Due largely to the booming energy industry in the state, much of the overall housing growth took place in the first part of that decade, growing an average of 3% annually from 2010 through 2015. Since then, housing units have grown an average of 1% annually through 2023 (U.S. Census Bureau, 2024a).

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 2022 (86%) – 14% were vacant. While occupied housing grew 13% statewide from 2012 to 2022, this growth was largely concentrated in the major metropolitan and urban centers — and some of the western energy development counties. McKenzie and Williams counties experienced the most remarkable growth in occupied housing during this 10-year period. However, for most counties throughout the state, the trend was one of decline with 66% of counties (35 counties) having a decrease in total households (Figure 21) (U.S. Census Bureau, 2023a).

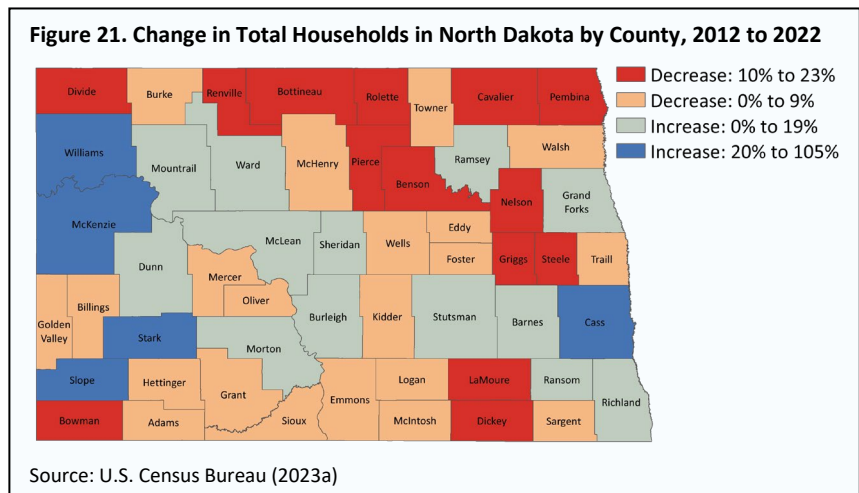


Table 2. Housing Units by Occupancy and Tenure in North Dakota, 2012, 2017, and 2022

Year	Total Housing Units	Occupied Housing					Vacant Housing	
		Total	Owner-Occupied		Renter-Occupied		Total	% of Total Housing
			Total	% of all Occupied	Total	% of all Occupied		
2012	319,468	282,667	187,567	66.4%	95,100	33.6%	36,801	11.5%
2017	360,660	311,525	197,083	63.3%	114,442	36.7%	49,135	13.6%
2022	372,376	320,038	202,213	63.2%	117,825	36.8%	52,338	14.1%

Source: U.S. Census Bureau (2023a)

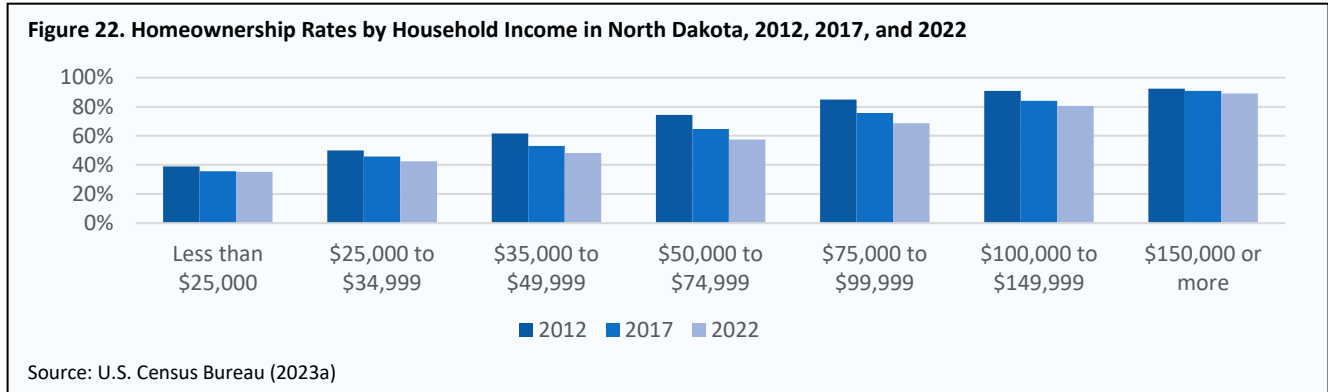
Homeownership

Homeownership Rates in North Dakota are Down Again in 2022, Regardless of Income

North Dakota had the fastest-growing economy in the United States from 2010 to 2014, with real GDP growth of 56% (six times faster than the national average of 9%) (U.S. Bureau of Economic Analysis, 2024). Overall growth slowed considerably from 2015 through 2020. From 2020 to 2023, real GDP grew an average of 1% per year. As the state’s economy grew, so did home values. In 2022, the median home value in North Dakota was \$232,500, which is an 88% increase from \$123,900 in 2012 (not accounting for inflation) (U.S. Census Bureau, 2023a). However, as home values

grew, homeownership rates decreased. While most occupied housing in North Dakota is owner-occupied (63% in 2022), the percentage is down from 66% in 2012 (Table 2).

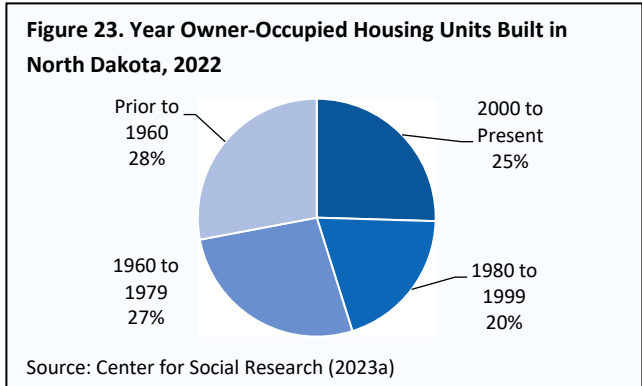
Household Income. While higher incomes increase the likelihood of owning a home, the homeownership rate decreased for each of the income groups presented in Figure 22. The largest drop in homeownership rates was for households earning from \$50,000 to \$74,999 (75% in 2012 to 57% in 2022). This may in part be explained by rising housing costs throughout the state. The median monthly housing costs for homeowners with a mortgage rose 38% since 2012, from \$1,201 to \$1,653 in 2022.



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 18 times more likely to live in an owner-occupied home than Black or African Americans in the state, six times more likely than Asians, and two times more likely than American Indians and persons of Hispanic origin (U.S. Census Bureau, 2023b).

Age of Housing. The age of housing is another consideration in the accessibility and desirability of owning a home. In North Dakota, one in four homes were built in the past 22 years (25% were built from 2000 through 2022). However, most owner-occupied homes were built prior to 1980 (55%) and 28% were built more than 60 years ago (Figure 23).

The oldest housing inventory is most prevalent in rural portions of North Dakota. In five rural counties, half of all owner-occupied housing was built prior to 1960 (Griggs, Nelson, Traill, McIntosh, and Golden Valley) (U.S. Census Bureau, 2023a).



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. During the 2020s, homes with fewer than three bedrooms represented 10% of all homes built, compared to 22% of homes built in the 1960s and 34% of those built in the 1940s (U.S. Census Bureau, 2023b).

Condition. Overall housing conditions in the state are good. An estimated 587 owner-occupied units in North Dakota lacked complete plumbing in 2022 (0.3%) and another 457 lacked a complete kitchen. Approximately 1% of owner-occupied housing was considered overcrowded (i.e., more than one occupant per room) (U.S. Census Bureau, 2023a).

Rental Housing

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

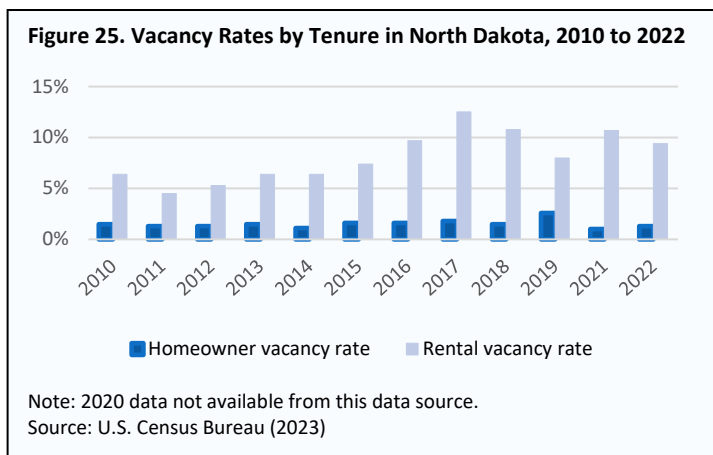
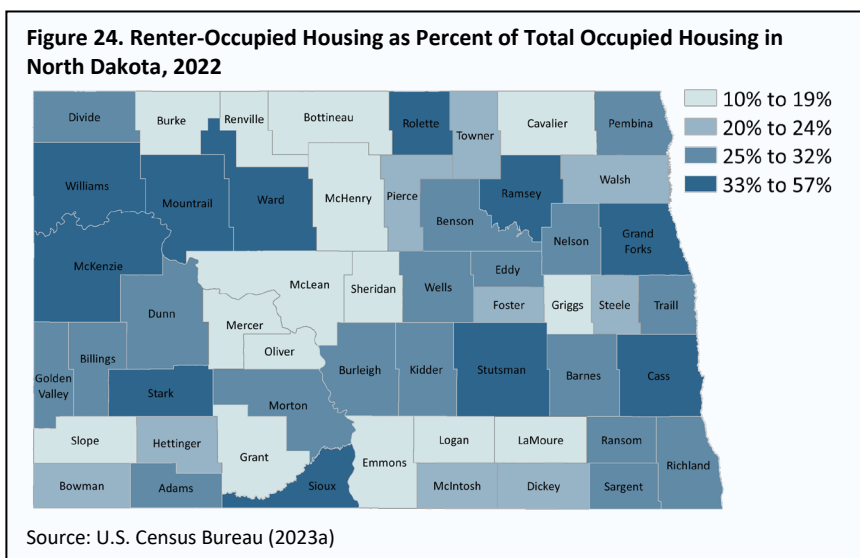
As the homeownership rate in North Dakota decreased, the rate of rental occupancy increased from 34% in 2012 to 37% in 2022. In 11 North Dakota counties, renters comprised at least one-third of all occupied housing in 2022 (Figure 24) (U.S. Census Bureau, 2023a).

Rental Costs. Households that rent in North Dakota are experiencing a substantial increase in rental costs. From 2012 to 2022, gross rent in North Dakota grew by 50% – nearly twice the rate of inflation - from a median of \$610 per month in 2012 to \$912 in 2022. Specifically, the median rent was \$722 for an efficiency unit with no bedroom,

\$764 for a one bedroom, \$908 for a two-bedroom unit, \$1,210 for a three bedroom, and \$1,447 for a four bedroom in 2022. Energy development counties in the western part of the state reported the highest median rents in 2022, with McKenzie, Williams, Mercer, Divide, and Ward counties exceeding \$1,000 per month (\$1,192, \$1,097, \$1,039, \$1,032, and \$1,005, respectively) (U.S. Census Bureau, 2023a). In addition, from 2012 to 2022, the number of units that were rented for less than \$600 per month fell by 25,170 units. In 2012, units renting for less than \$600 per month represented half of all rentals (48%); in 2022 they represented just 15% of all rental households (U.S. Census Bureau, 2023a).

Condition. Similar to owner-occupied housing, older rental inventory is more prevalent in rural portions of North Dakota. In Slope, Oliver, Ransom, and Grant counties, half of all rental units were built prior to 1960. When compared to owner-occupied housing, similar percentages of rental units were substandard in 2022. An estimated 687 renter-occupied units in North Dakota lacked complete plumbing in 2022 (1%) and 1,476 (1%) lacked a complete kitchen. However, approximately 4% of renter-occupied housing was considered overcrowded (i.e., more than one occupant per room) (compared to 1% of owner-occupied housing) (U.S. Census Bureau, 2023a).

Vacancy. The availability of rental housing is another factor impacting tenure in North Dakota. According to analysts with the Federal Reserve Bank of Minneapolis, a healthy rental vacancy rate typically hovers around 7% to 9% (Federal Reserve Bank of Minneapolis, 2024).



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, then rose to 9% in 2022 (Figure 25) (U.S. Census Bureau, 2023).

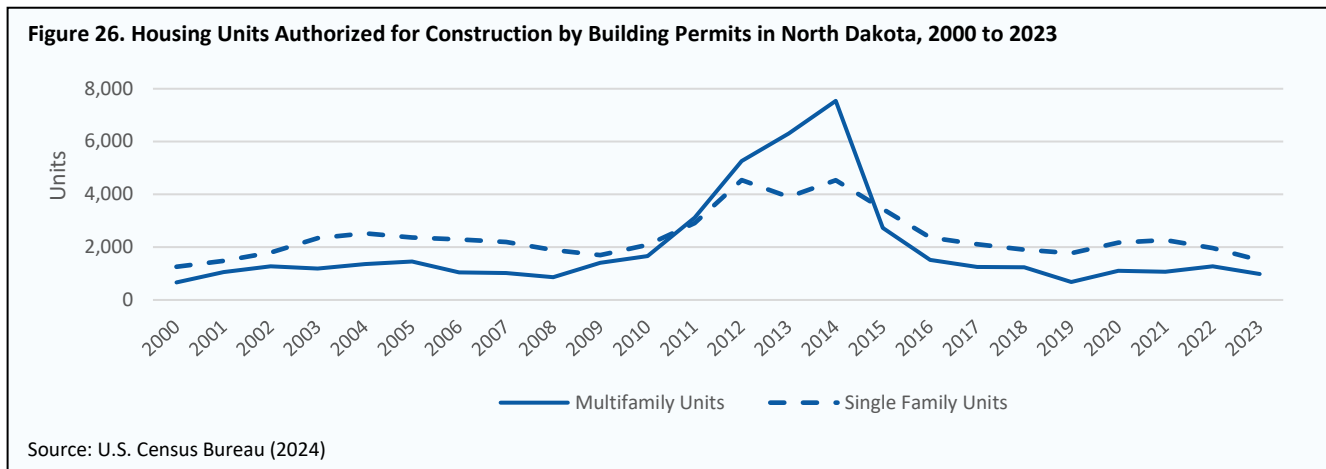
Rental vacancy varied dramatically throughout the state, from no vacancy in Slope and Eddy counties to a high of 34% in Griggs County in 2022 (U.S. Census Bureau, 2023a). The homeowner vacancy rate is slightly lower than the suggested healthy rate of 1.5%, suggesting an undersupply of housing for ownership in the state (1.3% in 2022).

Construction Industry

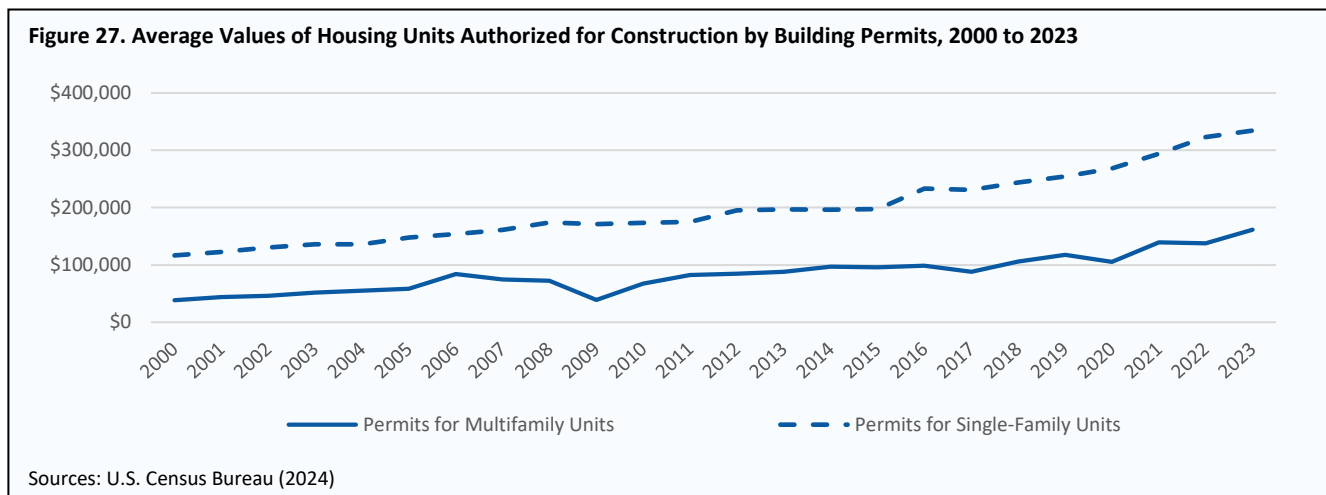
Construction Values have Risen Twice as Fast for Multi-Unit Housing as for Single-Family Homes

Building Permits. 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. In 2023, local building permit offices in North Dakota authorized the construction of 2,618 new privately-owned housing units with a total valuation of \$689 million (U.S. Census Bureau, 2024).

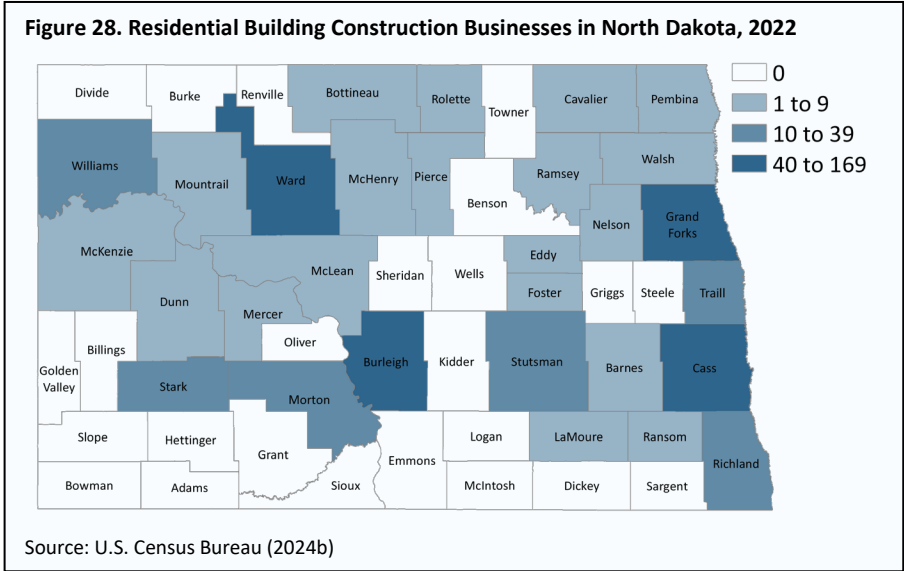
Building permits authorized for single-family homes in North Dakota rose consistently in the early 2000s, increasing an average of 19% annually from 2000 through 2004. Permits then slowed, decreasing each year through 2009. Beginning in 2010, authorized permits for single-family homes jumped dramatically, more than doubling from 2,084 in 2010 to 4,540 in 2012. Numbers have since dropped to pre-2002 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-2002 levels (Figure 26).



Average values associated with the permits for single-family homes in North Dakota increased steadily from 2000 through 2015, by approximately 4% annually. From 2015 through 2023, average permit values for single-family homes increased an average of 7% per year. The most dramatic increase in average values occurred over the past four years. The average value for single-family homes authorized for construction increased by 25% from 2020 to 2023, increasing from \$268,678 in 2020 to \$334,469 in 2023 (not accounting for inflation) (Figure 27).



Builders. According to the 2022 County Business Patterns, North Dakota has 598 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 4% from 626 in 2012, but up from 551 builders in 2020. Builders in North Dakota are currently concentrated within 29 counties (down from 49 counties in 2012). This means that 24 counties in North Dakota do not have a residential construction business (Figure 28) (U.S. Census Bureau, 2024b).



Housing Sales Market

North Dakota Sales Ratio Study

Home Sale Purchase Prices for Residential Property in North Dakota Continue to Increase Substantially

Average Verified Prices

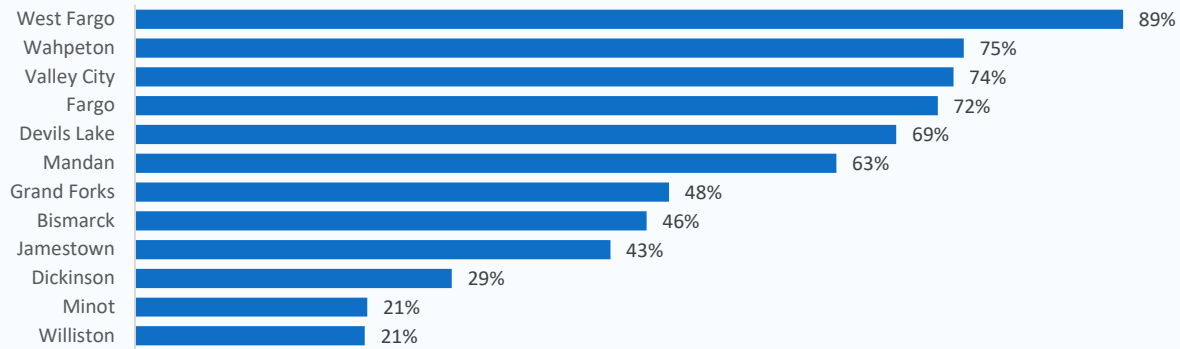
Favorable economic conditions, population growth, increased costs for materials and labor, regional flooding, and COVID-19 have all contributed to increased housing costs in recent years. Gauging and quantifying housing costs can be difficult because various characteristics such as age, size, amenities, 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 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 and are not adjusted for inflation.

Urban Areas - Top 12 Cities in North Dakota. Average verified prices for residential homes sold in 2022 in the 12 largest cities in North Dakota ranged from a low of \$181,346 in Devils Lake to a high of \$379,312 in West Fargo (Figure 30). Since 2012, 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 2012 to 2022; in West Fargo, average verified prices increased by 89% since 2012 to \$379,312. The percentage change in prices from 2012 to 2022 for each of the 12 largest North Dakota cities is shown in Figure 29 (North Dakota Office of State Tax Commissioner, 2024).

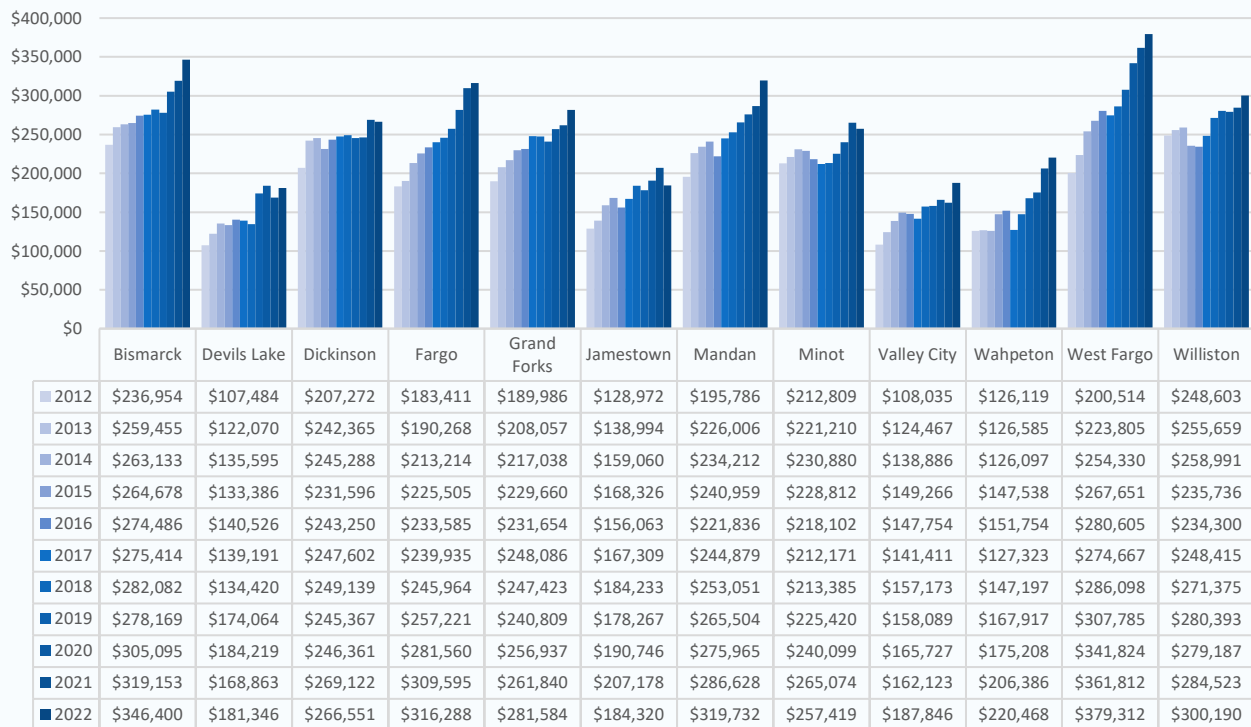
Figure 29. Percent Change in the Average Verified Prices for Residential Property, Top 12 Cities in North Dakota, Sales Ratio Study, 2012 to 2022



Source: North Dakota Office of State Tax Commissioner (2024)

Year to year comparisons in Figure 30 detail the overall 10-year trend of increased housing prices since 2012 for the state’s 12 largest cities in North Dakota.

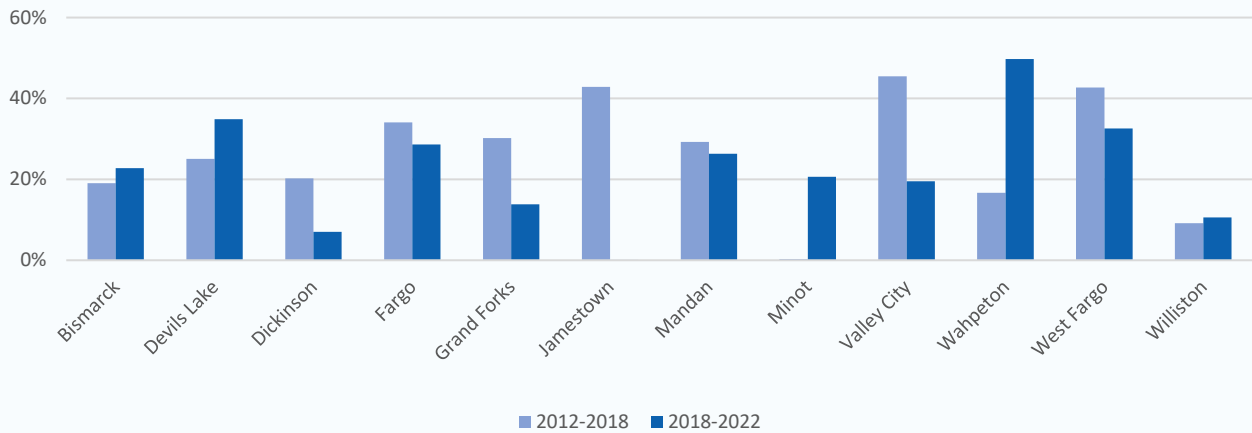
Figure 30. Average Verified Prices for Residential Property, Top 12 Cities in North Dakota, Sales Ratio Study, 2012 to 2022



Source: North Dakota Office of State Tax Commissioner (2024)

Figure 31 shows the percentage change in average verified prices for two time periods over the past 10 years. While all 12 of the largest cities experienced an increasing trend in average verified prices through 2022, 7 of the 12 largest cities (Dickinson, Fargo, Grand Forks, Jamestown, Mandan, Valley City, and West Fargo) experienced a larger percentage growth in the first part of the past decade (2012-2018) than in the second part (2018-2022). Jamestown shows the greatest disparity with a 43% change from 2012 to 2018 compared to no change from 2018 to 2022. For the cities of Bismarck, Devils Lake, Minot, Wahpeton, and Williston, sale price increases were greater in the second part of the decade. While prices continued to increase in the second half of the decade for these five cities, the percentage change has moderated, illustrating the effects of more stable economic conditions compared to rapid and unprecedented economic conditions earlier in the decade (Figure 31).

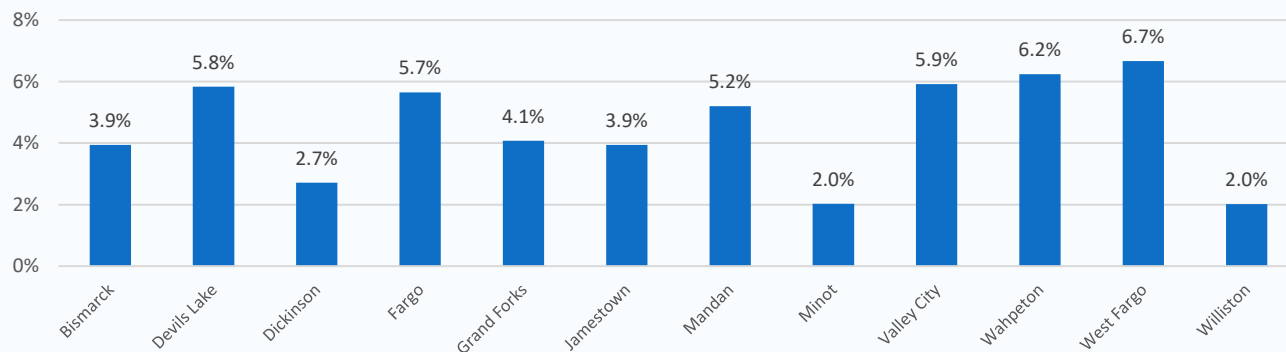
Figure 31. Percent Change in the Average Verified Prices for Residential Property, Top 12 Cities in North Dakota, Sales Ratio Study, 2012 to 2018 and 2018 to 2022



Source: North Dakota Office of State Tax Commissioner (2024)

Among the largest 12 cities in North Dakota, the average annual increase in average verified prices for residential property from 2012 to 2022 was at least 6% for Devils Lake, Fargo, Valley City, Wahpeton, and West Fargo. Change for all 12 communities over the past 10 years ranged from an increase of 2% to 7% annually, on average (Figure 32).

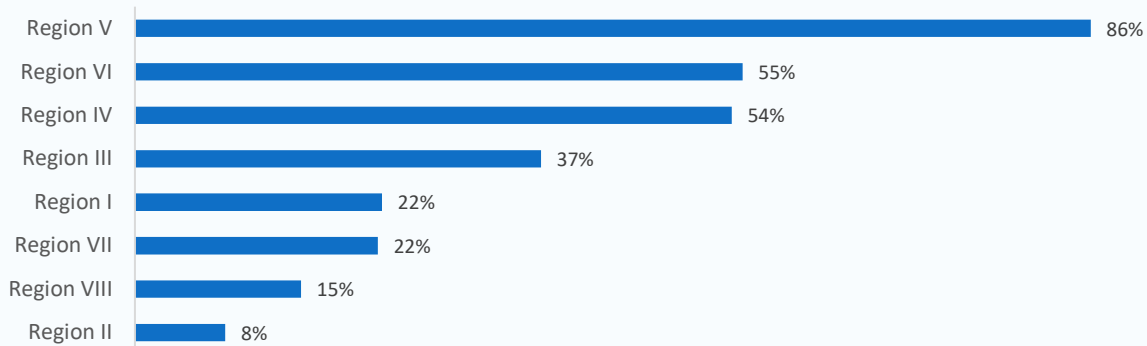
Figure 32. Average Annual Percent Change in the Average Verified Prices for Residential Property, Top 12 Cities in North Dakota, Sales Ratio Study, 2012 to 2022



Source: North Dakota Office of State Tax Commissioner (2024)

Rural Areas - State Planning Regions, Excluding the State’s 12 Largest Cities. Changes in average verified prices in rural North Dakota varied considerably over the past 10 years. Average verified prices for homes sold in 2022 for the eight planning regions in North Dakota (excluding the top 12 cities) ranged from a low of \$124,168 in Region III to a high of \$279,840 in Region I. Average verified prices have risen notably in all eight planning regions with the lowest estimated increase of 8% in Region II. Region V observed the highest percentage increase in prices; 86%, from \$136,356 in 2012 to \$253,966 in 2022 (Figure 33).

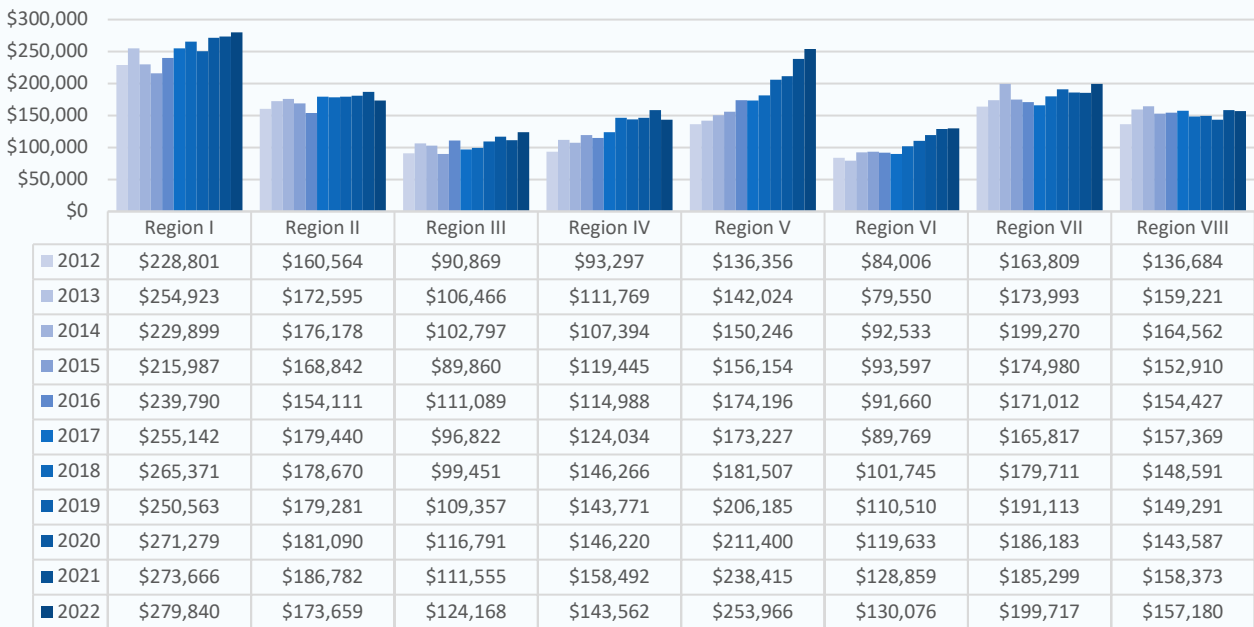
Figure 33. Percent Change in the Average Verified Prices for Residential Property, by State Planning Region, Excluding the 12 Largest Cities in North Dakota, Sales Ratio Study, 2012 to 2022



Source: North Dakota Office of State Tax Commissioner (2024)

Figure 34 shows the year-over-year change in average verified prices from 2012 to 2022 by state planning region (excluding the top 12 cities).

Figure 34. Average Verified Prices for Residential Property, by State Planning Region, Excluding the 12 Largest Cities in North Dakota, Sales Ratio Study, 2012 to 2022

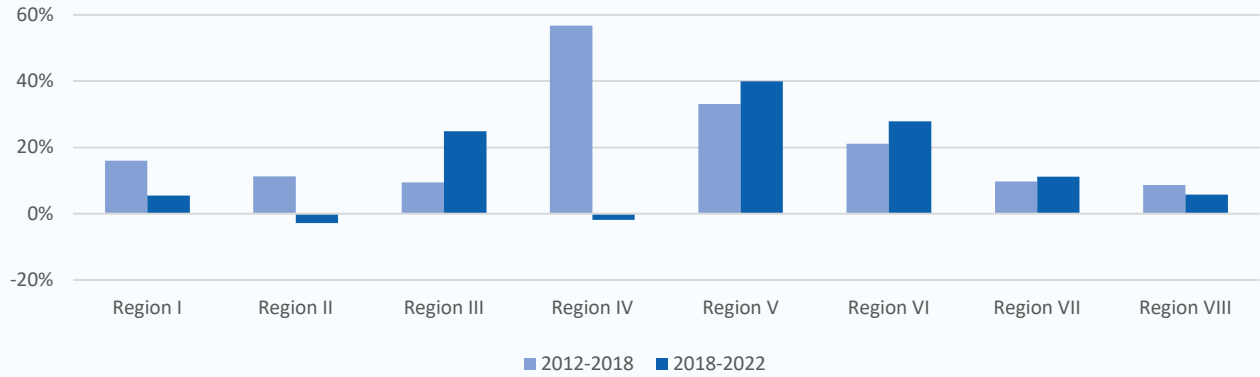


Source: North Dakota Office of State Tax Commissioner (2024)

Figure 35 shows percentage change comparisons in average verified prices for two time periods during the past decade, 2012 to 2018 and 2018 to 2022 for all eight planning regions (excluding the top 12 cities). In half of the eight regions (I, II, IV, and VIII), the percentage change in average verified price was larger during the first part of the decade (2012 to 2018)

than during the second part (2018 to 2022). The most notable disparity in the change in prices was in Region IV with a growth of 59% from 2012 to 2018, and a loss of 2% from 2018 to 2022. Changes in average verified prices were much more consistent over the two time periods in other rural parts of the state.

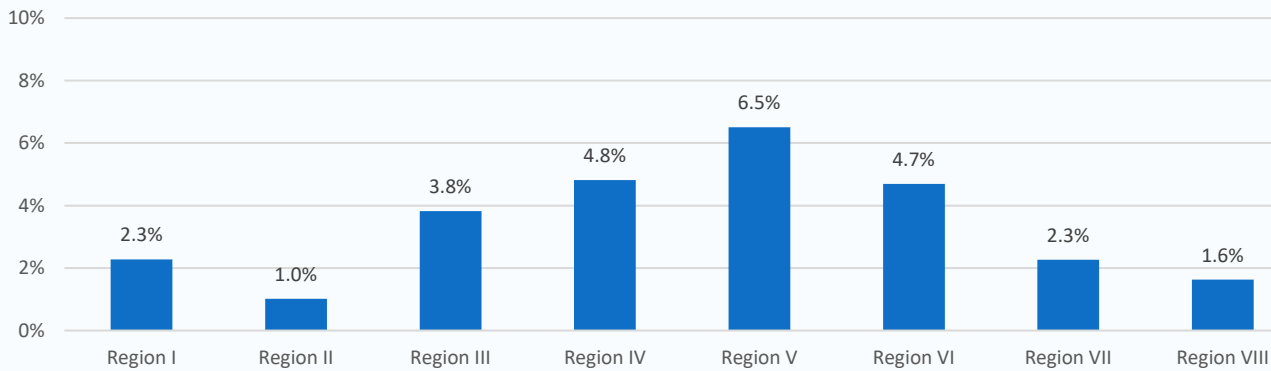
Figure 35. Percent Change in the Average Verified Prices for Residential Property, by State Planning Region, Excluding the 12 Largest Cities in North Dakota, Sales Ratio Study, 2012 to 2018 and 2018 to 2022



Source: North Dakota Office of State Tax Commissioner (2024)

Figure 36 provides the average annual percentage change in average verified prices for residential property from 2012 to 2022 for the eight planning regions (excluding the 12 largest cities).

Figure 36. 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 2012 to 2022

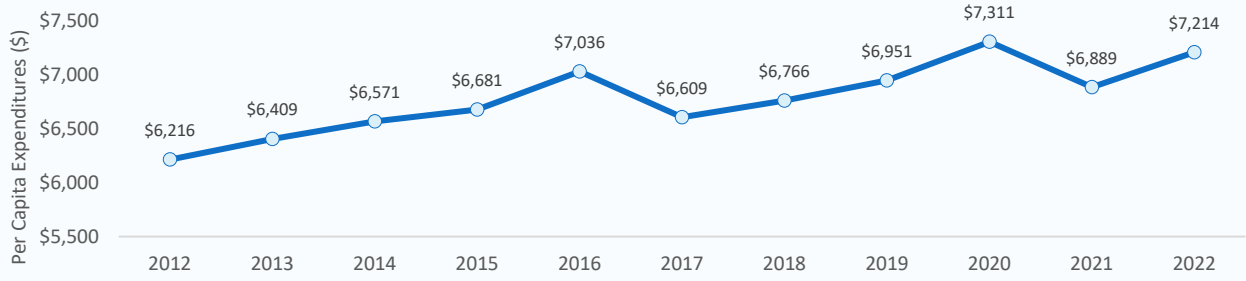


Source: North Dakota Office of State Tax Commissioner (2024)

Per Capita Personal Consumption Expenditures for Housing and Utilities

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. Annual per capita consumption expenditures for housing and utilities in North Dakota increased by 45% from 2010 to 2016 (\$4,848 to \$7,036, respectively). However, since 2016, per capita expenditures for housing and utilities in North Dakota have moderated considerably, increasing by an average of just 0.5% per year through 2022. 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 previous decade and the moderating effects on costs as a result of more stable economic conditions since then. The trend in per capita personal consumption expenditures for housing and utilities in North Dakota from 2012 to 2022 is shown in Figure 37.

Figure 37. Per Capita Personal Consumption Expenditures for Housing and Utilities, North Dakota, 2012 to 2022

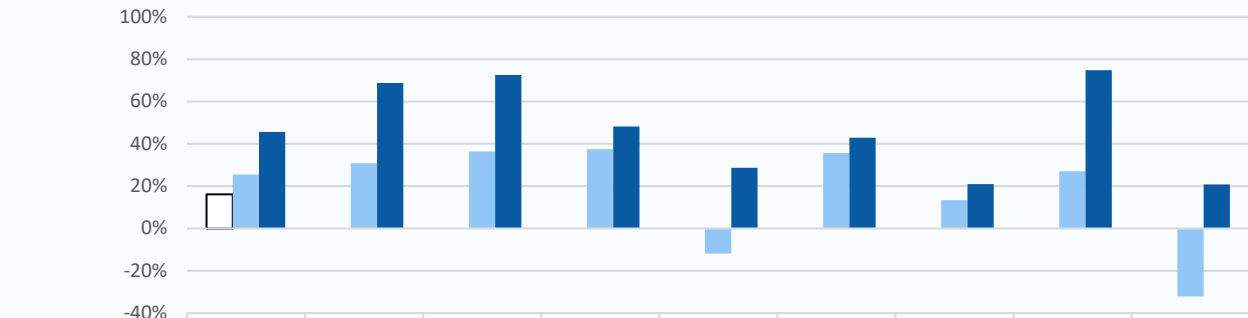


Source: U.S. Bureau of Economic Analysis (2024b)

Per Capita Personal Income

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 16% from 2012 to 2022, personal per capita income increased by 26%, and average verified prices increased by 46% 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 (U.S. Bureau of Economic Analysis, 2024b) (Figure 38).

Figure 38. 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, 2012 to 2022



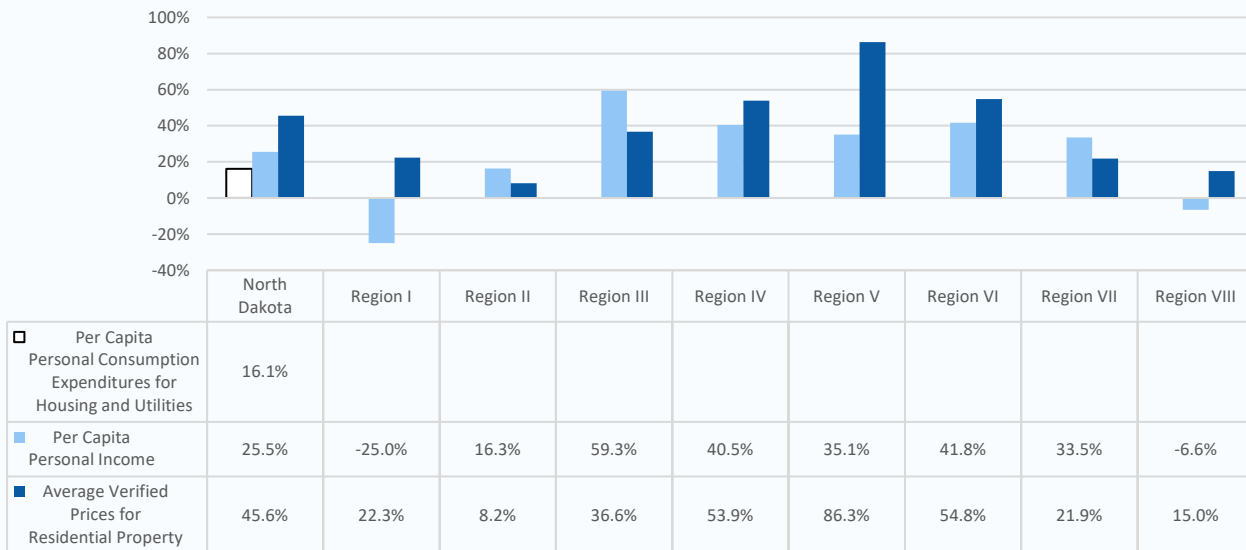
	North Dakota	Bismarck, ND (Metropolitan Statistical Area)	Fargo, ND-MN (Metropolitan Statistical Area)	Grand Forks, ND-MN (Metropolitan Statistical Area)	Dickinson, ND (Micropolitan Statistical Area)	Jamestown, ND (Micropolitan Statistical Area)	Minot, ND (Micropolitan Statistical Area)	Wahpeton, ND-MN (Micropolitan Statistical Area)	Williston, ND (Micropolitan Statistical Area)
Per Capita Personal Consumption Expenditures for Housing and Utilities	16.1%								
Per Capita Personal Income	25.5%	30.8%	36.4%	37.4%	-11.9%	35.6%	13.4%	27.0%	-32.1%
Average Verified Prices for Residential Property	45.6%	68.7%	72.4%	48.2%	28.6%	42.9%	21.0%	74.8%	20.8%

Note: Sources: U.S. Bureau of Economic Analysis (2024b) and North Dakota Office of State Tax Commissioner (2024)

For all three metro areas, the percentage change from 2012 to 2022 in average verified price for residential property was larger than the percentage change in per capita income. For four of the five micropolitan areas, the percentage change in the average price of residential property was also higher than the percentage change in per capita income. The most notable disparities were in Dickinson and Williston which experienced 29% and 21% increases, respectively, in average verified price for residential property compared to decreases in per capita income.

Figure 39 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 2012 to 2022. For four of the eight planning regions (I, IV, V, and VIII – the easternmost and westernmost parts of the state), the percentage change in average verified price for residential property outpaced the percentage change in per capita income. The disparity between the two measures is most pronounced in Regions I and VIII located in the westernmost part of the state. In these two areas, per capita income decreased while the average verified price for residential property increased by 22% and 15% respectively.

Figure 39. 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, 2012 to 2022



Note: Sources: U.S. Bureau of Economic Analysis (2024b) and North Dakota Office of State Tax Commissioner (2024)

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 3 provides the income limits set by HUD based on the 2022 median family income (MFI) for North Dakota of \$96,800 (U.S. Department of Housing and Urban Development, 2023). Seven categories of income are provided for housing program purposes and are based on a percentage below or above the state’s MFI. In Table 3, the affordable purchase prices provided for homeowners were based on a formula that is typical of those used by lenders and includes the following assumptions: a 30-year loan fixed at 6.0% 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%.

Table 3. Housing Ownership Affordability by Household Income Level in North Dakota, 2022

Household Income Category	Income Limits based on the 2022 MFI of \$96,800 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 (at 6.0% interest)	Owner-Occupied Homes meeting Affordability Limits based on Home Values (N=202,213)	
					Number	Percent
Extremely Low	Less than \$29,041	61,024	19%	\$81,101	32,203	16%
Very Low	\$29,041 - \$48,400	45,624	14%	\$135,168	56,387	28%
Low	\$48,401 - \$77,440	55,097	17%	\$216,269	112,040	55%
Lower Moderate	\$77,441 - \$111,320	44,389	14%	\$310,887	168,017	83%
Moderate	\$111,321 - \$135,520	34,919	11%	\$378,471	168,017	83%
Upper*	\$135,521 or more	78,985	25%	\$454,165	184,881	91%
Lower (0-60% MFI)	Less than \$58,081	131,168	41%	\$162,202	69,199	34%

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 (2023) and U.S. Census Bureau (2023a)

Based on these 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., earning at most \$58,081) in 2022 was \$162,202. Based on home values of housing in 2022, 34% 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 17% in Burleigh County to 72% in Pembina County, based on county-specific affordable purchase prices).

Placed in context, 41% of North Dakota households cannot afford to purchase a home for more than \$162,202. It is important to understand that the above assumptions are based on a 30-year fixed mortgage rate of 6.0%. In early May 2024, mortgage rates rose to 7.22%, the highest level since October 2023 according to Freddie Mac’s Primary Mortgage Market Survey (Freddie Mac, 2024). However, as inflation continued to slow, the Federal Reserve cut the federal fund rate in September, which lowered mortgage rates further. If mortgage rates were to drop to 5.0%, the estimated, affordable purchase price for lower income families in North Dakota could rise to \$175,698 (Table 4).

Table 4. Housing Ownership Affordability for Lower Income Households in North Dakota, 2022

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%

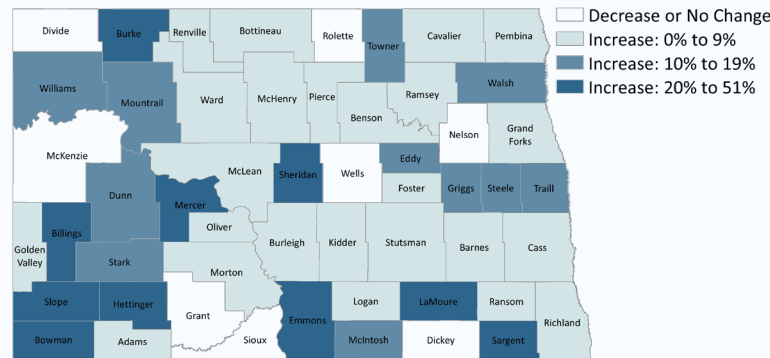
Note: Lower-income households are defined as those households earning less than \$58,081 in 2022 (i.e., up to 60% MFI).

Variable Assumptions		Ownership Affordability for Lower Income Households		
		Maximum Statewide Affordable Purchase Price	Owner-Occupied Homes meeting Affordability Limits based on Home Values (N=202,213)	
Interest Rate	Monthly Debt as % of Income (non-housing)			Number
5.0%	10% (\$484)	\$175,698	80,721	40%
6.0%	10% (\$484)	\$162,202	69,199	34%
6.0%	15% (\$726)	\$131,009	56,387	28%
7.0%	15% (\$726)	\$121,247	47,396	23%

Sources: U.S. Department of Housing and Urban Development (2023) and U.S. Census Bureau (2023a)

Another assumption included in 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 \$51,190 in 4th quarter 2023, which is up 41% from \$36,320 in 4th quarter 2013 (or an increase of 4% per year on average). While mortgage debt is contributing to this rise (4% growth per year on average), non-housing debt is also a significant factor. Auto loan debt in North Dakota grew 5% per year on average, credit card debt grew 4%, and student loan debt grew an average of 2% annually since 2013 (Federal Reserve Bank of New York, 2024).

Figure 42. Average Annual Change in the 4th Quarter Debt-to-Income Ratios in North Dakota by County, 2013 to 2023*



Note: *Annual average change is based on 4th quarter data for 2013 through 2022 and 3rd quarter data for 2023. Source: Federal Reserve (2024)

Figure 42 shows the variation by county of the change in household debt relative to household income over the past 10 years. In 2013, the ratio of median household debt to income in North Dakota was 0.80, meaning that household income exceeded the debt level for households, on average. However, by 2023, the ratio flipped and rose to 1.1 (meaning debt levels exceed household income) (Federal Reserve, 2024). In addition, the ratio rose in most counties across the state. For 10 North Dakota counties, the ratio rose by at least 20% annually, on average, from 2013 to 2023 (Figure 42).

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 \$58,081) had monthly car and credit card payments totaling \$726 per month. This non-housing debt accounts for about 15% of their monthly household income. This level of non-housing debt, combined with an interest rate of 6.0% would bring the affordable purchase price for this family down to \$131,009. At this price, only 28% of existing owner-occupied homes in the state are affordable and valued below this level – and percentages vary considerably by county (Table 4).

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 2022, there were 61,024 extremely low-income households in North Dakota, which comprised one in five households statewide. These extremely low-income households were able to pay no more than \$726 for rent each month without spending more than 30% of their income on housing (U.S. Census Bureau, 2023a). Based on the housing inventory at that time, about 28% of all rented units were affordable to extremely low-income households (Table 5). However, household income and rental rates vary widely throughout the state. In 2022, the percentage of renter-occupied housing units that

were affordable to households with extremely low-income ranged from 11% in McKenzie County to 65% in Adams County (based on county-specific affordable monthly rent).

The inventory of affordable homes was much greater for North Dakota households in the lower moderate-income bracket (household income of \$77,441 to \$111,320); 83% of the owner-occupied homes and 94% of renter-occupied homes were affordable for lower moderate-income households (Tables 3 and 5).

Table 5. Rental Housing Affordability by Household Income Level in North Dakota, 2022

Household Income Category	Income Limits based on the 2022 MFI of \$96,800 in North Dakota defined by HUD	Total Households that Meet the HUD Income Limit Thresholds		Rental Affordability		
		Estimate	Percent of Total Households	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=111,447)	
					Number	Percent of Renter-Occupied Homes
Extremely Low	Less than \$29,041	61,024	19%	\$726	33,357	28%
Very Low	\$29,041 - \$48,400	45,624	14%	\$1,210	87,206	74%
Low	\$48,401 - \$77,440	55,097	17%	\$1,936	107,245	91%
Lower Moderate	\$77,441 - \$111,320	44,389	14%	\$2,783	110,401	94%
Moderate	\$111,321 - \$135,520	34,919	11%	\$3,388	110,731	94%
Upper*	\$135,521 or more	78,985	25%	\$4,066	111,447	95%
Lower (0-60% MFI)	Less than \$58,081	131,168	41%	\$1,452	98,007	83%

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 (2023) and U.S. Census Bureau (2023a)

State and Federal Multifamily Housing Developments

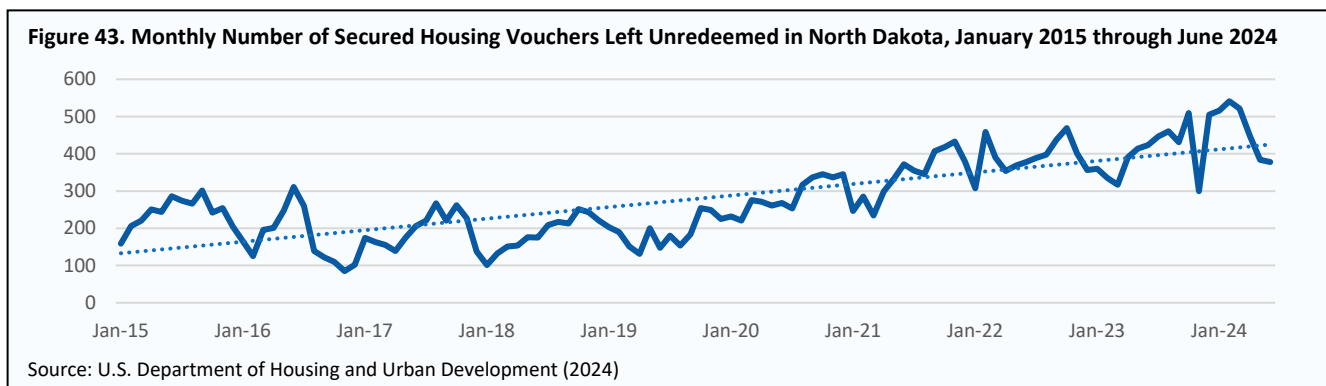
Programs for Rent and Income Restricted Affordable Multifamily Housing

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, 2024a).

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 7,511 households were receiving housing vouchers as of June 30, 2024 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 (369 vouchers) is 87% higher than the monthly average prior to 2020 (197 vouchers) (Figure 43) (U.S. Department of Housing and Urban Development, 2024).



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 reasons that frequently prevent qualified applicants from securing housing and utilizing the vouchers: 1) difficulty finding rental options that qualify for the program, that is finding rental properties with rents that are low enough to meet the HUD payment standard or 2) finding a housing provider who is willing to accept a voucher as rent payment.

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 1,277 available units of public housing managed by 15 public housing authorities. Average occupancy rates of public housing units in North Dakota ranged from 59% to 100% as of September 28, 2024; however, for five 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 or earlier, making most of the properties at least 52 years old (PAHRC and NLIHC, 2024). The number of Public Housing program housing units and average occupancy rates are detailed in Table 6 (U.S. Department of Housing and Urban Development, 2024b).

Table 6. Housing Units Administered by the Public Housing Program by Housing Authority, North Dakota, as of 9/28/2024

Public Housing Authority	Number of Developments	Habitable Units			Average Occupancy Rate
		Total	Leased/Occupied	Unleased	
North Dakota	22	1,277	1,125	152	88.1%
Housing Authority of Cass County	1	111	111	0	100.0%
Emmons County Housing Authority	1	15	15	0	100.0%
Barnes County Housing Authority	1	48	47	1	97.9%
Fargo Housing & Redevelopment Authority	3	197	183	14	92.9%
Burleigh County Housing Authority	6	267	245	22	91.8%
Minot Housing Authority	1	248	223	25	89.9%
Nelson County Housing Authority	1	25	22	3	88.0%
McIntosh County Housing Authority	1	8	7	1	87.5%
Housing Authority of the City of Williston	1	124	105	19	84.7%
Benson County Housing Authority	1	19	16	3	84.2%
North Central Housing Authority	1	83	65	18	78.3%
Mercer County Housing Authority	1	40	30	10	75.0%
Towner County Housing Authority	1	24	16	8	66.7%
Rolette County Housing Authority	1	68	40	28	58.8%
Traill County Housing Authority	1	0	0	0	-

Note: Each housing authority may have other units designated in their contract with HUD that are not currently habitable (e.g., they may be undergoing modernization, updates, or approved for demolition or disposition). Source: U.S. Department of Housing and Urban Development (2024b)

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, 2024).

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, 2024).

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 (U.S. Department of Agriculture, 2024).

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, 2024).

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, 2024).

The HOME Investment Partnerships Program (HOME). HUD provides federal formula block grants to the State of North Dakota as a Participating Jurisdiction (PJ) to support building, buying, or rehabilitating housing for rent or homeownership. The HFA is the designated PJ responsible for administering the HOME program in North Dakota.

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 14,375 lower-income units in the state (Table 7). However, the actual number of rent and income restricted housing units is less than the sum of projects, as reported by each program.

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 11,882, of which 11,216 are low-income units (Table 8).

The number of unduplicated properties reported in this current assessment is not comparable to estimates in the previous statewide housing needs assessment. Significant improvements were made in identifying and controlling for properties enrolled in more than one program. Previous estimates doubled counted numerous properties.

Table 7. Rent and Income Restricted Multifamily Housing Units in North Dakota by Individual Housing Program, 2024

Housing Program	Total Project Units	Total Lower-Income Housing Units
LIHTC Only	4,130	4,116
PCBA Mod Rehab Only	1,576	1,467
HIF Only	1,512	1,062
LIHTC/HIF	1,381	1,376
HOME Only	81	39
Multiple Programs	7,169	6,315
Total (duplicated counts)	15,849	14,375

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 (2024) and USDA (2024)

Table 8. Number of Rent and Income Restricted Multifamily Housing Units in North Dakota by Housing Program Combinations, 2024

Low Income Housing Program	Total Project Units	Total Lower-Income Housing Units	Housing Units Receiving Rental Assistance
LIHTC Only	4,130	4,116	-
PBCA Mod Rehab Only	1,576	1,467	1,467
HIF Only	1,512	1,062	-
USDA only	1,155	1,155	779
HOME Only	81	39	-
Multiple Programs	3,428	3,377	1,706
Total (unduplicated counts)	11,882	11,216	3,952

Sources: North Dakota Housing Finance Agency (2024) and USDA (2024)

All households in projects administered by PBCA and Mod Rehab and some projects administered by USDA receive rental assistance. As in determining the total number of housing units, determining the total number of households that receive rental assistance requires controlling for projects that have multiple funding sources, specifically projects that are part of both USDA and PCBA/Mod ReHab programs. Of the 11,216 affordable housing units in the state, 3,952 (35%) receive rental assistance. Rental assistance policies vary slightly, but generally limit household rental costs to 30% of household income (Table 8).

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 9 illustrates the effect of the process of netting out income restrictions of the various programs.

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, all of which 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 61,773 extremely- and very low-income householders in North Dakota rented their homes in 2022 – and more than half of these householders spent at least 30% of their income toward rent (57%) (U.S. Census Bureau, 2023b). Yet there are only 3,574 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 10).

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 11 details the age of rent and income restricted multifamily housing units. The age

Table 9. Unduplicated Number of Rent and Income Restricted Multifamily Housing Units in North Dakota by Income Restrictions, 2024

Income Category	Income as a % of MFI	Lower-Income Housing Units
Extremely Low Income	0 to 30%	877
Very Low Income	31% to 50%	2,697
Low Income	51% to 80%	5,889
Lower Moderate & Moderate Income	81% to 140%	1,753
Total		11,216

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

Table 10. Total Households by Income and Tenure Compared with Total Rent and Income Restricted Multifamily Housing Units in ND

Household Income Category	Total Householders, 2022	Approximation of Householders that Rent, 2022	Lower-Income Housing Units Available in ND, 2024
Extremely Low	61,024	38,118 (63%)	877
Very Low	45,624	23,655 (52%)	2,697
Low	55,097	23,447 (43%)	7,642
Lower Moderate	44,389	13,862 (31%)	
Moderate	34,919	6,810 (20%)	

Sources: U.S. Census Bureau (2023a), North Dakota Housing Finance Agency (2024), and USDA (2024)

Table 11. Unduplicated Number of Rent and Income Restricted Multifamily Housing Units in North Dakota by Age of Housing, 2024

Placed in Service Date	Total Lower-Income Housing Units	Percent of Total
1960-1969	317	2.8%
1970-1979	957	8.6%
1980-1989	912	8.2%
1990-1999	1,364	12.3%
2000-2009	2,358	21.2%
2010-2019	4,018	36.1%
2020 or newer	1,205	10.8%
Total	11,131	100.0%

Sources: North Dakota Housing Finance Agency (2024) and USDA (2024).

of the property reflects when the property last received funding for rehab and not necessarily when the structure was originally constructed.

Thirty-two percent of affordable housing units have been in service since before 2000 (Table 11). In addition, the majority of available public housing units managed by public housing authorities were built in 1972 or earlier. This suggests that many low-income housing properties are likely in need of remodeling and rehabilitation.

Housing Projections

Projected Housing Needs

Methodology

Assuming that future need for housing will be affected largely by North Dakota's changing age structure, potential future housing needs were modeled in a two-step process. First, county- and age-specific population projections for 2027 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 2017 and 2022 data from the U.S. Census Bureau's American Community Survey 5-Year estimates. As the distributions remained relatively consistent over the two time periods, the assumption was that this relationship would remain constant through 2027. Thus, the 2022 distributions of people to households were applied to the age-specific population projections. Future housing needs were estimated by 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 and Human Services, Division of Vital Records. Fertility rates were based on total births by age of mother, by county from 2020 to 2022. Mortality rates were based on total deaths by age and gender, by county from 2020 to 2022. County specific migration rates were calculated based on various combinations of recent trends, mainly from 2018 through 2022.

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 (i.e., people living by themselves or with non-relatives). 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 seven income categories and four age categories using data from the 2018-2022 American Community Survey (i.e., 2022 ACS 5-Year estimates). The age- and income-specific proportions based on 2022 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 \$29,041), very low-income (i.e., 31% to 50% MFI or \$29,041 to \$48,400), low income (i.e., 51% to 80% MFI or \$48,401 to \$77,440), lower moderate income (i.e., 81% to 115% MFI or \$77,441 to \$111,320), moderate income (116% to 140% MFI or \$111,321 to \$135,520), and upper income (i.e., above 140% MFI or \$135,521 or more). An additional category, referred to as 'lower income' was included to look at those households with income up to 60% MFI or \$58,080 or less. The HUD-determined MFI for North Dakota in 2022 was \$96,800. Income categories available in the 2022 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 \$50,000 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 early 2010s 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.

Projections by Age of Householder. Occupied housing in North Dakota grew rapidly over the past 10 years, increasing by 13% from 2012 to 2022. 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. Despite recent outmigration and fewer births in recent years, the trend of more individuals living alone suggests that future growth in the number of households will continue. The number of occupied housing units in North Dakota is projected to grow by 6% to 338,524 households by 2027.

The most significant change in occupied housing expected to occur by 2027 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 78,047 in 2022 to 95,277 in 2027, a 22% increase. Growth in this householder cohort is expected in every region across the state, with each planning region projected to grow by at least 9% from 2022 to 2027. Region V, home to the city of Fargo, will likely see the largest growth, with projections indicating an increase of 5,560 householders ages 65 and older by 2027 (a 29% increase).

Figure 44. Total Households in North Dakota, 2012, 2017, 2022, and the 2027 Projection

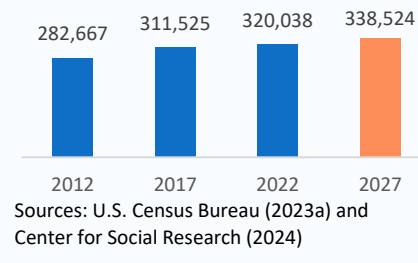
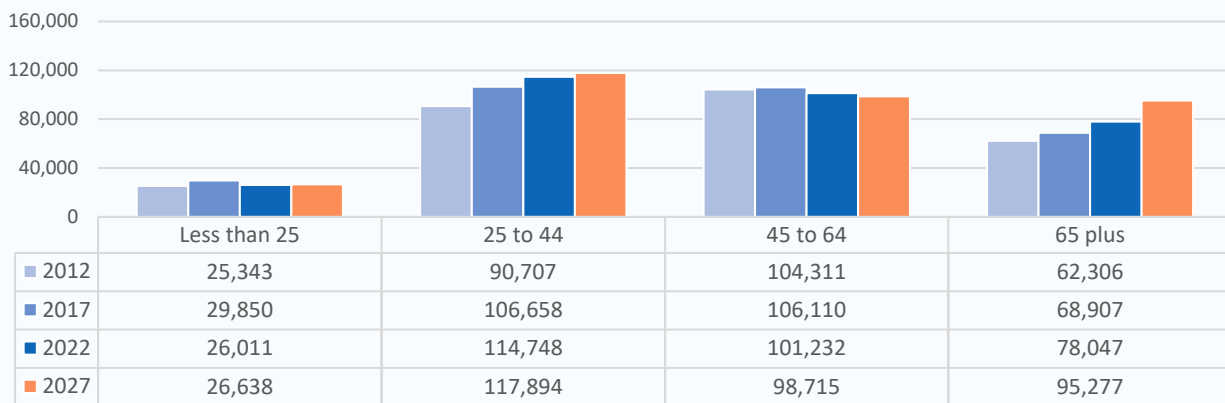


Figure 45. Total Households by Age of Householder in North Dakota, 2012, 2017, 2022 and the 2027 Projection



Sources: U.S. Census Bureau (2023a) and Center for Social Research (2024)

As baby boomers continue to age, there will be fewer householders in the 45 to 64 age cohort. This cohort is projected to decrease by 3% or 2,517 households by 2027. While a few counties may see modest growth in the number of householders ages 45 to 64 by 2027, decreases in this cohort are expected in most planning regions in North Dakota.

The 25 to 44 age cohort is projected to increase by 3% or 3,146 householders over the forecasted period. In contrast, from 2012 to 2022 this householder cohort grew by 27% (24,041 householders). This historical growth reflects the impact of the state’s robust economy during that time, especially the energy development sector where employment expansion

was staggering. Since around 2015, the oil and gas industry has matured and economic conditions overall have moderated and stabilized. As a result, projections suggest moderated growth, resulting in 117,894 householders ages 25 to 44 by 2027. Geographically, the projected changes in this cohort are mixed. Northwestern North Dakota (Regions I and II) along with Region VI are projected to show declines in the number of householders ages 25 to 44 by 2027. The eastern portion of the state, largely driven by Cass County, will see the largest growth in this age cohort.

The youngest householders, those less than age 25, are projected to increase by 2% or 627 households statewide. The eastern and western portions of the state will likely see the largest increase in this householder cohort. Regions I and VIII are projected to increase by 22% and 11%, respectively by 2027 (Table 12).

Table 12. Projected Change in North Dakota Households by Age of Householder, 2022 to 2027

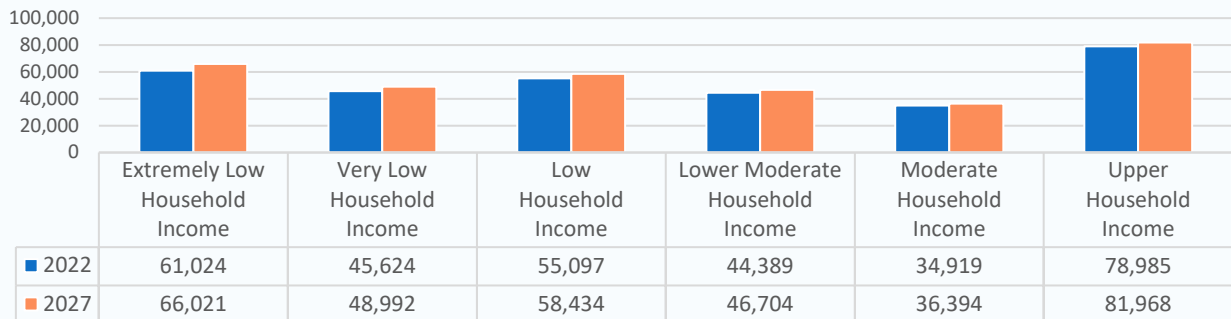
	All Householders		Less than 25 years		Ages 25 to 44		Ages 45 to 64		Ages 65 and older	
	Numeric	Percent	Numeric	Percent	Numeric	Percent	Numeric	Percent	Numeric	Percent
North Dakota	18,486	5.8%	627	2.4%	3,146	2.7%	-2,517	-2.5%	17,230	22.1%
Region I	1,369	6.3%	330	22.1%	-99	-1.0%	337	5.1%	801	22.9%
Region II	527	1.3%	-110	-3.3%	-1,145	-7.7%	275	2.2%	1,507	15.8%
Region III	-239	-1.7%	29	5.6%	13	0.3%	-693	-13.4%	412	9.2%
Region IV	1,215	3.1%	-331	-6.9%	627	4.6%	-1,070	-9.2%	1,989	20.9%
Region V	10,552	11.2%	401	3.9%	3,440	9.3%	1,151	4.2%	5,560	28.6%
Region VI	-113	-0.5%	55	4.5%	-322	-5.0%	-1,063	-12.7%	1,217	15.5%
Region VII	4,323	6.5%	159	4.6%	551	2.5%	-1,141	-5.0%	4,754	25.3%
Region VIII	852	4.4%	94	10.7%	81	1.2%	-313	-4.9%	990	19.8%

Note: Bold text represents projected growth. Sources: U.S. Census Bureau (2023a) and Center for Social Research (2024)

Projections by Household Income. As the household mix in North Dakota changes, projections indicate greater need for housing at all income levels. However, the greatest need is for more affordable housing for lower-income households. Extremely low-income households in North Dakota are projected to grow by 8% or 4,997 households by 2027. Very low-income households are projected to grow by 7% or 3,368 households and low-income households will grow by 6% or 3,337 households. Lower moderate- and moderate-income households are expected to grow by 5% and 4%, respectively through 2027 (Figure 46).

Extremely low-income households are expected to grow in all eight planning regions by 2027. Likewise, most regions throughout the state will also see an increase in very low- and low-income households by 2027. Regions III and VI specifically (home to Devils Lake and Jamestown, respectively) will likely see a decrease in households at moderate- and upper-income levels.

Figure 46. Total Households by Household Income Levels in North Dakota, 2022 and the 2027 Projection



Sources: U.S. Census Bureau (2023a) and Center for Social Research (2024)

Table 13. Projected Change in North Dakota Households by Household Income, 2022 to 2027

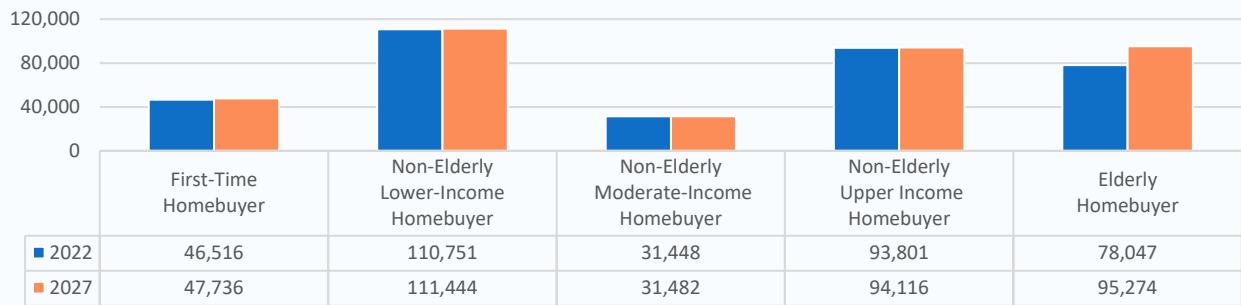
	Extremely Low Less than \$25,000		Very Low \$25,000 to \$44,999		Low \$45,000 to \$74,999		Lower Moderate \$75,000 to \$99,999		Moderate \$100,000 to \$124,999		Upper \$125,000 or more	
	Numeric	Percent	Numeric	Percent	Numeric	Percent	Numeric	Percent	Numeric	Percent	Numeric	Percent
North Dakota	4,997	8.2%	3,368	7.4%	3,337	6.1%	2,315	5.2%	1,475	4.2%	2,983	3.8%
Region I	395	12.8%	163	5.3%	200	5.8%	197	6.4%	133	5.9%	280	4.0%
Region II	360	4.9%	129	2.5%	27	0.4%	56	0.9%	-88	-1.8%	42	0.4%
Region III	39	1.0%	-15	-0.7%	-21	-0.9%	-41	-2.1%	-36	-3.1%	-166	-6.4%
Region IV	377	4.4%	293	4.4%	250	3.7%	151	2.8%	82	2.0%	62	0.8%
Region V	2,141	12.1%	1,683	12.3%	1,880	11.2%	1,462	11.4%	1,087	10.9%	2,298	9.8%
Region VI	232	3.9%	96	2.6%	-18	-0.4%	-83	-2.8%	-124	-5.0%	-221	-4.7%
Region VII	1,133	10.5%	892	10.0%	867	7.3%	448	5.1%	362	4.7%	621	3.3%
Region VIII	320	9.0%	127	5.7%	152	4.6%	125	4.3%	59	2.5%	67	1.4%

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.

Sources: U.S. Census Bureau (2023a) and Center for Social Research (2024)

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 2027. 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 17,227 or 22% by 2027, and by at least 9% in every planning region throughout the state (Figure 47 and Table 14).

Figure 47. Total Households by Type of Homebuyer in North Dakota, 2022 and the 2027 Projection



Sources: U.S. Census Bureau (2023a) and Center for Social Research (2024)

Table 14. Projected Change in North Dakota Households by Type of Homebuyer, 2022 to 2027

	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	1,220	2.6%	693	0.6%	34	0.1%	315	0.3%	17,227	22.1%
Region I	76	1.9%	201	2.8%	53	2.2%	143	1.8%	800	22.9%
Region II	-442	-6.8%	-465	-3.7%	-139	-3.0%	-343	-2.8%	1,506	15.8%
Region III	12	0.8%	-291	-5.5%	-99	-7.4%	-266	-8.9%	414	9.3%
Region IV	152	2.5%	-457	-3.0%	-54	-1.3%	-215	-2.2%	1,989	20.9%
Region V	1,239	7.9%	2,439	6.7%	594	6.9%	1,877	6.8%	5,561	28.6%
Region VI	-81	-3.3%	-589	-7.4%	-196	-9.2%	-551	-9.6%	1,213	15.5%
Region VII	208	2.6%	-116	-0.6%	-103	-1.7%	-230	-1.1%	4,754	25.3%
Region VIII	56	2.0%	-29	-0.5%	-22	-1.0%	-100	-1.7%	990	19.8%

Note: Bold text represents projected growth. Sources: U.S. Census Bureau (2023a) and Center for Social Research (2024)

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 2017 through 2022 for counties and cities. County data were aggregated into the eight planning regions. Trend data for reservation areas were based on information from the 2017 and 2022 American Community Survey, 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 2027.

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 2022 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 2017. 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 2027, which equates to an additional 14,217 new housing units by 2027 (Table 15). A continuation of historic annual growth patterns over the past five years suggests that the number of housing units would grow in all eight planning regions in North Dakota by 2027, ranging from a 0.4% growth in Region III to 7% growth in Region V. Growth is projected to be greatest in Regions V and VII, home to Fargo and Bismarck, respectively.

Table 15. Housing Units in North Dakota, 2017, 2022, and the 2027 Projection (Model 1)

	2017	2022	Percent Change: 2017 to 2022	2027 Model 1 Forecast	Change: 2022 to 2027	
					Numeric	Percent
North Dakota	360,660	372,376	3.2%	386,593	14,217	3.8%
Region I	24,641	29,199	18.5%	29,899	700	2.4%
Region II	49,744	48,854	-1.8%	49,619	765	1.6%
Region III	19,477	17,788	-8.7%	17,866	78	0.4%
Region IV	43,371	44,115	1.7%	45,242	1,127	2.6%
Region V	95,482	102,827	7.7%	110,292	7,465	7.3%
Region VI	29,737	28,810	-3.1%	28,992	182	0.6%
Region VII	74,986	76,947	2.6%	80,392	3,445	4.5%
Region VIII	23,222	23,836	2.6%	24,290	454	1.9%

Sources: U.S. Census Bureau (2023a) and Center for Social Research (2024)

Model 2. Based on projected change in population by age, the state would need to add an additional 20,382 housing units by 2027, a 6% increase from 2022 (Table 16). The strongest need for housing is projected for Regions V, I, VII, and VIII. The model projects an additional 11,401 housing units needed in Region V, an increase of 11% by 2027 – 1,807 more units in Region I, an increase of 6% - 4,716 more housing units in Region VII, an increase of 6% – and 980 more units in Region VIII, an increase of 4% by 2027. Projections for Regions III and VI show a slight decrease in housing needs by 2027, suggesting that current inventory is sufficient to meet future need. Modest growth is projected in Regions II and IV by 2027 with projected increases in housing needs of 1% and 3%, respectively.

Table 16. Housing Units in North Dakota, 2017, 2022, and the 2027 Projection (Model 2)

	2017	2022	Percent Change: 2017 to 2022	2027 Model 2 Forecast	Change: 2022 to 2027	
					Numeric	Percent
North Dakota	360,660	372,376	3.2%	392,758	20,382	5.5%
Region I	24,641	29,199	18.5%	31,006	1,807	6.2%
Region II	49,744	48,854	-1.8%	49,475	621	1.3%
Region III	19,477	17,788	-8.7%	17,473	-315	-1.8%
Region IV	43,371	44,115	1.7%	45,437	1,322	3.0%
Region V	95,482	102,827	7.7%	114,228	11,401	11.1%
Region VI	29,737	28,810	-3.1%	28,660	-150	-0.5%
Region VII	74,986	76,947	2.6%	81,663	4,716	6.1%
Region VIII	23,222	23,836	2.6%	24,816	980	4.1%

Sources: U.S. Census Bureau (2023a) and Center for Social Research (2024)

Comparison and Summary of Model 1 and Model 2. In Regions I, V, VII, and VIII, housing needs based on population projections suggest an increase in housing needs, but at rates greater than what recent building trends would suggest. For example, recent building trends (Model 1) would suggest an increase in housing units of about 7% in Region V, while population projections (Model 2) would suggest an 11% increase in the number of housing units needed. Projections based on recent trends (Model 1) and population projections (Model 2) are similar for Regions II, III, and VI suggesting that the continuation of recent building will likely meet the potential housing needs in these areas.

Discussion

Demographics

After unprecedented population growth in the past decade, population growth in North Dakota has moderated and stabilized in recent years. Estimates for 2023 indicate a population of 783,926. From 2015 to 2020, population in North Dakota grew an average of 0.6% annually. Census Bureau population estimates as of July 2023 indicate continued moderate growth of 0.6% annually from 2020 to 2023. Population increases since 2020 have largely been in and adjacent to Fargo and Bismarck, while modest population declines have been observed in most counties. Population loss in rural sparsely populated counties represents a continuation of long-term trends, albeit at much more moderate rates than historical declines. Conversely, recent declines in areas that experienced rapid and unprecedented growth in the past decade are likely attributable to stabilizing economic and socio-economic conditions.

Population growth in the previous decade was fueled largely by in-migration of people ages 25 to 44, making North Dakota one of the youngest states in the country. Projections suggest that the 25 to 44 age cohort will increase by 3% by 2027. As North Dakota's population has grown, so has racial and ethnic diversity. The percentage of the population that was Black or African American, Asian, American Indian or Hispanic nearly doubled from 2010 to 2022 growing from 11% in 2010 to 17% in 2022. The Hispanic population, regardless of race, more than doubled from 13,467 in 2010 to 33,189 in 2022.

While the state has become younger and more diverse, the most significant shift in population characteristics is the continued aging forward of baby boomers. Since 2012 the state's population ages 65 and older has increased from 97,869 to 123,220 in 2022, a 26% increase. Population in the 65 and older category is projected to increase to 150,309 in 2027, a 22% increase from 2022. Growth in this age category is expected in nearly every county of the state, the 12 most populated cities, as well as the four American Indian Reservations areas included in this study. The substantial and continued increase in population age 65 and older has substantial ramifications for housing needs.

Higher wages and salaries have resulted in higher household and family incomes across the state. While the inflation rate grew 19% from 2017 to 2022, the median family income in North Dakota increased by 25% from \$80,091 in 2017 to \$100,188 in 2022. Despite the rise in incomes, there has been little overall change in the number of moderate-income households in North Dakota (14%). While there has been an increase in the number of households that earn more than \$125,000, doubling from 11% in 2012 to 25% in 2022, half of all North Dakota households earn less than \$75,000 annually (51%); 33% earn less than \$50,000. Further, despite 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.

The number of individuals receiving services for homelessness in North Dakota has been steadily increasing over the past four years. In 2023, CoC partners served 6,208 individuals experiencing homelessness in the state, which is a 35% increase from 4,606 people in 2020. The age composition of individuals being served by CoC partners has shifted over the past few years. Children now represent a much larger share of those served. Specifically, children ages 0 to 17 represented 25% of those receiving services for homelessness in 2023, an increase from 17% in 2020. Further, the number of public-school children in North Dakota who lack a fixed, regular, and adequate nighttime residence has increased from 1,788 children in the 2020-21 school year to 2,802 in 2023-24, a 57% increase in four years. Mental health disorders are also becoming more frequent among individuals receiving services for homelessness. In 2023, about 29% of individuals receiving services for homelessness in the state also had a mental health disorder, 15% had a chronic health condition.

Homeownership and Market Conditions

While household incomes in North Dakota have generally increased since 2012, homeownership rates have declined across all income levels. The greatest declines in homeownership rates were for households earning \$50,000 to \$74,999, decreasing from 75% to 57% from 2012 to 2022. Even for households with incomes of \$100,000 or more, the homeownership rate dropped from 92% to 89% during this same ten-year period. As the homeownership rate in North Dakota decreased, the rate of rental occupancy increased from 34% in 2012 to 37% in 2022. In 2022, renters comprised at

least one third of all occupied housing in 11 counties: Cass, Grand Forks, Ward, Williams, Stark, Stutsman, Ramsey, Rolette, Mountrail, McKenzie, and Sioux.

Increasing housing costs are a major factor influencing declining homeownership. According to the annual Sales Ratio Study conducted by the North Dakota Office of State Tax Commissioner, the average residential home sale price increased in all 12 of North Dakota's largest cities from 2012 to 2022 by at least 21%. Growth in sale prices over the 10-year period ranged from a low of 21% in Williston and Minot to a high of 89% in West Fargo. The average sale price for residential homes in North Dakota's 12 largest cities ranged from \$181,346 in Devils Lake to \$379,312 in West Fargo in 2022. The average sale price for residential homes also increased in rural areas of the state from 2012 to 2022 – but at a much slower pace than those in the 12 largest cities. Increases ranged from 8% in Region II to 86% in Region V. Average prices in rural areas were lower as well, ranging from \$124,168 in Region III to \$279,840 in Region I in 2022.

Rental households also are facing a substantial increase in housing costs. Gross rent in North Dakota grew by 50% from 2012 to 2022, nearly twice the rate of inflation from a median of \$610 per month in 2012 to \$912 in 2022. Specifically, the median rent in 2022 was \$722 for an efficiency unit with no bedroom, \$764 for a one bedroom, \$908 for a two-bedroom unit, \$1,210 for a three bedroom, and \$1,447 for a four bedroom. In addition, from 2012 to 2022, the number of units that were rented for less than \$600 per month fell by 25,170 units. In 2012, units renting for less than \$600 per month represented half of all rentals (48%); in 2022 they represented just 15% of all rental households.

Extremely low-income households, which comprise 19% of all North Dakota households, are not only especially cost constrained, but only a small percentage of rental units meet affordability standards for low-income households (rental rates of no more than 30% of monthly household income). North Dakota had 61,024 extremely low-income households in 2022, which comprised one in five households statewide. These extremely low-income households would be able to pay no more than \$726 for monthly rent without spending more than 30% of their income on housing. Based on the housing inventory in 2022, only 33,357 renter-occupied homes met affordability limits for extremely low-income households in the state.

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. Statewide, there are currently 11,216 subsidized multifamily housing units at various income restriction limits. Further, only 877 subsidized low-income housing units are available to extremely low-income households (earning less than \$29,041) and only 2,697 subsidized low-income housing units are available to very low-income households (earning \$29,041 to \$48,400).

Age and condition of low-income properties across the state also is an important consideration. Thirty-two 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. Low-income properties administered by Public Housing Authorities are also likely in need of remodeling and rehabilitation, as a majority of public housing authority properties are at least 52 years old.

Renters also are more frequently cost burdened, which is defined as spending 30% or more of household income on housing costs. Across all income levels, 39% of renters in North Dakota are cost burdened. Further, the prevalence of cost-burdened households is higher for low income and senior households. Sixty percent of households with income of less than \$50,000 are cost burdened and half of seniors that rent are cost burdened.

Future Housing Needs

The historic relationship between population, households (also referred to as occupied housing units), 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 consider 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.

Based on estimated change in population by age and the state's current housing inventory, projections suggest the state would need to add 20,382 housing units by 2027 to meet future housing needs, a 6% increase from 2022. Projections

indicate increased housing needs at all income levels. However, the greatest need is for more affordable housing for lower and moderate-income households. Extremely low-income households are projected to increase by 8%, very low and low-income households are projected to increase by 7% and 6%, respectively, and lower-moderate and moderate-income households are projected to grow by 5% and 4%, respectively through 2027. The need for householders ages 65 and older is expected to increase by 22%, perhaps the most substantial change in projected housing needs. First-time home buyers defined as householders under age 45 with household income from \$45,000 to \$99,999 had a modest 3% projected increase in housing needs from 2022 to 2027.

The continued decline in homeownership rates across all income levels, the corresponding increase in renter-occupied housing, and the rising cost of housing and rents further reinforce the need for affordable housing in North Dakota. Housing sale prices reported by the North Dakota Office of State Tax Commissioner Sales Ratio Study indicate housing prices in both urban and rural areas of the state continue to rise. Further, fewer smaller entry-level homes are being built in North Dakota. During the 2020s, homes with fewer than three bedrooms represented 10% of all homes built. The homeowner vacancy rate is slightly lower than the Federal Reserve's suggested healthy rate of 1.5%, suggesting an undersupply of housing for ownership in the state (1.3% in 2022). While interest rates have moderated slightly, continued high mortgage rates also impact affordability.

Conclusions

Since 2017 population growth and overall socio-economic conditions in the state have stabilized and moderated. However, the state is still expected to experience moderate population growth, with growth concentrated in the state's larger cities. Rural areas of the state are projected to experience continued moderate population declines. The most significant change in population is the projected continued increase in the number of people in the 65 and older age cohort. The 65 and older population in the state is projected to increase by 22% by 2027.

Homeownership rates continue to decline and rental rates continue to increase. These trends likely do not reflect a change in preference from home ownership to renting, but rather reflect the lack of affordable housing and continued increase in cost of residential property. Increasing rental rates not only are especially burdensome for low and lower-income households, but may also constrain moderate-income households' ability to save to purchase a home.

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. Given the significant change in socio-economic and demographic changes over the past 15 years, there may still be unmet needs associated with the states' unprecedented growth. Further, the existing inventory of housing may not meet consumer preferences. Most owner-occupied homes were built prior to 1980 (55%) and 28% were built more than 60 years ago with the oldest housing most prevalent in rural North Dakota. Older housing may require update, renovations or remodeling to meet consumer preferences.

Finally, while a key component of the statewide housing needs assessment is to provide insights into future housing requirements in the state, this report contains an array of data and information on recent trends and current conditions on a wide range of demographic, social, economic, and housing indicators. Planning for and addressing statewide housing needs is not contingent on a single data point or trend but rather is a function of a multitude of considerations. 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.

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