



Fargo-Moorhead Regional Housing Needs Analysis and Strategies

July 2023



To the Greater Fargo-Moorhead Metropolitan Area,

The Housing Needs Analysis and Strategies Report for the Fargo-Moorhead Metropolitan Region is a comprehensive study aimed at identifying and addressing the housing needs and challenges in the region. This report analyzes how housing and demographic trends impact the housing market and documents the housing needs and demands for the areas of Fargo, Moorhead, West Fargo, Horace, and Dilworth.

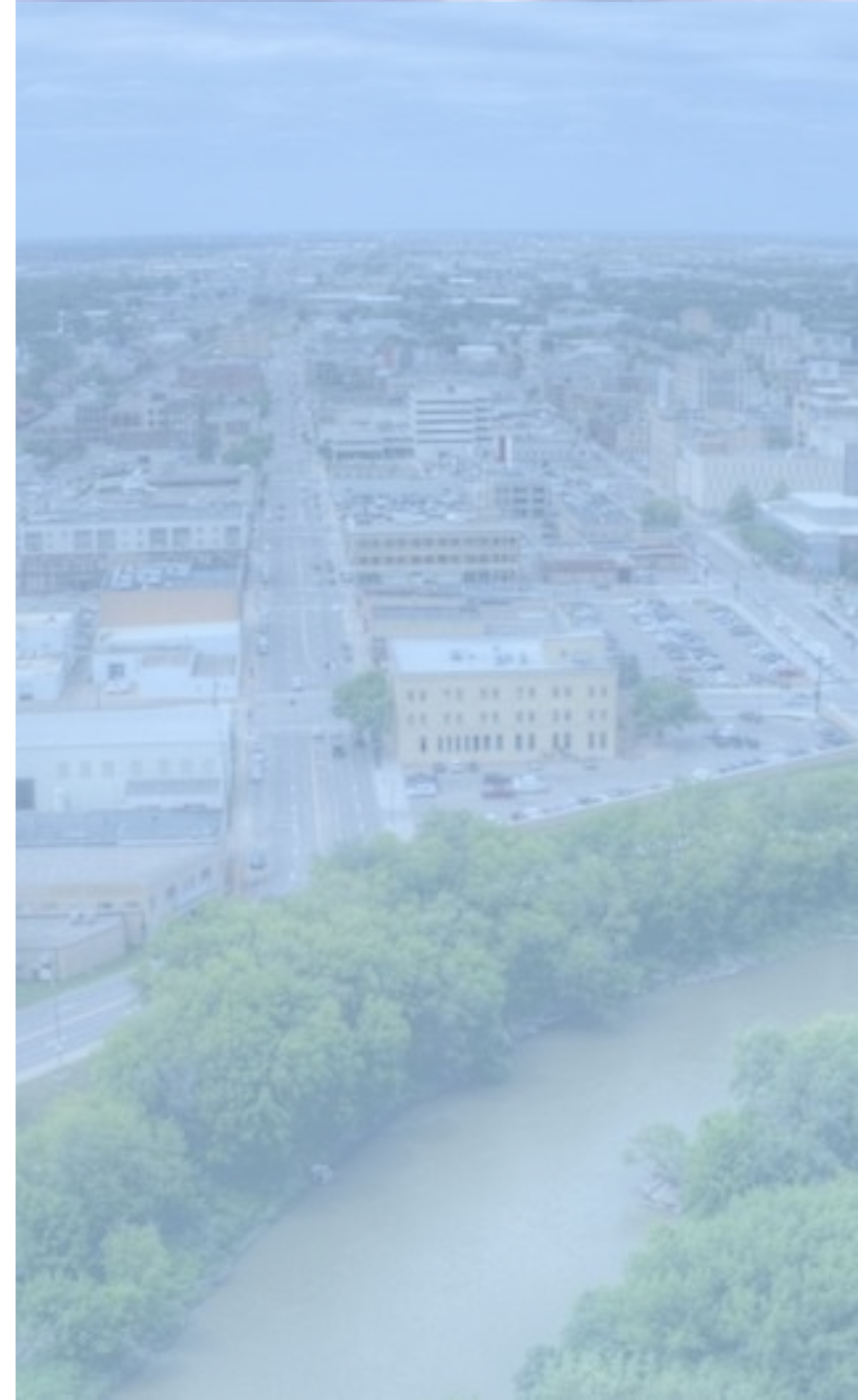
The Fargo-Moorhead Metropolitan Council of Governments (Metro COG) and its local partners embarked on this study to provide local leaders, planning departments, and community development officials with a detailed understanding of the housing needs in the Fargo-Moorhead region. The report strives to help local leaders understand strategies and solutions to meet these needs.

The study findings verify that housing issues facing our region go beyond jurisdictional boundaries. To address these challenges, the region must take an approach that is collaborative and coordinated among all stakeholders. This region has set a precedent of working together to address other needs, such as economic development, flood resiliency, and infrastructure. Our residents will benefit if we successfully take a similar approach to address these pressing housing issues.

We hope that the findings and recommendations in this report will serve as a starting point for more regional collaboration around housing policy and implementation.

Ben Griffith, Executive Director
Metro COG

Chuck Hendrickson, Board Chair
Metro COG Policy Board



Acknowledgements

This study is the result of a community-wide effort between Metro COG, Fargo, Moorhead, West Fargo, Horace, and Dilworth, and a broader group of local stakeholders. We would like to thank the many community members, service providers, elected leaders, City staff members, Study Review Committee Members, and members of the public who provided invaluable insight and feedback.

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APPENDIX: Definitions

An aerial photograph of a city, likely St. Paul, Minnesota, showing a river (St. Paul River) flowing through the center, a multi-lane highway (I-94) on the right, and various industrial and commercial buildings. The sky is overcast.

01

Introduction

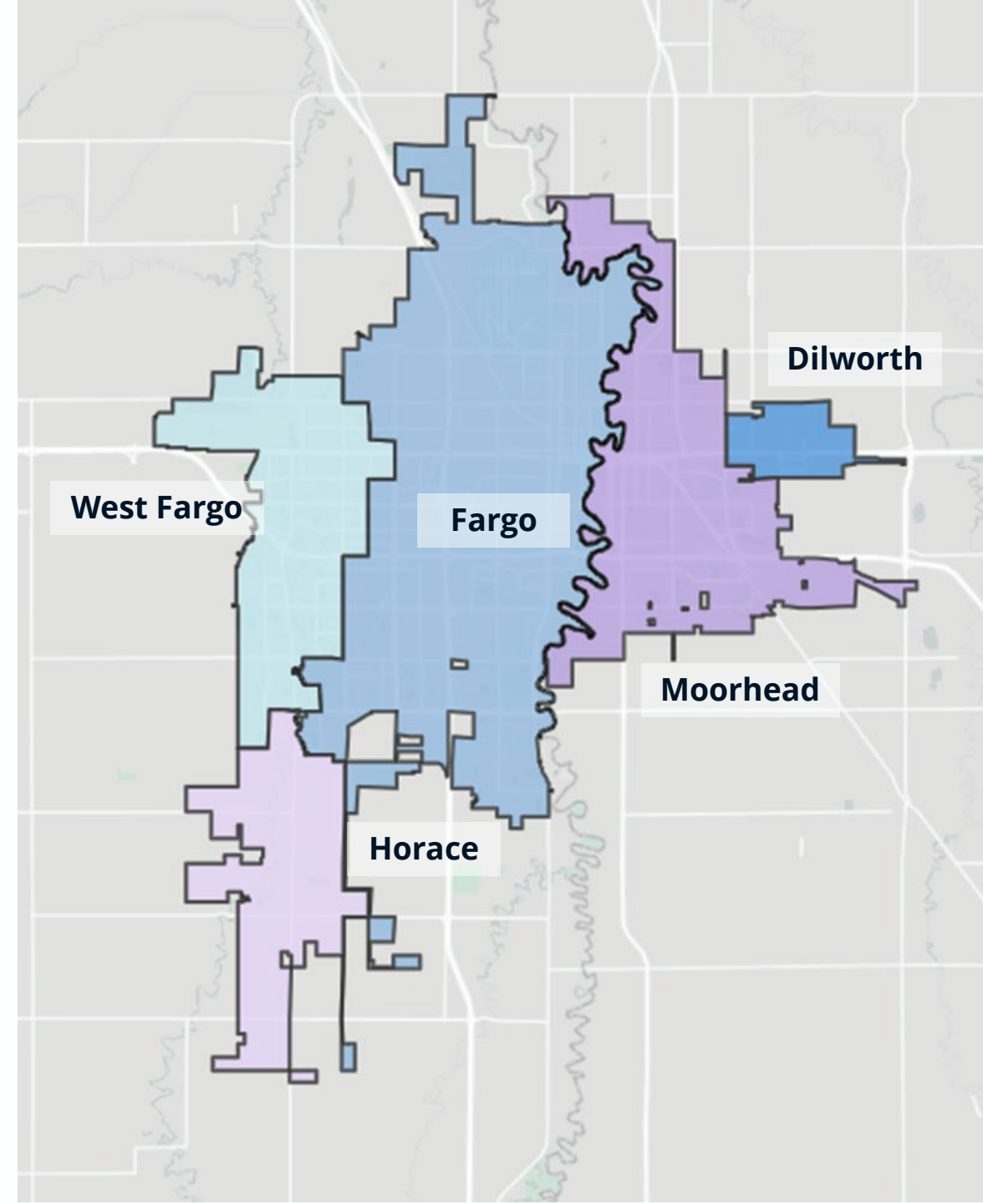
Introduction

Study Purpose

The Fargo-Moorhead Regional Housing Needs Analysis and Strategies is intended to create a robust regional understanding of housing data. Through common grounding on regional housing issues, participating cities can coordinate on policy and regional strategy.

As part of the Fargo-Moorhead Housing Needs Analysis, the consultant team collected data and documented housing needs and demands for the region. This document presents findings at the regional scale, with underlying analysis including data for specific municipalities: Dilworth, Fargo, Horace, Moorhead, and West Fargo.

The robust data analysis led to the development of potential short term and long-term strategies for meeting the housing needs and demands for the region. The consultant team provided case study examples of potential near- and long-term housing solutions.



The Fargo-Moorhead region has five housing goals.



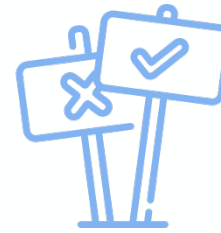
1. Promote regional coordination for housing strategies.



2. Educate city and county staff, elected officials, and residents on key housing challenges facing the region.



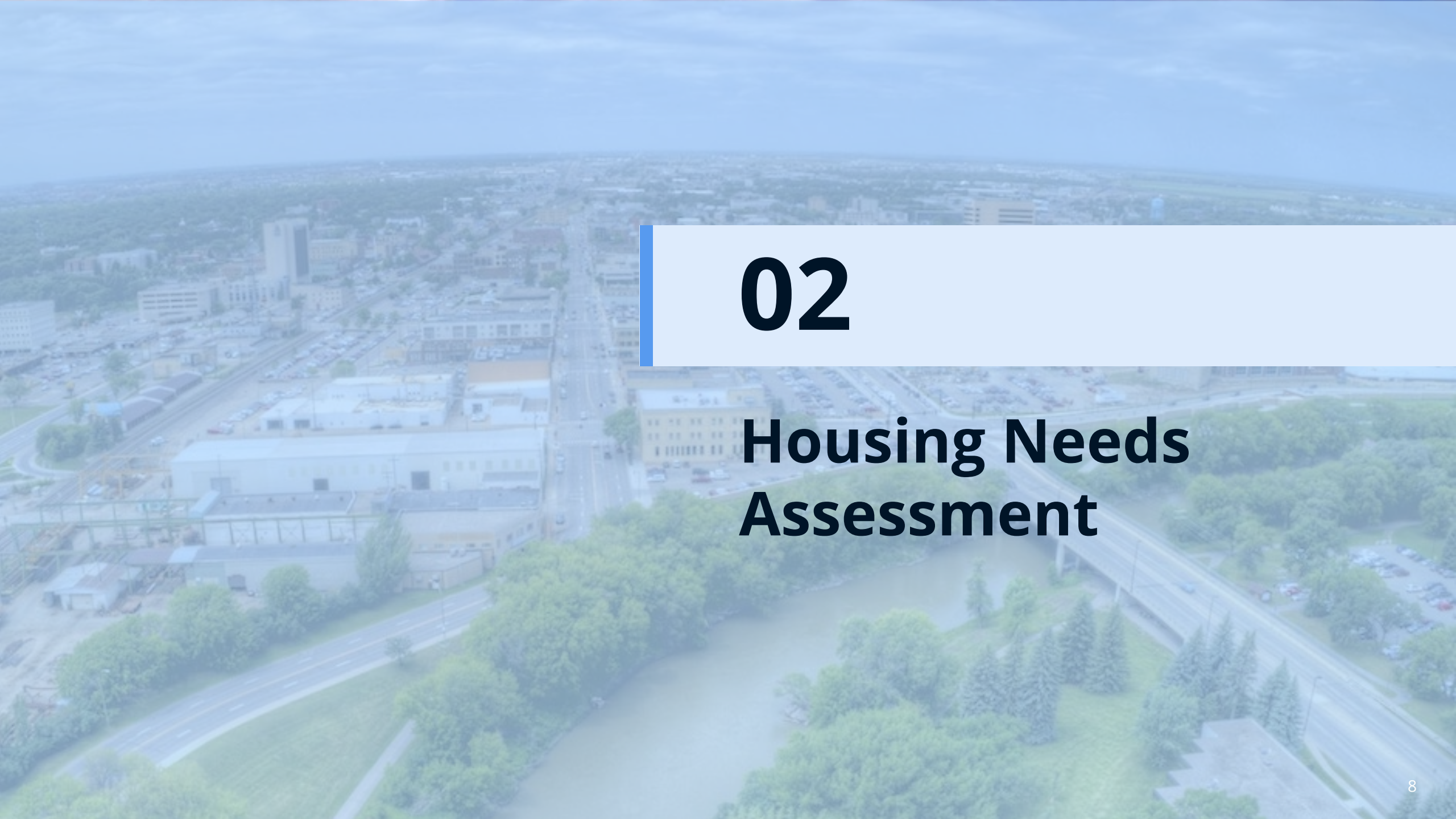
3. Help current residents stay, grow, and age in the region.



4. Accommodate new population and job growth by supporting more housing choice through different tenures and building types.



5. Create more opportunities for entry-level homeownership.

An aerial photograph of a city, likely St. Paul, Minnesota, showing a river (St. Paul River) flowing through the center, a multi-lane highway (I-94) on the right, and various urban buildings and parking lots. The image is overlaid with a semi-transparent blue filter.

02

Housing Needs Assessment

Housing Needs Assessment | **Overview**

The Housing Needs Assessment identified four primary themes necessary for understanding the Fargo-Moorhead housing market.

**Strong
Employment
Growth**

**Housing Supply
Lagging Behind a
Changing
Demand**

**Opportunity for
Increased
Homeownership
Access**

**Lack of
Sufficient
Affordable
Rental Housing**

Through the Housing Needs Assessment, HR&A identified the following themes necessary to understand the Fargo-Moorhead market.

STRONG EMPLOYMENT GROWTH

- Over the past 10 years, the region has added nearly **23,000 new jobs**, with thousands of jobs remaining unfilled and unemployment below 3% statewide.
- New regional initiatives like the F-M Diversion Construction will intensify these trends.

HOUSING SUPPLY LAGGING BEHIND A CHANGING DEMAND

- New housing unit production have not kept pace with job growth in the region. This gap is larger than the national average, **with a ratio of 1.5 jobs to units, compared with 1.3 nationwide.**
- Development of 2-9 unit buildings has not kept pace with increase in single family development and large, multifamily development.
- The majority of new housing supply production is located in the southwest of the F-M region.

Through the Housing Needs Assessment, HR&A identified the following themes necessary to understand the Fargo-Moorhead market.

**OPPORTUNITY FOR
INCREASED ACCESS TO
HOMEOWNERSHIP**

- The F-M region had experienced steady housing cost appreciation even before the pandemic. As a result, **in 2022 the minimum income required to purchase the average home was \$81,000.**
- At this income, **less than 20% of renters** could purchase a home
- **Mortgage denial rates are higher for non-white households** in the region compared to white households, even when controlling for income.
- 64% of senior renter households and 58% of single-parent renter households are cost-burdened, making homeownership increasingly challenging to access.

**LACK OF SUFFICIENT
AFFORDABLE RENTAL
HOUSING**

- The largest share of rental housing need is **among the most vulnerable households, families earning less than \$35,000.**
- This indicates a growing need for workforce and affordable family-sized rentals and additional funding sources for affordable housing production, particularly where federal or state funding is limited.

In addition to the housing needs assessment, the consultant team conducted focus groups, interviews, and public surveys to gather qualitative knowledge on existing housing needs and trends.

5 Focus Groups

Small Group Meetings

- Housing Assistance Organizations
- Housing Finance Organizations
- City Planning and Community Development Professionals
- Economic Development Professionals
- Home Builders Association

13 Interviews

Individual Discussion

- Single-Family Developers
- Multifamily Developers
- Mixed-Use Developers
- Affordable Housing Developers
- Residential Real Estate Professionals
- Commercial Real Estate Professionals

Surveys

Community Survey

- 800+ Resident Responses
- Mix of homeowners and renters

Industry Survey

- 35+ Individual Employer Responses
- Mix of small (<50 employees), medium (50-500), and large (500+) firms

Community Survey Results



Demand for Housing Diversity

Most respondents want to see the same or more townhomes and duplexes. Demand for mixed-use is significantly stronger than multifamily housing.



Most Residents Want More Senior Housing

Over 90% of respondents want to see more senior housing in the region.



Affordability is the Largest Barrier to Homeownership

60% of residents don't have enough money for a down payment and 55% can't find an affordable home to purchase.



Most Renters want to be Homeowners

Only 10% of renters indicated they do not wish to own a home.



Lack of Knowledge on Existing Programs

65% of renters do not know about existing local homeownership programs.

Industry Survey Results

Housing Impacts Employee Retention

Housing ranked **fourth amongst factors impacting the attraction and retention** of employees, behind compensation, company culture, and quality of life.

Employers Offer Limited Housing-Related Resources

Only 16% of employers offer resources related to housing their employees. Some of these incentives include relocation assistance and bank-led sessions on mortgage options.

Most Employers are Interested in Learning About Housing-Related Resources

71% of respondents are interested in learning about the housing incentives discussed in the Housing Needs Analysis Final Report.



Housing Needs Assessment | Overview

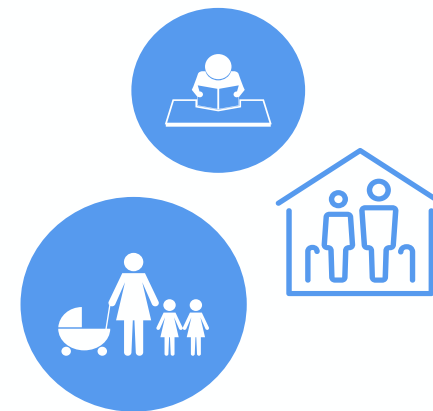
The Fargo-Moorhead Region must deliver a variety of housing typologies that are affordable and attainable in order to sustain its fast economic growth and high quality of life.



- The region has added nearly 23,000 new jobs.
- Unemployment has remained below 3%.



- Housing unit development has not kept pace with job growth.
- Development of 2-9 unit buildings has not kept pace with single family or large, multifamily development.



- 67% of renter households earning less than \$50,000 are paying more than 30% of their income towards housing.
- Average prices of homes sold have increased by 18%, outpacing most renter incomes.

An aerial photograph of a city, likely St. Paul, Minnesota, showing a river (St. Paul River) flowing through the urban landscape. A multi-lane highway (I-94) runs along the right side of the river. The city center is visible in the background with various buildings and parking lots. The image is overlaid with a semi-transparent blue filter.

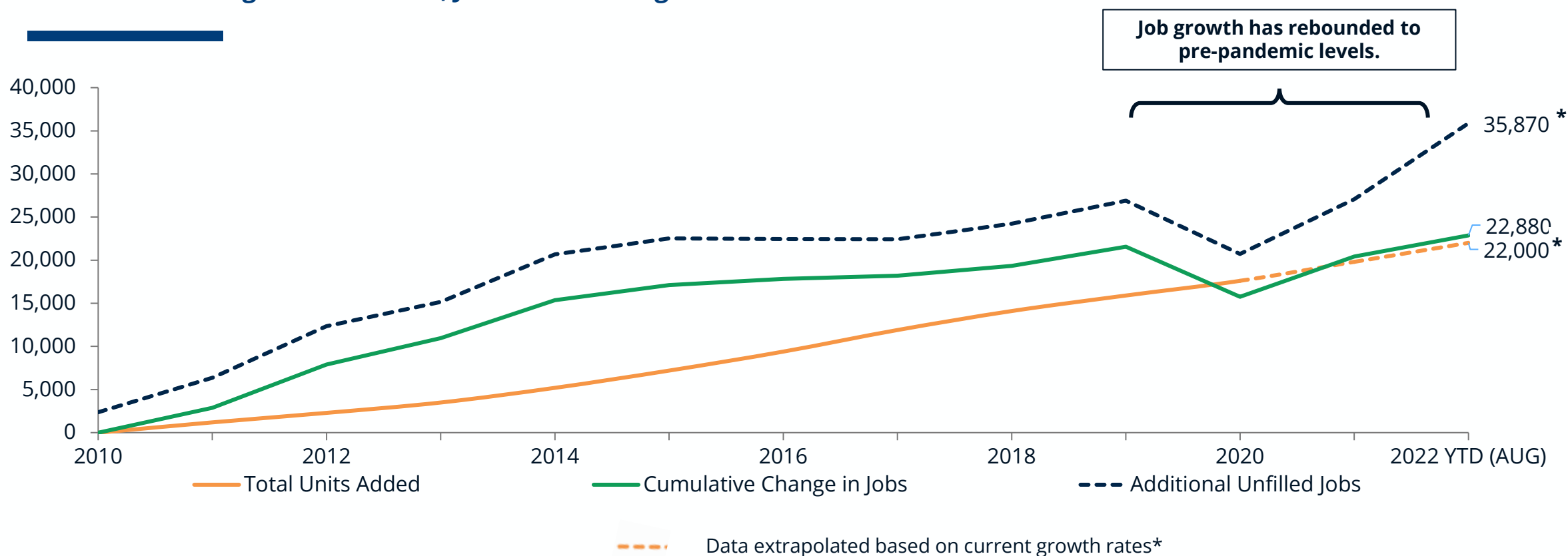
02.1

Regional Housing Trends

Housing Needs Assessment | Regional Housing Trends

Housing unit development has not kept pace with job growth in the region. This gap is larger than the national average, with a ratio of 1.5 jobs to units, compared with 1.3 nationwide.

Cumulative Change in Household, Jobs and Building Permits Added



Source(s): ACS 5-Year Data, 2010-2022, Lightcast 2010-2022, MN Department of Employment and Economic Development LMI, ND LMI.

*Additional Unfilled Jobs Figures based on annualized job opening rates for the economic development regions around Cass and Clay County.

Housing Needs Assessment | Regional Housing Trends

Various housing programs are available to support the production and preservation of housing across the Fargo-Moorhead Region.

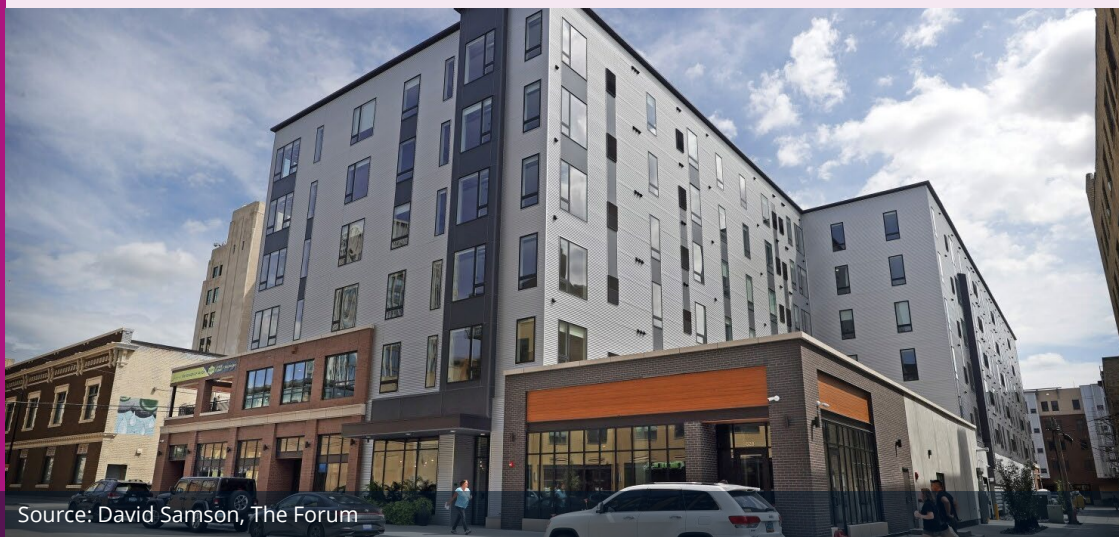
RENTAL

Emergency Rental Assistance

Multifamily Tax Exemption

Housing Tax Credit Program

Investor-Owned Rental Development Program



Source: David Samson, The Forum

OWNERSHIP

Single Family Rehab Loans

First Time Homebuyer Loan

Down Payment and Closing Cost Assistance

Neighborhood Revitalization Program

New Construction Tax Exemptions



Source: City of Moorhead



Housing Needs Assessment | Fargo Housing Trends

Over 50% of the region's new housing development occurred within Fargo over the last 10 years, as the city drew the bulk of new employment hubs.



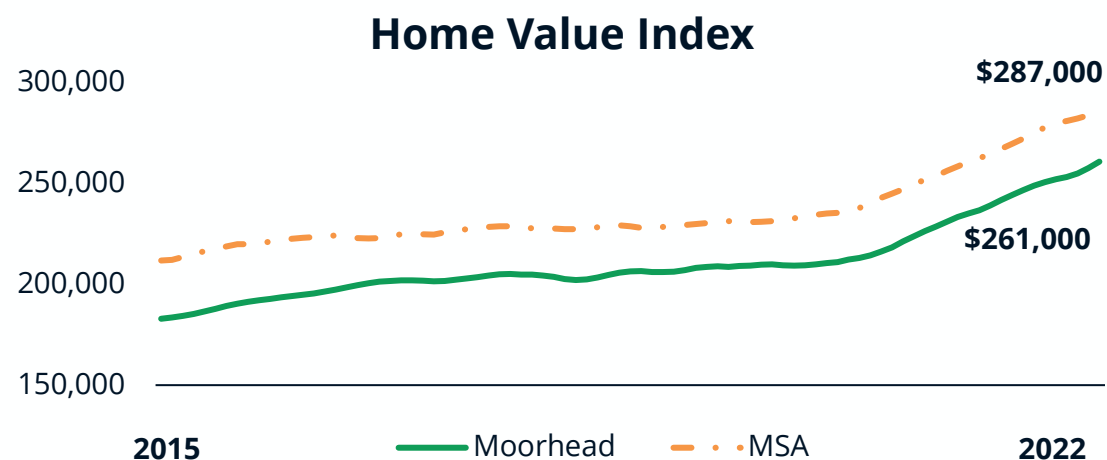
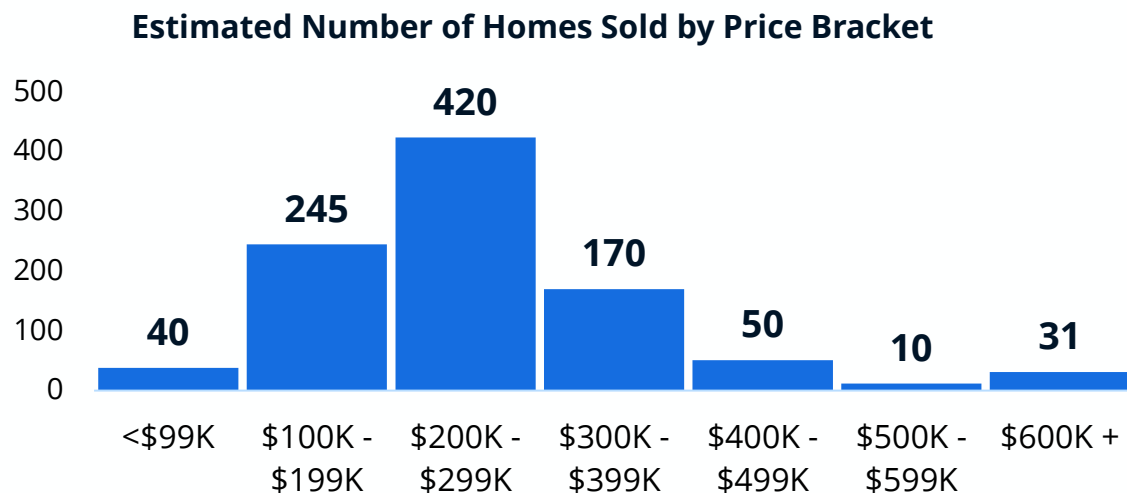
Fargo New Multifamily Construction by SRF Consulting

- More than half of all jobs, residents, and housing units in the region are in Fargo, with highest growth in the southwest portion of the city.
- Over the past 10 years, development in Fargo has been in line with housing needs, half of new construction has been multifamily (larger than 10+ units).
- However, there is still a need for affordable rental and entry level homeownership typologies in both Fargo and the broader region.

Housing Needs Assessment | Moorhead Housing Trends

Moorhead can leverage lower home prices and high standards of living to attract new residents and employers.

- In 2022, homes sold in Moorhead were below the region's average housing costs.
- However, there is a smaller housing stock in Moorhead compared to Fargo and less movement, for instance 40% of 70+ year old residents in Clay County have lived in their homes for over 30 years.
- To foster development, Moorhead can continue to support projects where there is existing sewer capacity or where infill development may be advantageous.



Source(s): Zillow Recently Sold Home Prices October 2021 – October 2022



Housing Needs Assessment | Dilworth Housing Trends

Dilworth's population has grown at a rate of 15% compared with Minnesota at 7%.

- Dilworth's population is growing faster than Minnesota on a whole but is less than the 19% growth rate of the Fargo-Moorhead MSA.
- In Dilworth, most homes are owner-occupied, with only 27% of total households who are renters.
- Dilworth's growth is tied to Moorhead, with geographic boundaries and existing sewer capacity limiting some development growth.
- Dilworth can incentivize infill development of underutilized sites to continue to meet residents' housing needs.

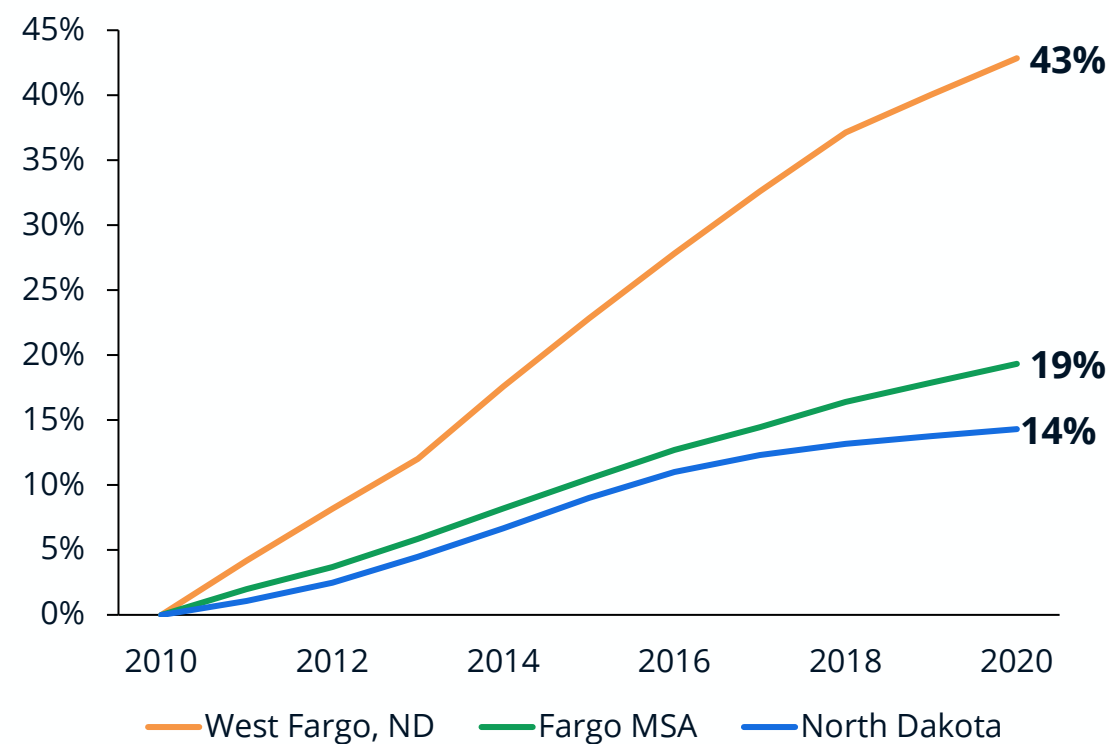
Source(s): ACS 2010-2020 5-year estimates

Housing Needs Assessment | West Fargo Housing Trends

The region's population growth is driven by development in the southwest portion of the region. As West Fargo becomes more land constricted, the City must be strategic in creating denser housing.

- The area around the Veterans Boulevard corridor has experienced the most dramatic population growth since 2010, both in absolute (+27,000) and relative terms (+137%).
- While West Fargo is home to 15% of the region's population, only 9% of the regions 5+ unit housing stock is in West Fargo.
- In the next 10 years, growth is anticipated to be limited as the remaining developable land has decreased.
- However, new potential housing opportunities will be possible on publicly available sites in the coming years.

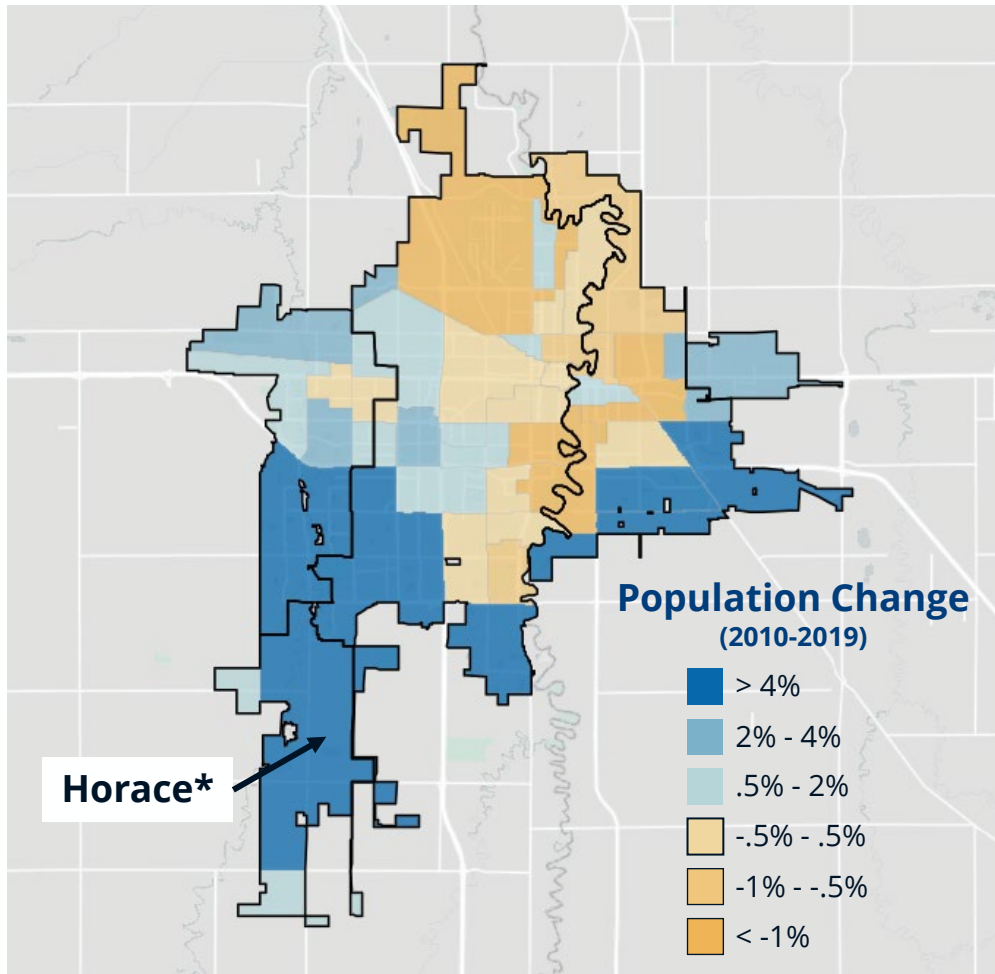
Population Growth by Geography
2010-2020



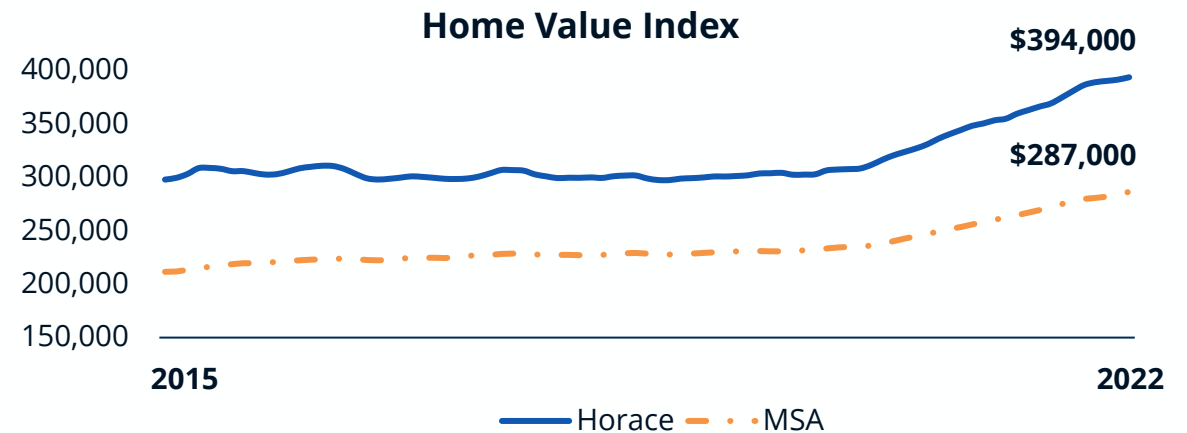
Source(s): ACS 2010-2020 5-year estimates

Housing Needs Assessment | Horace Housing Trends

Horace has seen a 600% increase in new construction since 2017, as new utility connections increased the available developable land.



- Historically, homes in Horace have been priced at or above the regional average. In 2022, home prices in Horace were nearly double that of the region.
- There are currently no multifamily, or 5+ unit buildings, under construction in Horace.



Source(s): ACS 2010-2020 5-year estimates, Zillow Research Data Estimates
*Analysis of Horace does not account for recent updates to municipal boundaries.

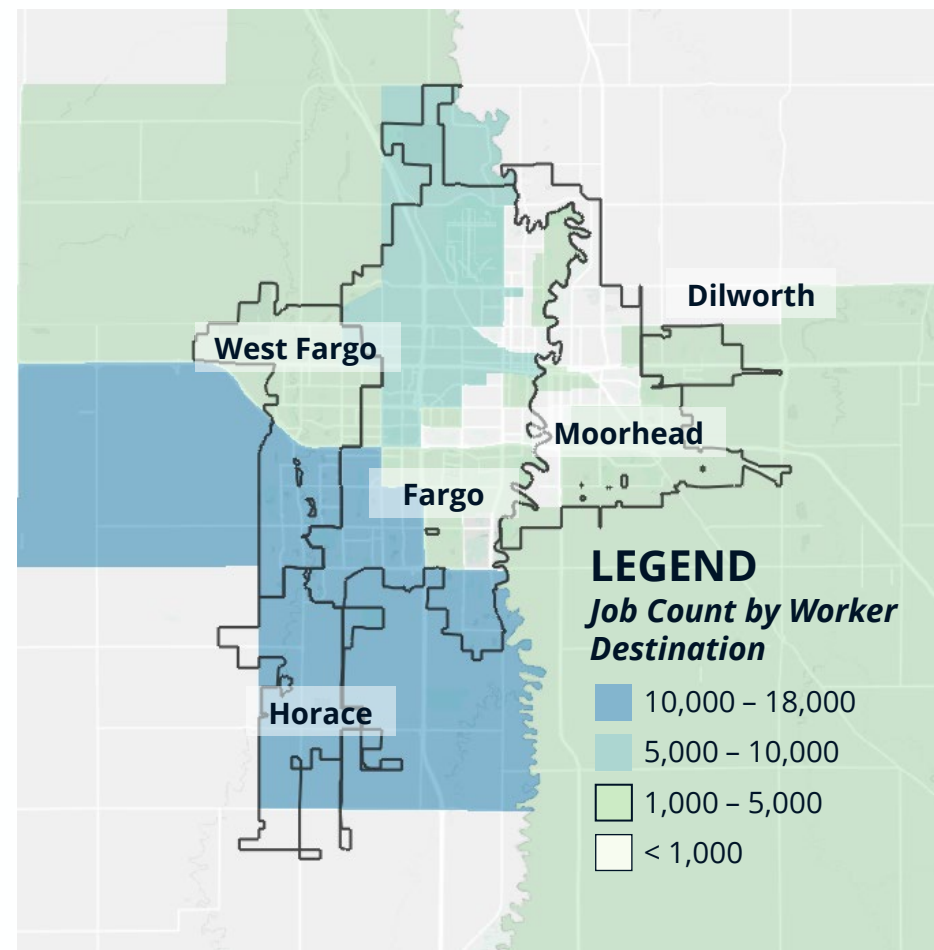
An aerial photograph of a city, likely St. Paul, Minnesota, showing a river (St. Paul River) in the foreground, a multi-lane highway (I-94) on the right, and various industrial and commercial buildings in the center. The sky is overcast.

02.2

Demographic and Employment Trends

The Fargo-Moorhead region has a robust, growing economy – with increasingly economically and racially diverse residents.

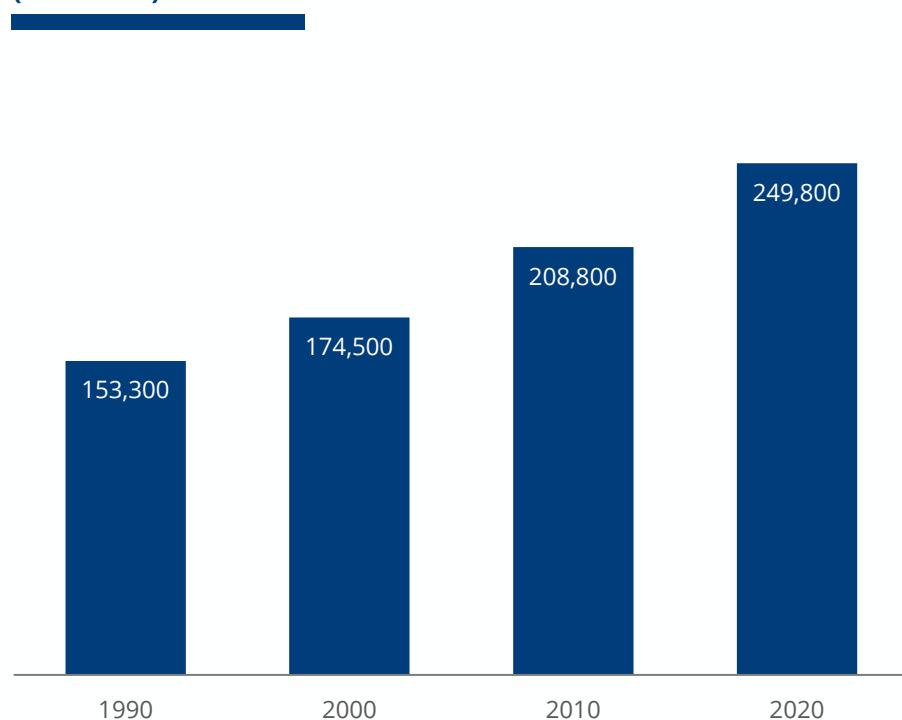
- **Over the past 10 years, the region has added nearly 23,000 new jobs**, with thousands of jobs remaining unfilled and unemployment hovering below 3% statewide.
- High growth industries, including healthcare and manufacturing, have added numerous high-paying jobs, increasing demand for entry-level homeownership products.
- **Average salaries for these high growth industries are above \$70,000**, which is higher than the region's median income of \$66,000.
- New regional initiatives like the F-M Diversion construction will intensify these trends, anticipated to draw both temporary and full-time workers.



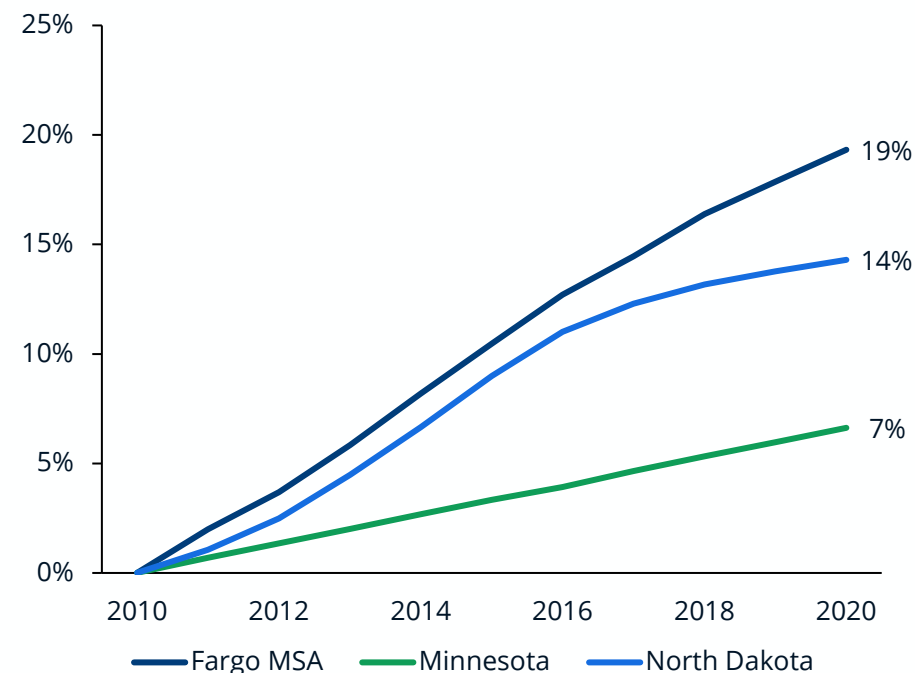
Housing Needs Assessment | Demographics and Employment Trends

The Fargo-Moorhead region is growing at a rate faster than Minnesota and North Dakota, with a 19% increase in the past decade.

**Population, Fargo-Moorhead MSA
(1990-2020)**



**Comparative Population Growth
(2010-2020)**



Housing Needs Assessment | Demographics and Employment Trends

Relative to comparable markets, the Fargo-Moorhead region has the highest population growth and faster job growth than the Twin Cities and Rochester, MN.

Regional Metrics

	Fargo-Moorhead, ND-MN	Sioux Falls, SD	Des Moines, IA	Rochester, MN	Bismarck, ND	Minneapolis- St. Paul, MN	Omaha, NE	St. Cloud, MN	Mankato, MN
Population (2020)	249,000	274,000	708,000	223,000	130,000	3,700,000	1,000,000	202,000	103,000
Population Change % (2010 - 2020)	19%	19%	16%	8%	17%	10%	10%	7%	6%
Jobs Change % (2010 - 2020)	11%	16%	13%	8%	8%	7%	6%	5%	3%
Cost of Living (COL) Index*	101.1	105.4	98.5	103.9	105.7	104.5	99.2	98.5	101.0
Median Household Income (2020)	\$66,000	\$68,000	\$71,000	\$77,000	\$73,000	\$83,000	\$69,000	\$64,000	\$63,000

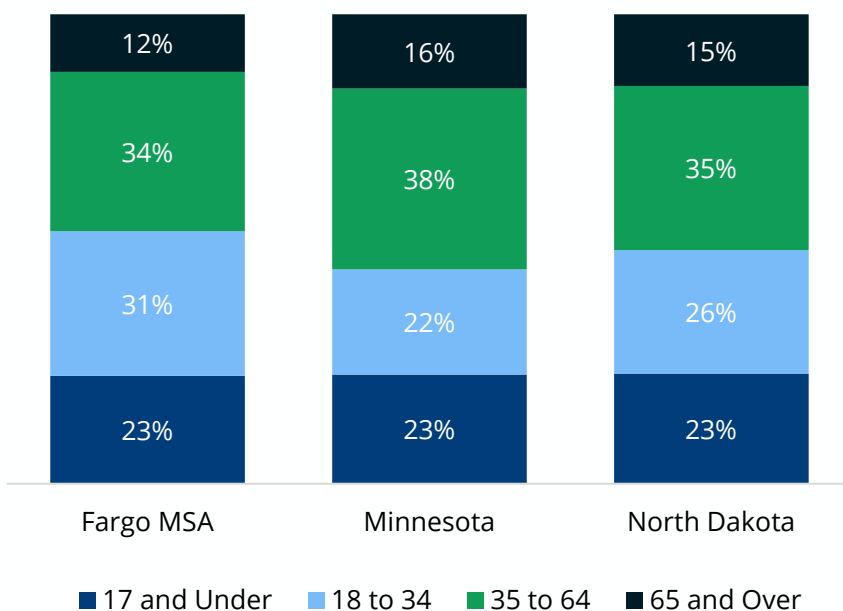
Source(s): Lightcast, Geographies are MSA level findings, over the last 10 years.

*The Cost of Living Index (COLI) comes annually from C2ER and provides a baseline for understanding how regional costs of living compare to the nation and to each other. An index below 100 means the region has a lower cost of living compared to the national average.

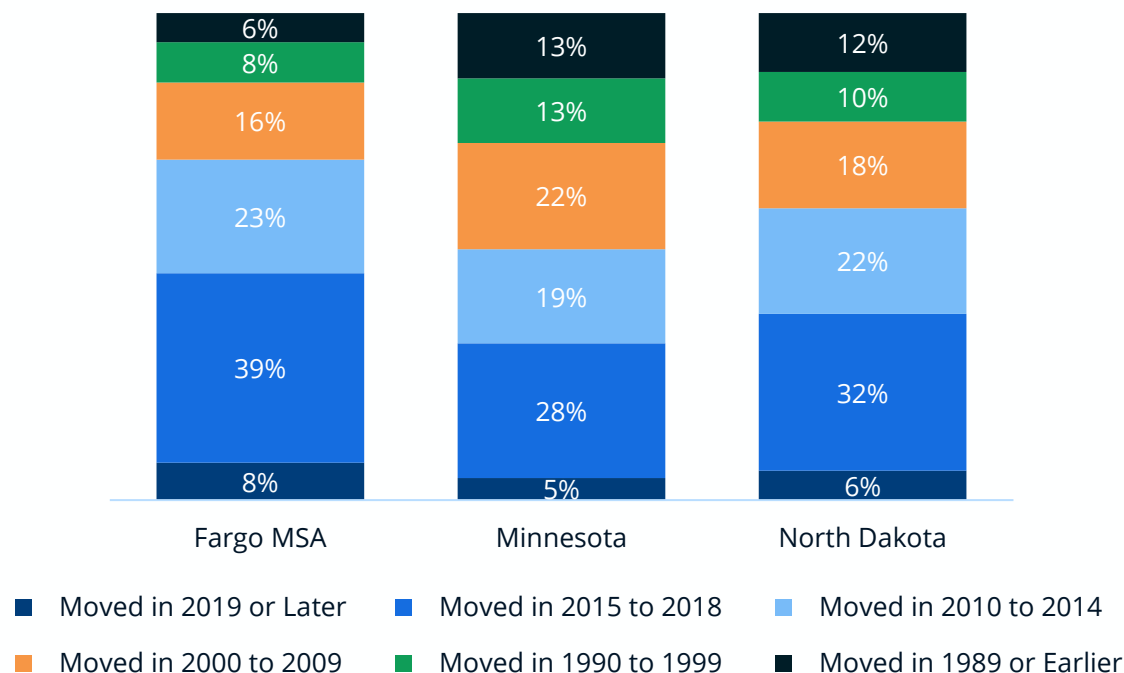
Housing Needs Assessment | Demographics and Employment Trends

In part due to the local universities in Fargo and Moorhead, the region has a large share of young adults (18-34 years old), when compared to North Dakota or Minnesota.

Age Distribution
(2020)



Year of Move to the Region
(2020)



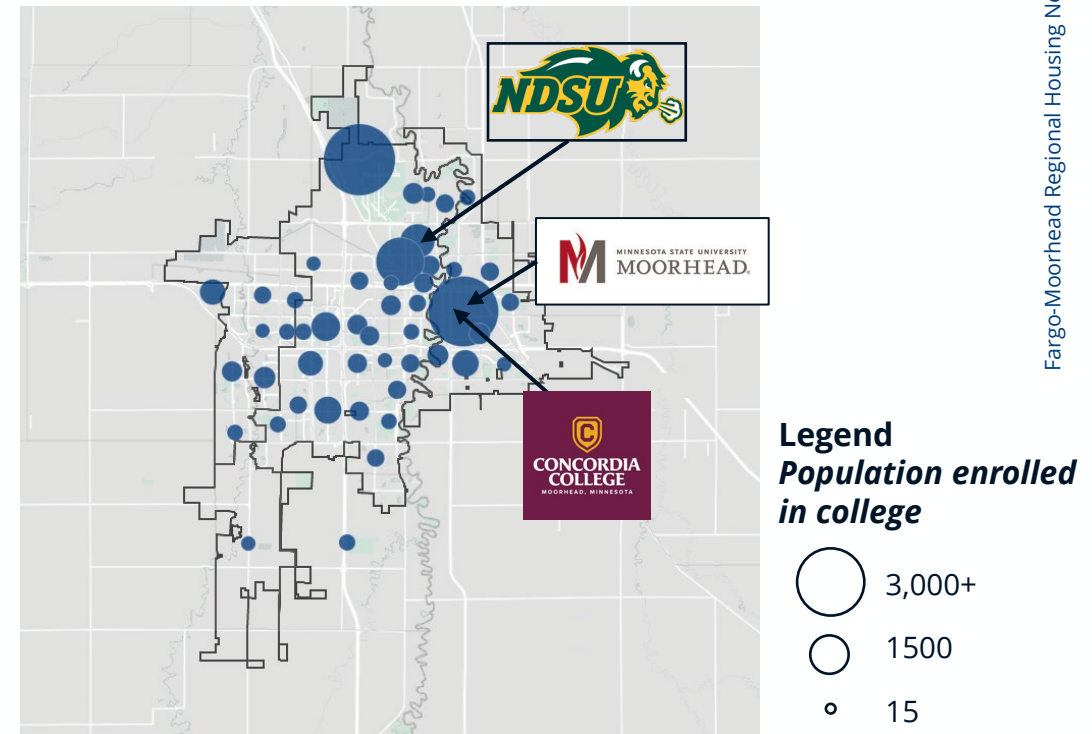
Housing Needs Assessment | Demographics and Employment Trends

Of the total population, a higher percentage of residents of the Fargo-Moorhead Region are students than the national average. The percentage of student populations is on par with other cities with a large college presence.

Student Population
(2020)

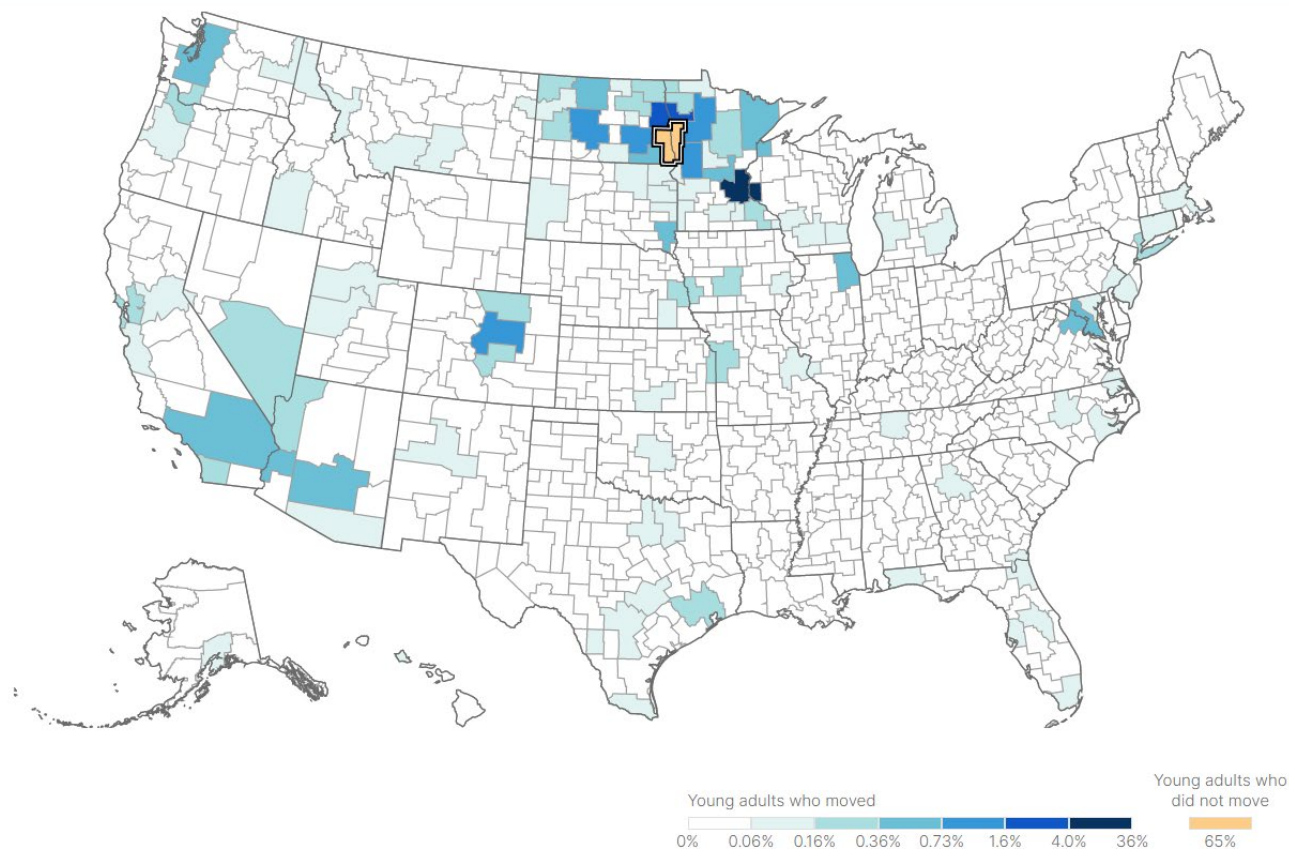
	United States	Fargo-Moorhead MSA
Enrolled in College	5.7%	9%
Graduate or Professional School	1.4%	2.4%

Student Population
(2019)



65% of young adults from the Fargo-Moorhead region stayed in the region for work, in line with the national average. The majority of new young adults are from MN and ND.

Young Adults who moved from the Fargo-Moorhead Region



Source(s): Migration Patterns.

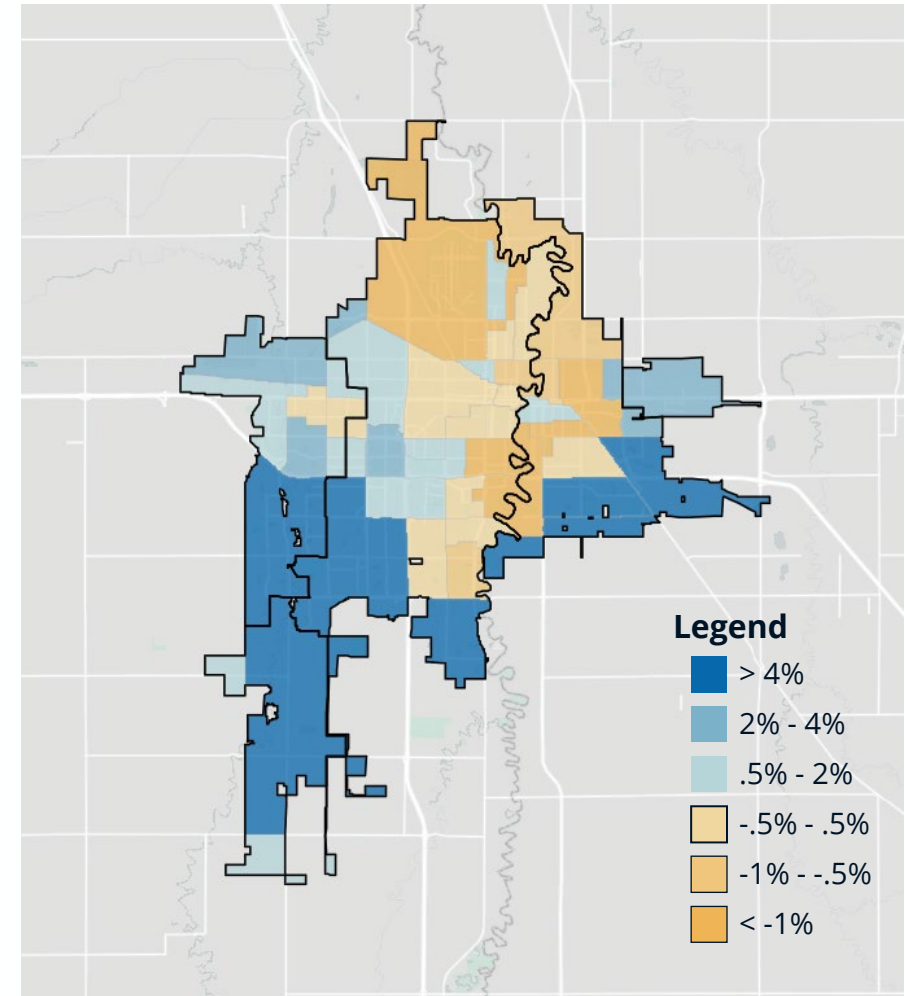
The analysis sample covers children born 1984-1992 measuring their childhood locations at age 16 and young adult locations at age 26.

Housing Needs Assessment | Demographics and Employment Trends

The region's population growth is led by significant growth in the southwest of the region.

- The census tract housing the Veterans Boulevard corridor has experienced the most dramatic population growth since 2010, both in absolute (+27,000) and relative terms (+137%).
- The FM Diversion project will increase development in the region, as occurred when the Sheyenne Diversion was originally constructed.
- Current flood plains prevent new housing construction from being developed in portions of the land in Fargo, Horace, and West Fargo.

Population Change
(2010-2019)

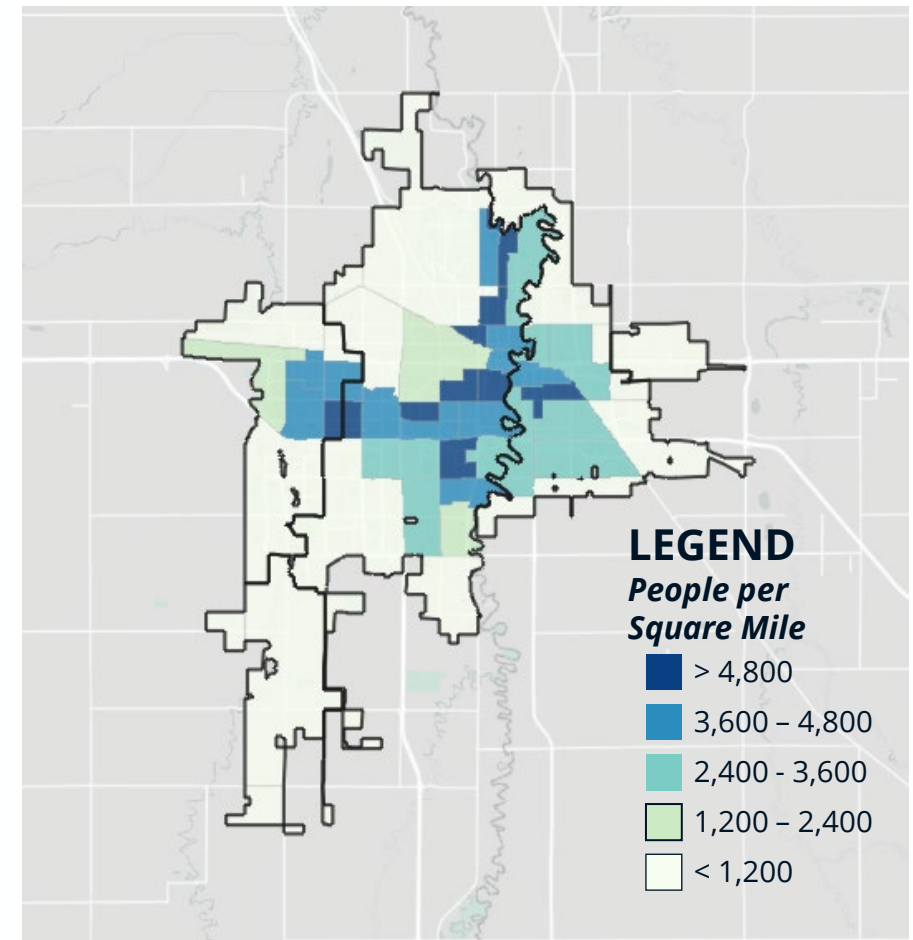


Demographics and Employment Trends

Despite suburban growth, Downtown Fargo and Moorhead remain the most densely populated census tracts in the region.

- Areas that have seen most substantial population growth, such as Horace, Dilworth, and southern regions of Moorhead, are significantly less dense.
- In the past 10 years, there have been minimal shifts in population density throughout the region.

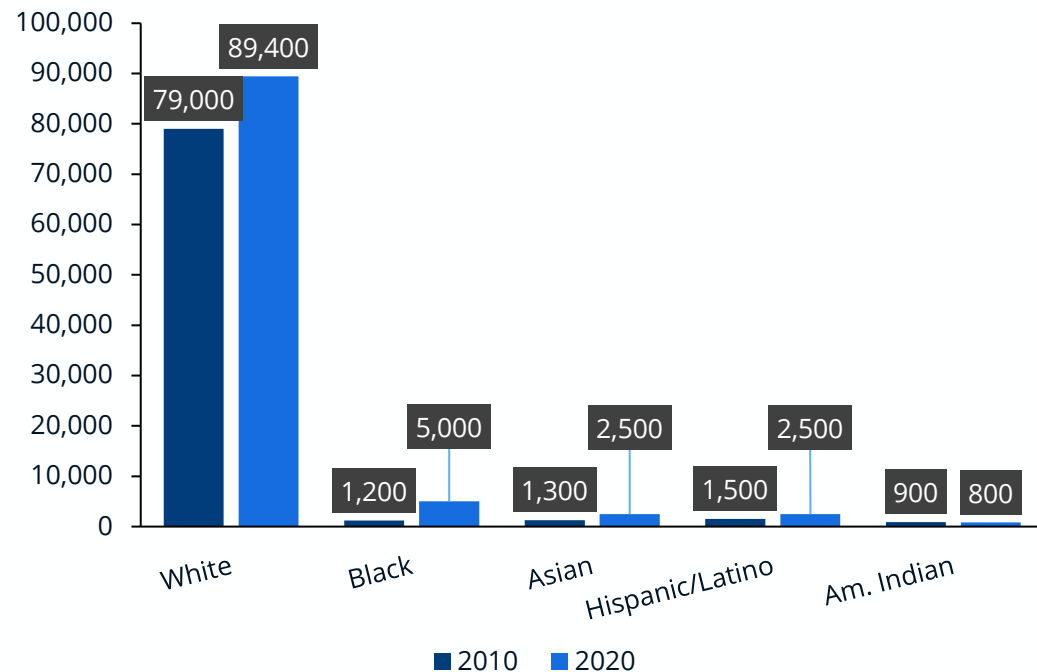
Population Density
(2019)



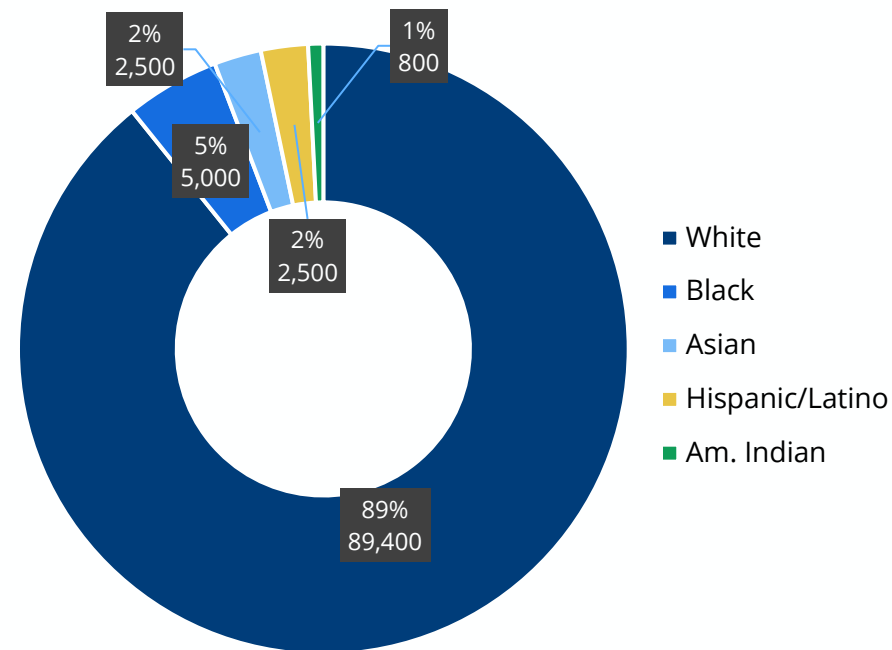
Housing Needs Assessment | Demographics and Employment Trends

White households remain the vast majority in the MSA, however, minority households have been growing in the region. Since 2010, the number of Black households has more than tripled and Asian households nearly doubled.

Households by Race
(2010 - 2020)



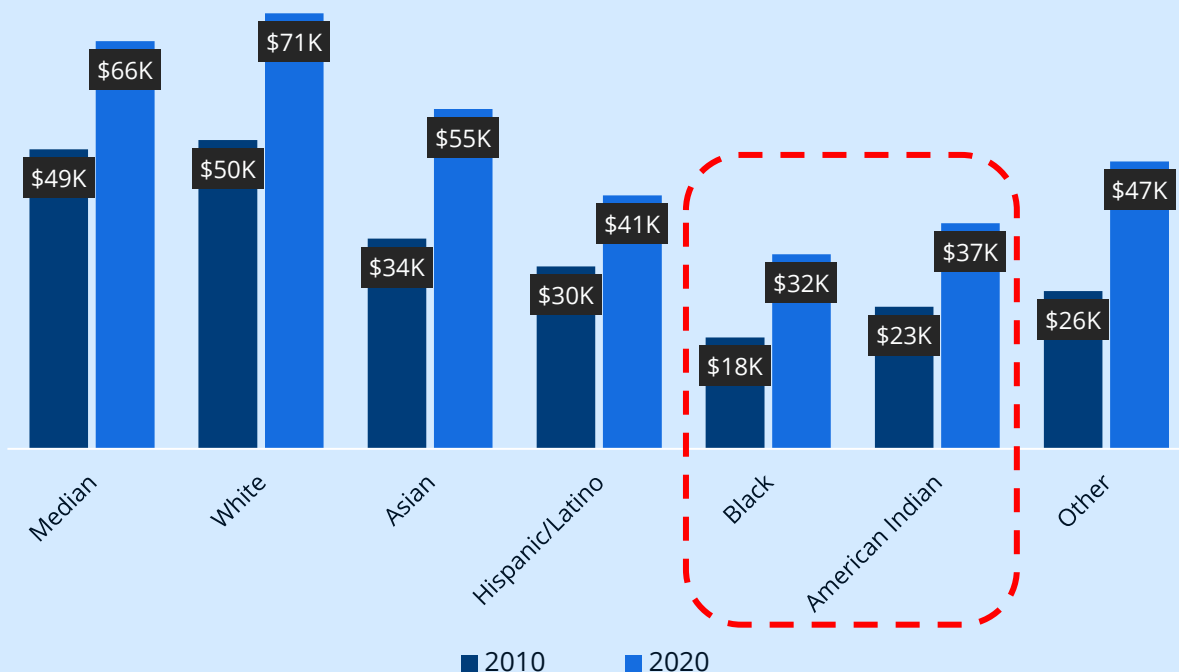
Household Distribution by Race
(2020)



Demographics and Employment Trends

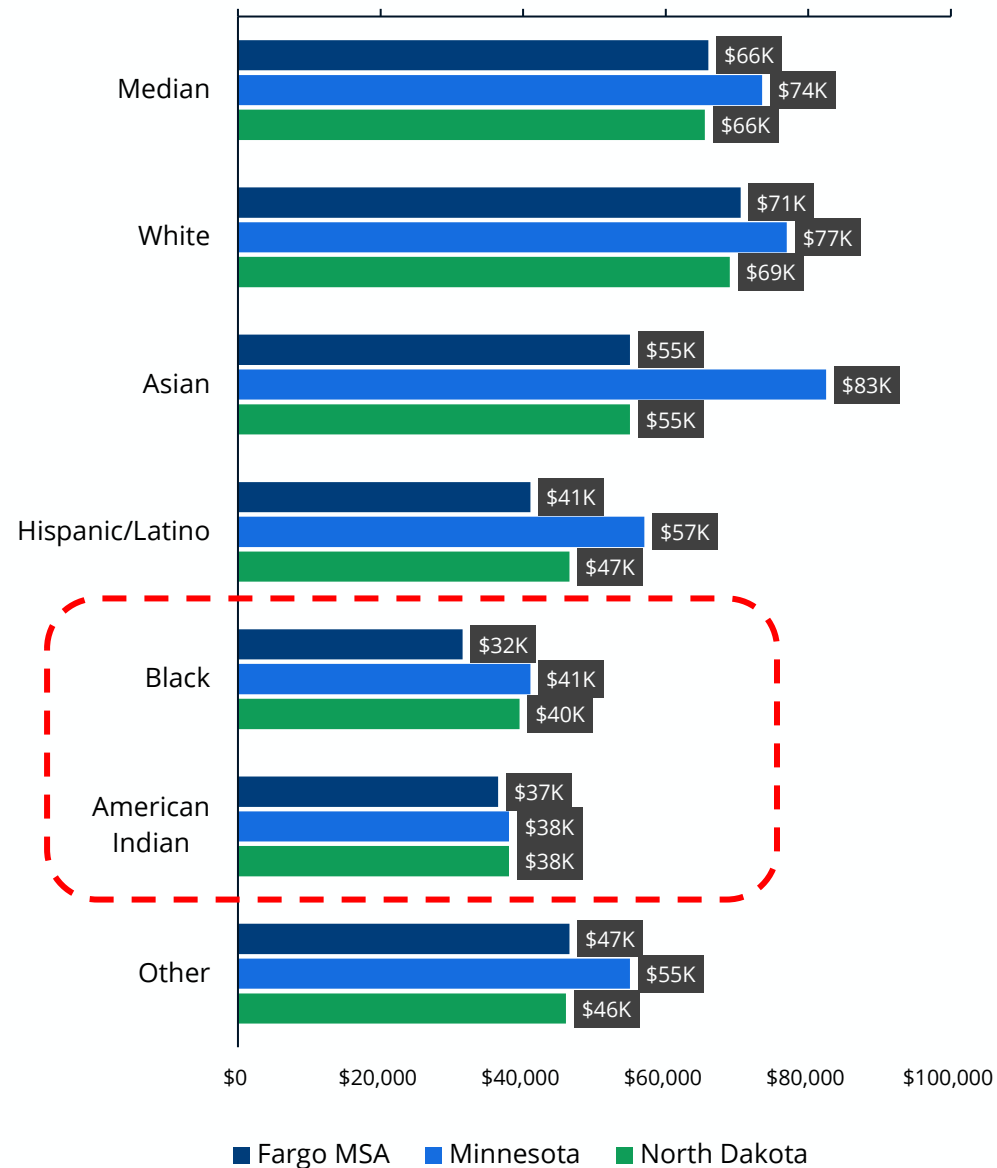
While median incomes have risen across all racial groups in the past 10 years, the disparity between the incomes of Black and American Indian households and White households has not improved.

Fargo-Moorhead MSA Median Income by Race
(2010-2020)



Source(s): ACS 2010-2020 5-year estimates

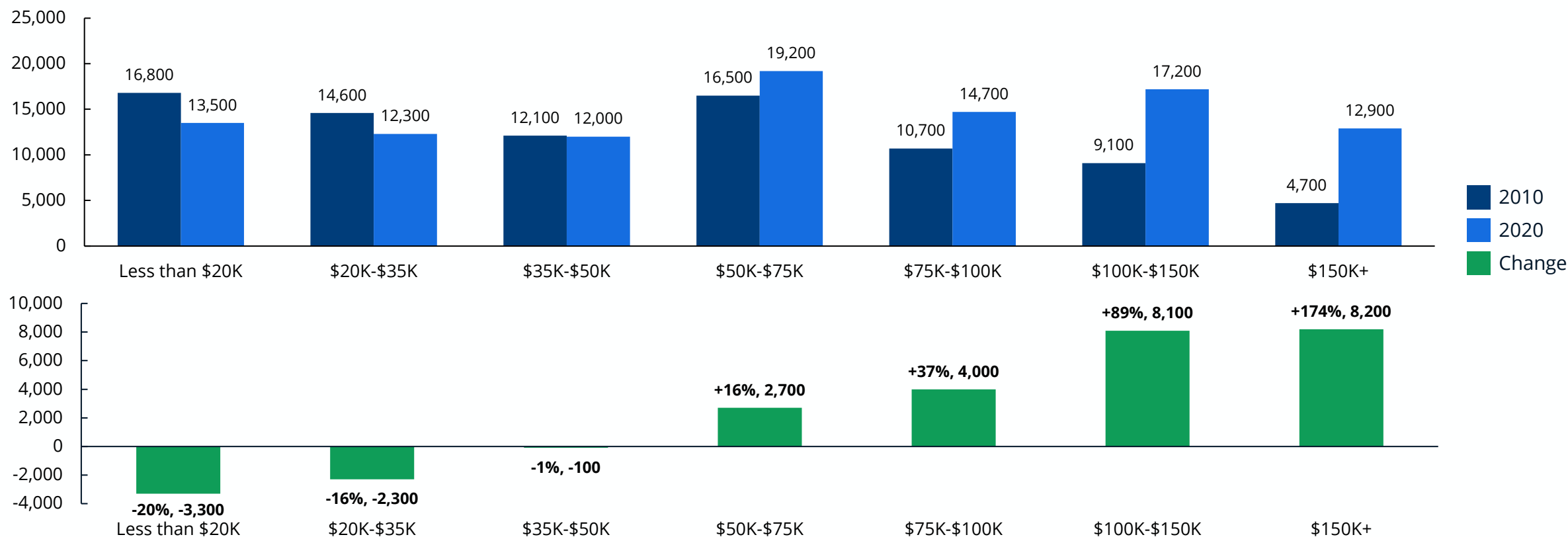
Comparative Median Income by Race
(2020)



Housing Needs Assessment | Demographics and Employment Trends

The number of households earning above \$100K has more than doubled in the past 10 years. The loss in both renters and owners for incomes under \$35K indicate either rising incomes and/or displacement outside of the MSA.

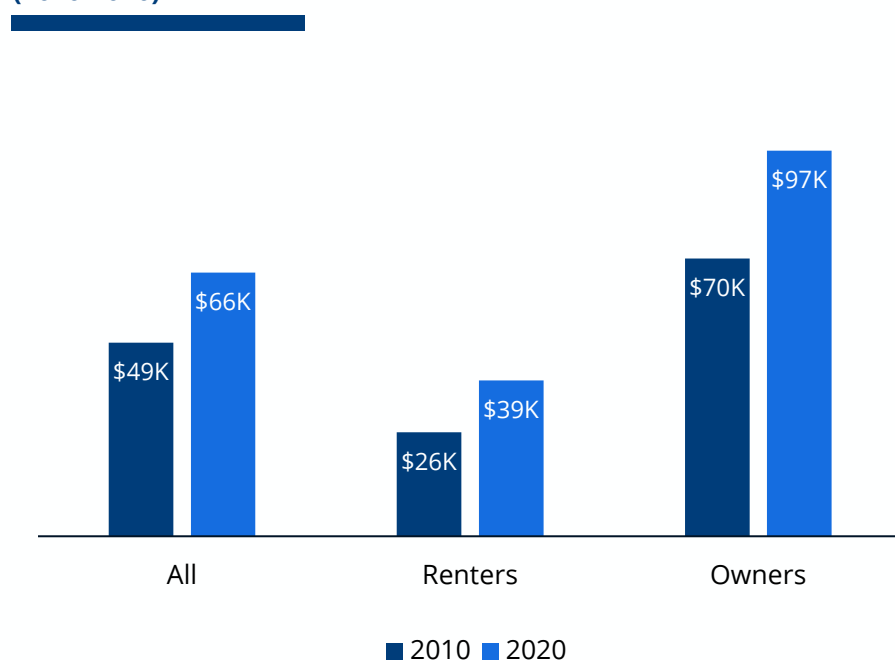
Households by Income
(2010-2020)



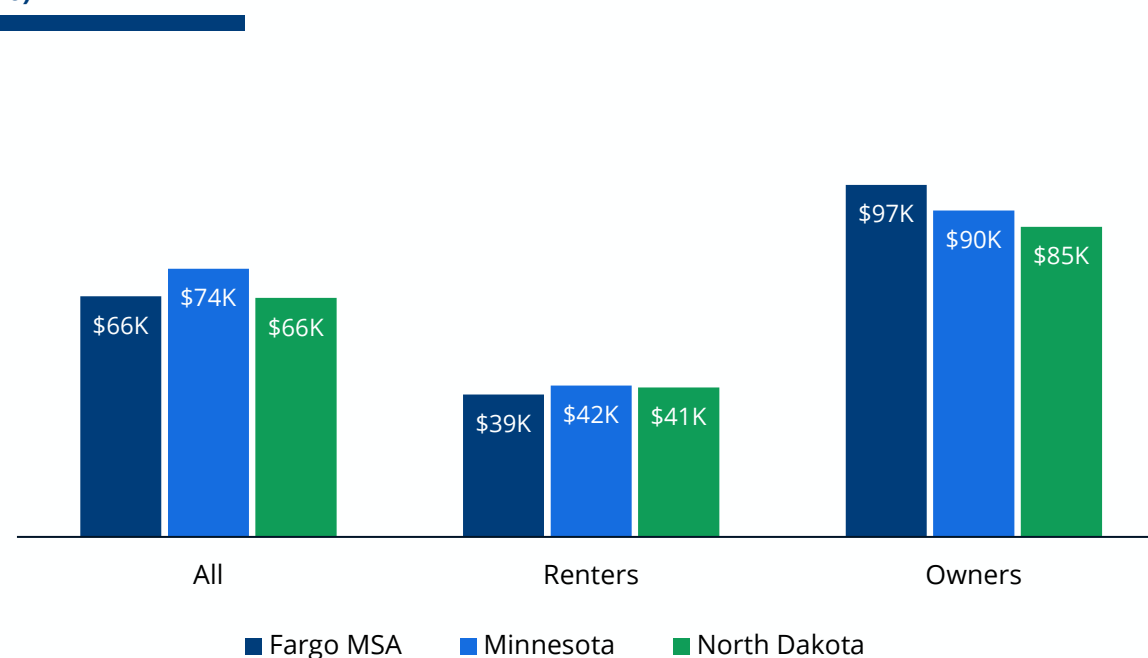
Housing Needs Assessment | Demographics and Employment Trends

Median income of renters and owners has increased, with renters' increasing by 50%. However, residents with higher incomes tend to have higher rates of homeownership; most households earning under \$50K are renters.

Fargo MSA Median Income
(2010-2020)



Comparative Median Income
(2020)

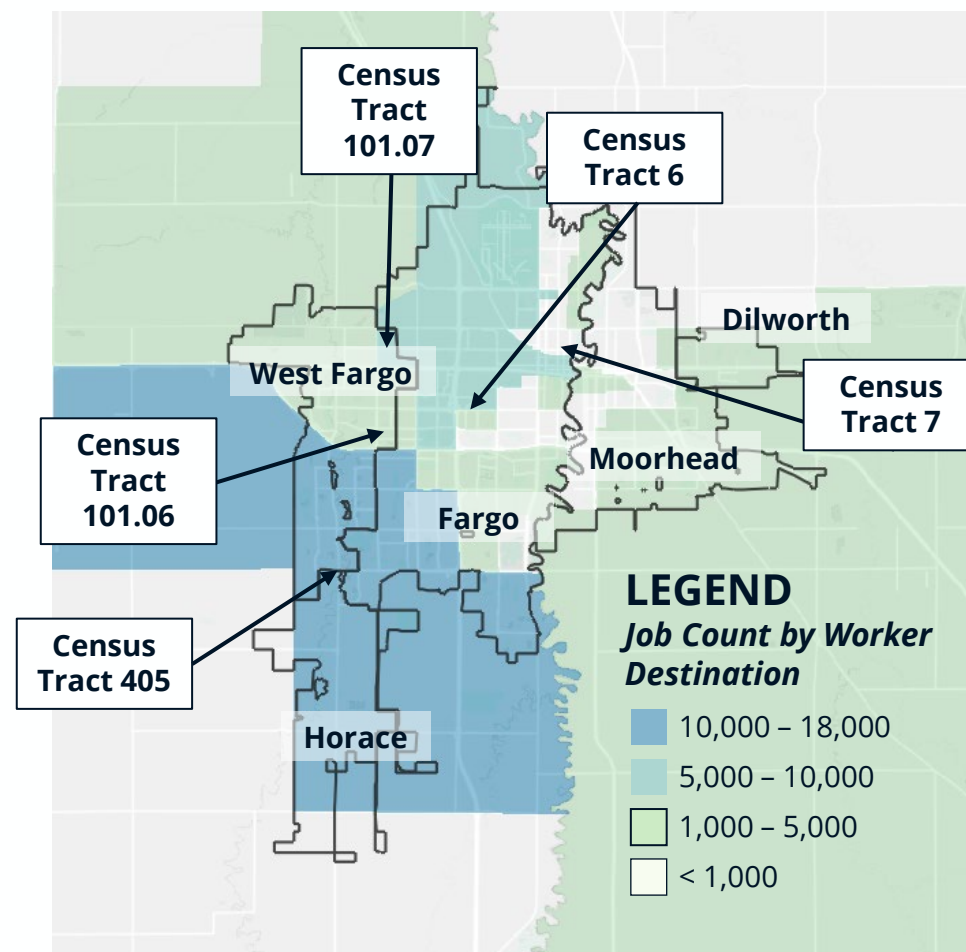
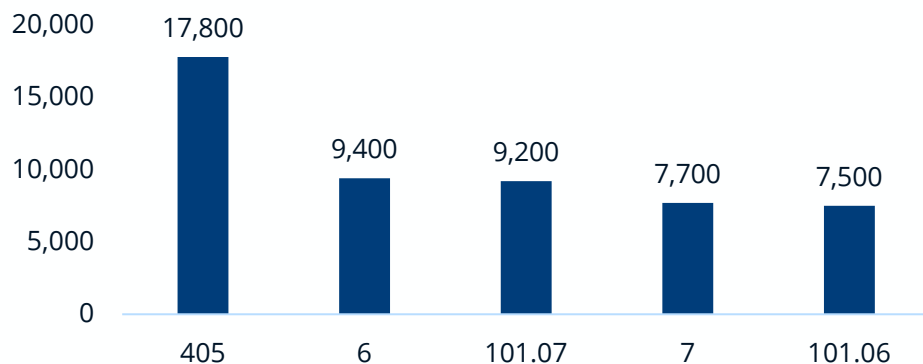


Housing Needs Assessment | Demographics and Employment Trends

Most people who work in the Fargo-Moorhead region also live within the region.
Within the MSA, 15% of residents work in West Fargo and Horace.



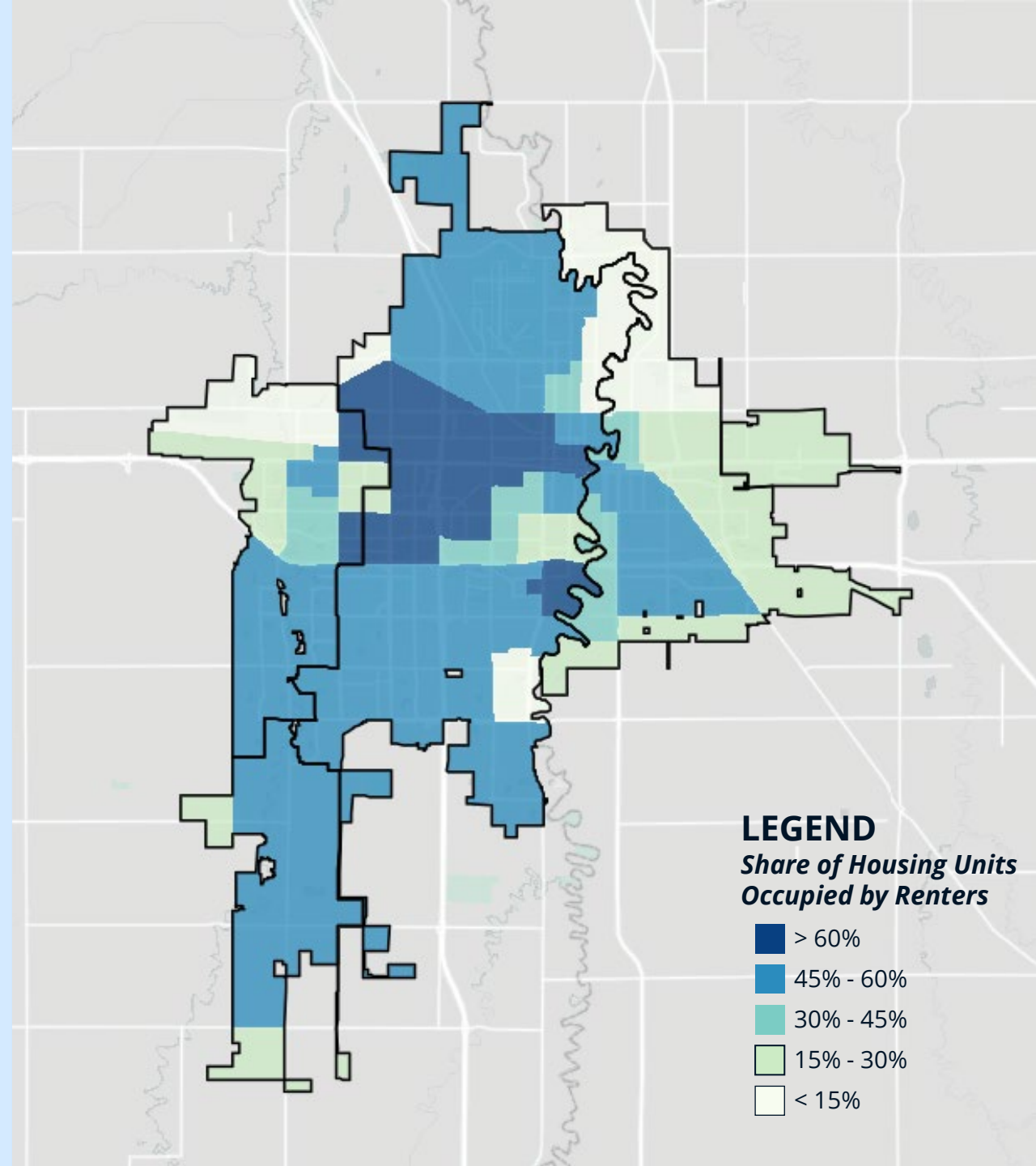
Job Counts by Census Tract Where Workers are Employed for F-M Metro Residents



Demographics and Employment Trends

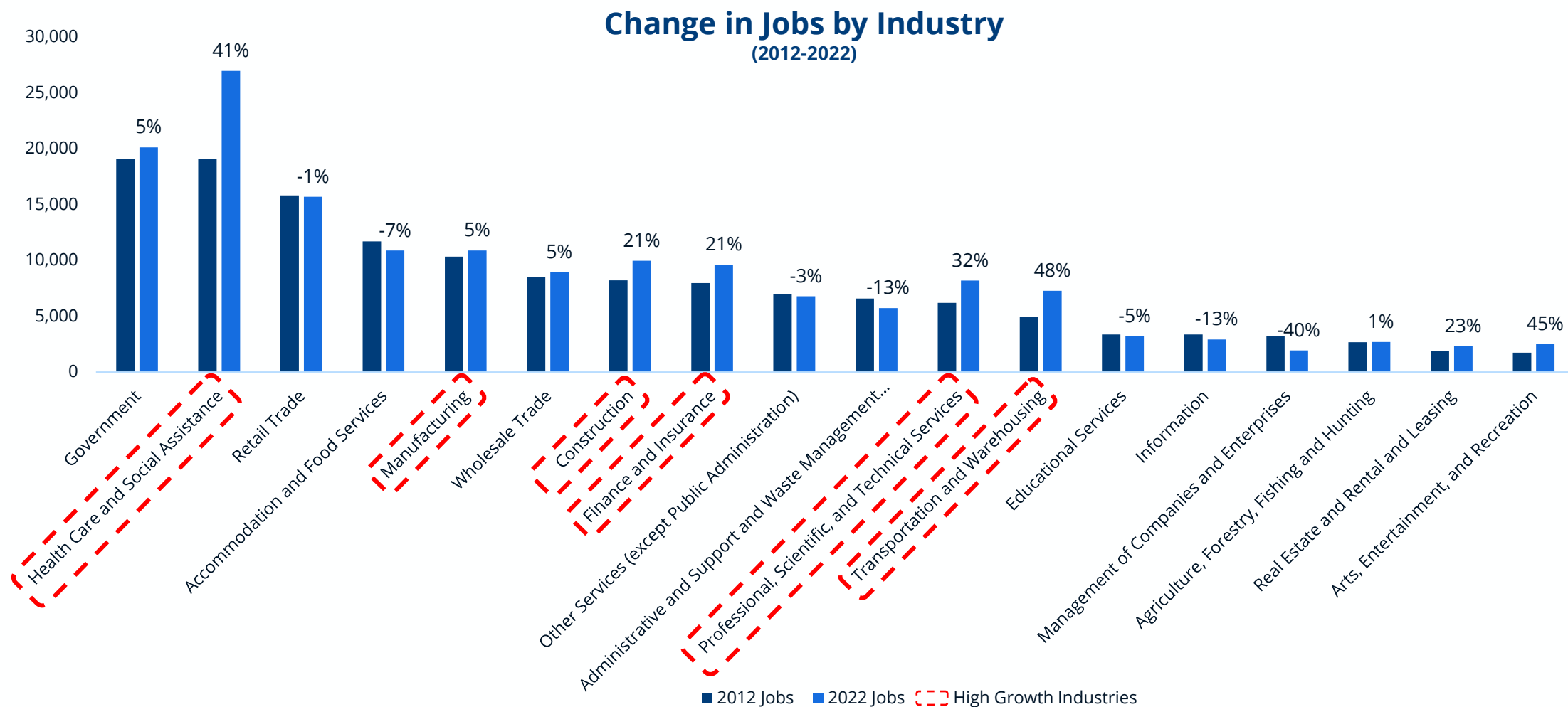
The largest share of renter occupied housing sits in downtown Fargo.

- Downtown Moorhead and The Veteran's Boulevard Corridor also boast a relatively high renter occupancy rate.
- For Dilworth and the majority of Moorhead, fewer than 30% of housing units are renter occupied.



Housing Needs Assessment | Demographics and Employment Trends

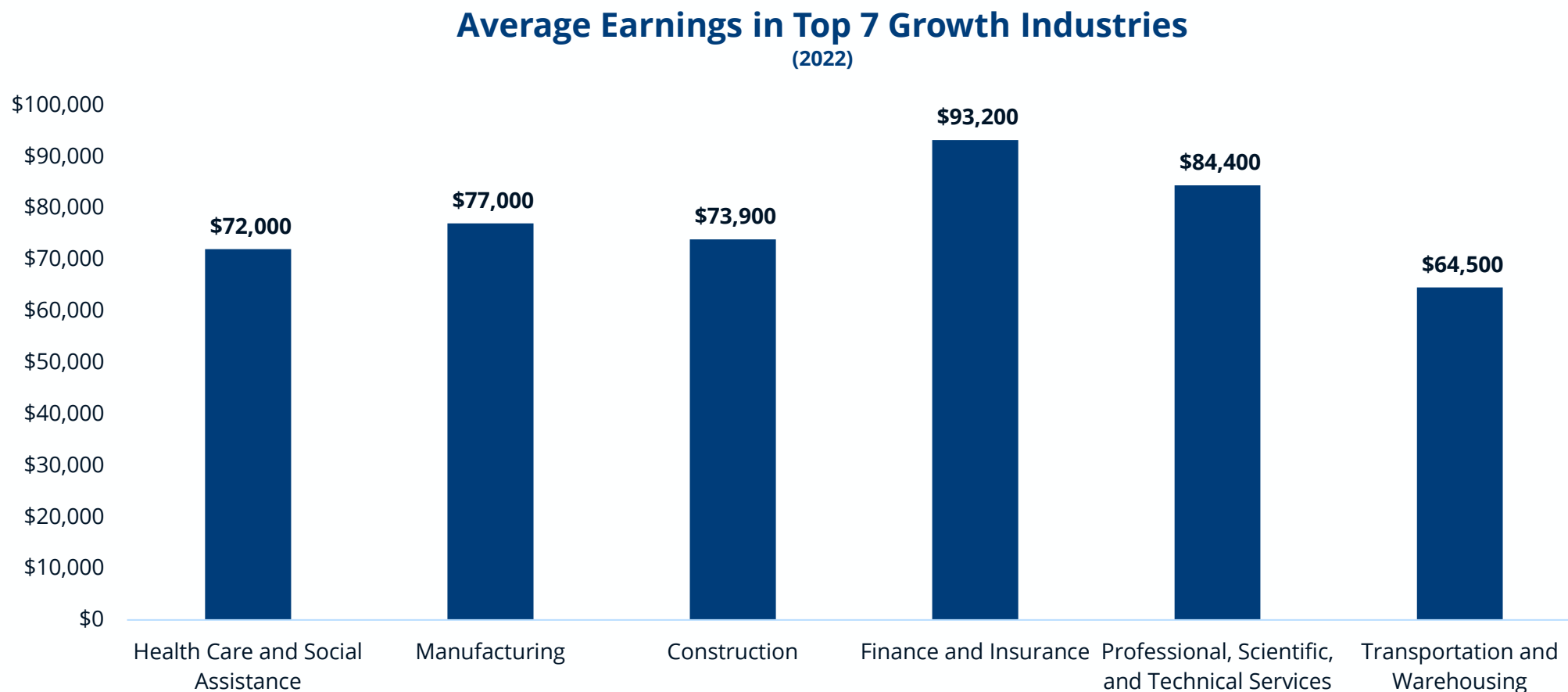
The Healthcare Industry has experienced the largest increase in total jobs over the past 10 years, with ~8,000 jobs being added.



Source(s): Employment by Industry, EMSI: Industry Table

Housing Needs Assessment | Demographics and Employment Trends

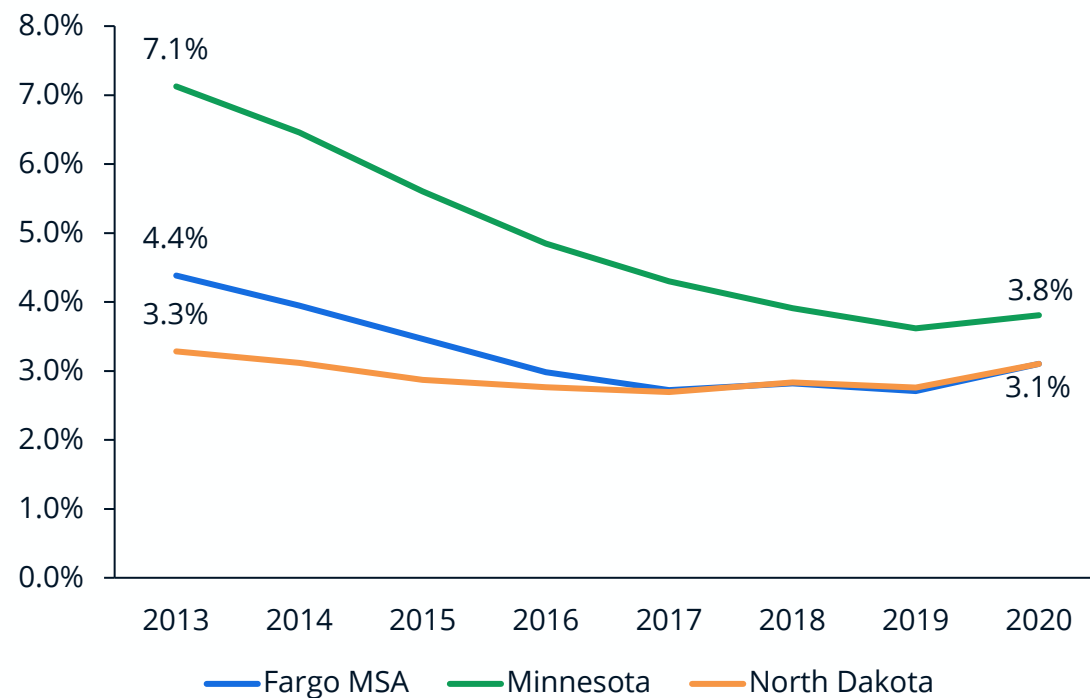
The fastest growing industries in the region all have salaries near or above the median income of \$66K.



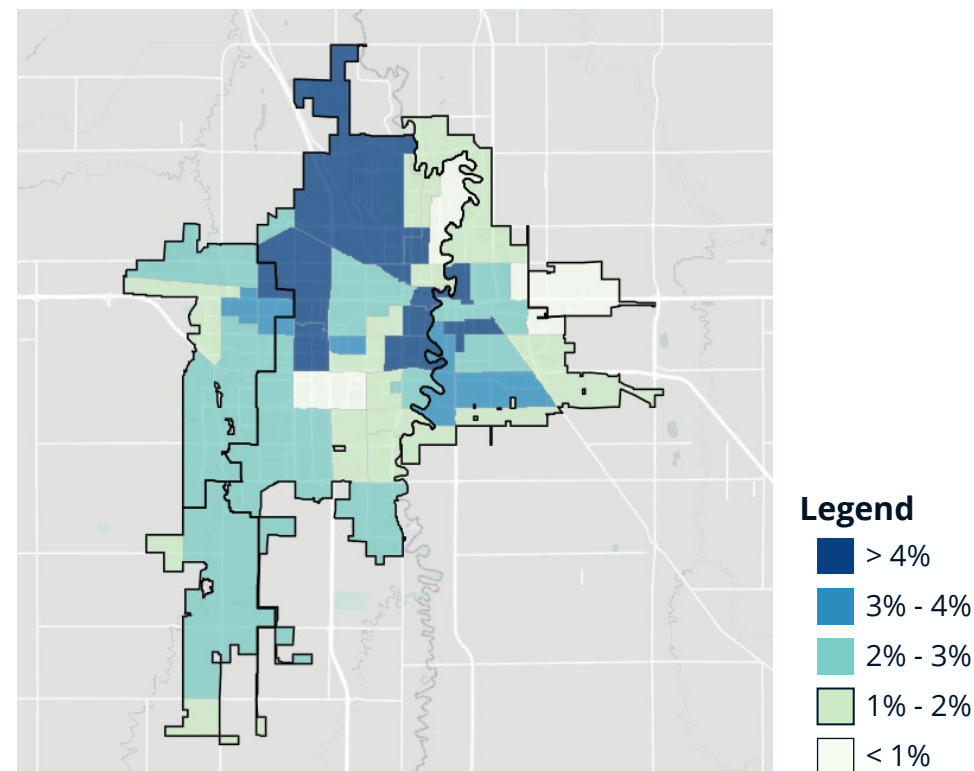
Housing Needs Assessment | Demographics and Employment Trends

In recent years, unemployment in the MSA has followed trends in North Dakota and has remained very low across the region, with the number of unfilled jobs in the region exceeding the number of people unemployed.

Unemployment Rate
(2013 - 2020)



Unemployment Rate
(2019)

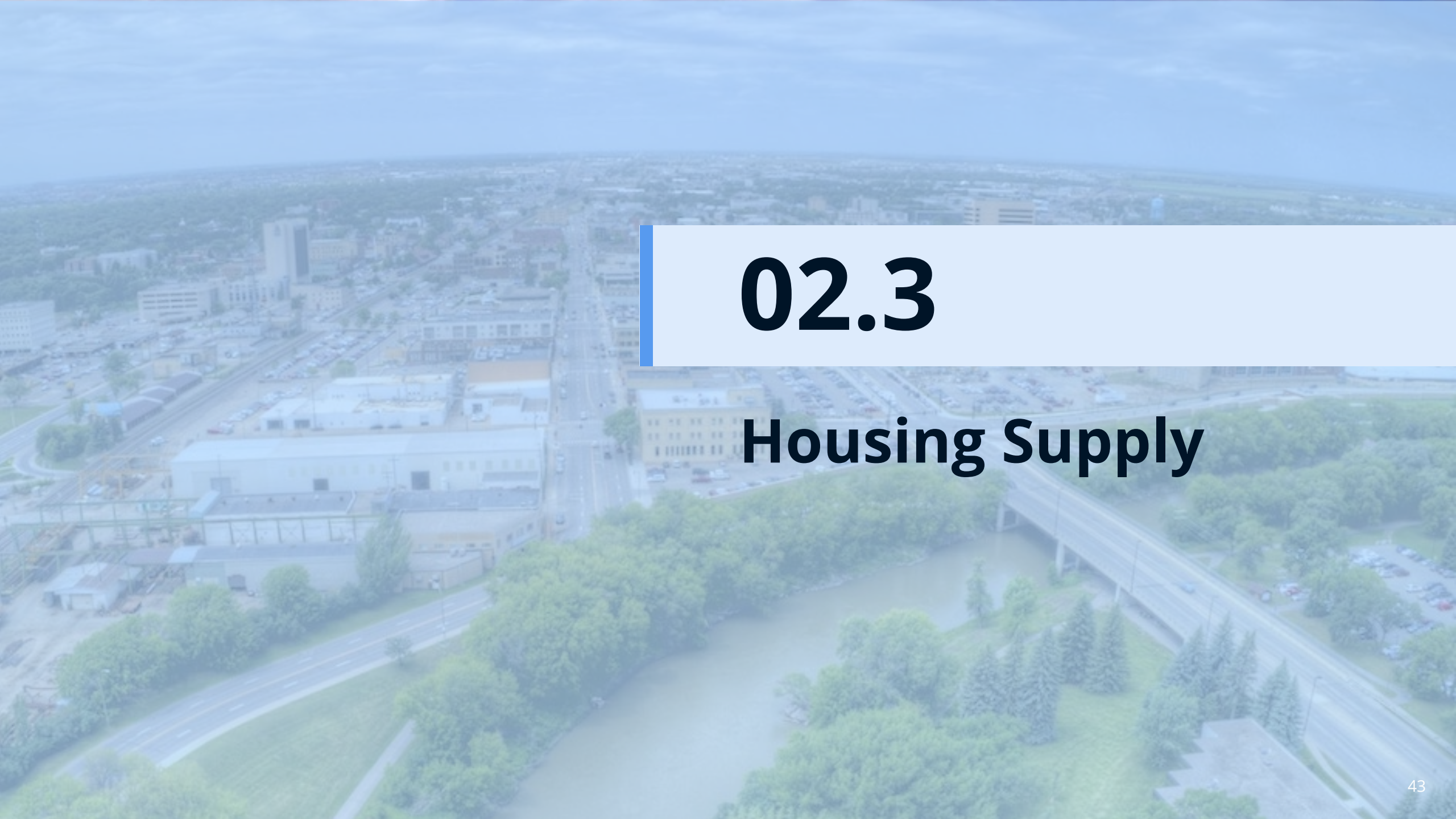


Housing Needs Assessment | Demographics and Employment Trends

Due to workforce shortages in the region, employers have had to look outside of the MSA for short-term hires.

- The F-M Diversion construction is estimated to require 820 workers over the course of the project.
 - Of those, 30% are expected to be hired from outside the MSA.
- Sanford Hospital, during the peak of the pandemic, hired approximately 400 travel nurses from abroad to staff its facilities



An aerial photograph of a city, likely St. Paul, Minnesota, showing a river (St. Paul River) flowing through the center, a multi-lane highway (I-94) on the right, and various urban buildings and parking lots. The image is overlaid with a semi-transparent blue filter.

02.3

Housing Supply

Housing Needs Assessment | Housing Supply

Housing supply is limited across income levels for both homeowners and renters. This is particularly true for renter and owner households earning under \$75,000, who make up over half the region's households.

NEW HOME AFFORDABILITY

- Single family continues to be the dominant housing typology in the region, with limited production of 2–9-unit buildings.
- Areas of growth have pushed the boundaries of the metro region over the last 10 years.
- New home typologies do not align with price range or desires of households.

MULTIFAMILY PRODUCTION

- While multifamily production increased in the early 2010's, it has declined in recent years, while vacancy rates have also declined.
- Construction costs, zoning restrictions, sewer capacity, and community pushback have limited multifamily production in some new areas.

NEED FOR MISSING MIDDLE

Ownership Opportunities

- Over the last year, average prices of homes sold have increased by 18%. There are limited new construction products affordable to the average resident.

Rental Housing Needs

- On average, new multifamily units are targeted for the region's new high earners, creating a gap in supply for low-income residents.

An “adequate” housing supply should serve a range of households, through single-family, multifamily, for-sale, and rental units at different price points.

With limited variety in new housing supply, market pressures can displace low- and moderate-income residents from “naturally affordable” market-rate housing, particularly older homes in the downtown cores of Moorhead and Fargo.

Common Themes from Interviews related to Housing Supply:

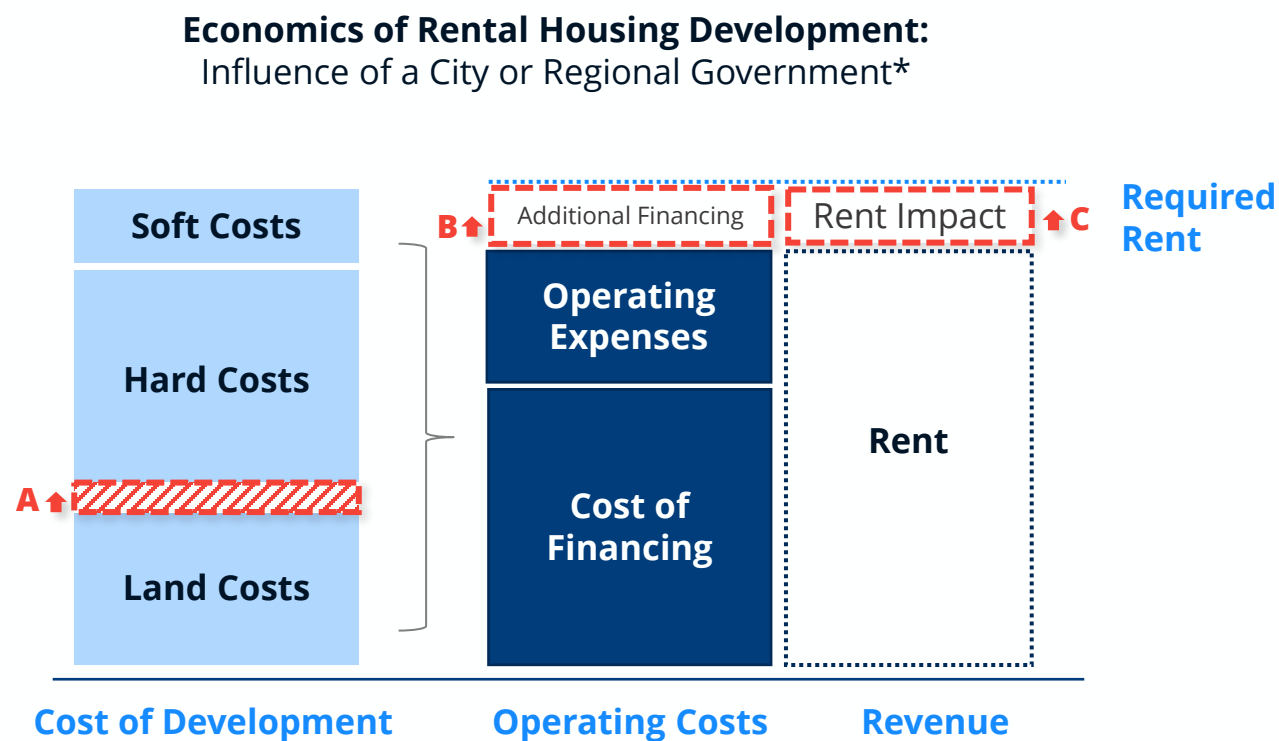
There has been high demand for rental housing. Developers have noted that most multifamily buildings have low vacancy, even with an increase in stock over the last 10 years.

While construction costs have begun to flatten, in 2021, costs spiked by 22-28%. In general, due to the environmental conditions of the region, it is more costly to develop compared to other regions nationally.

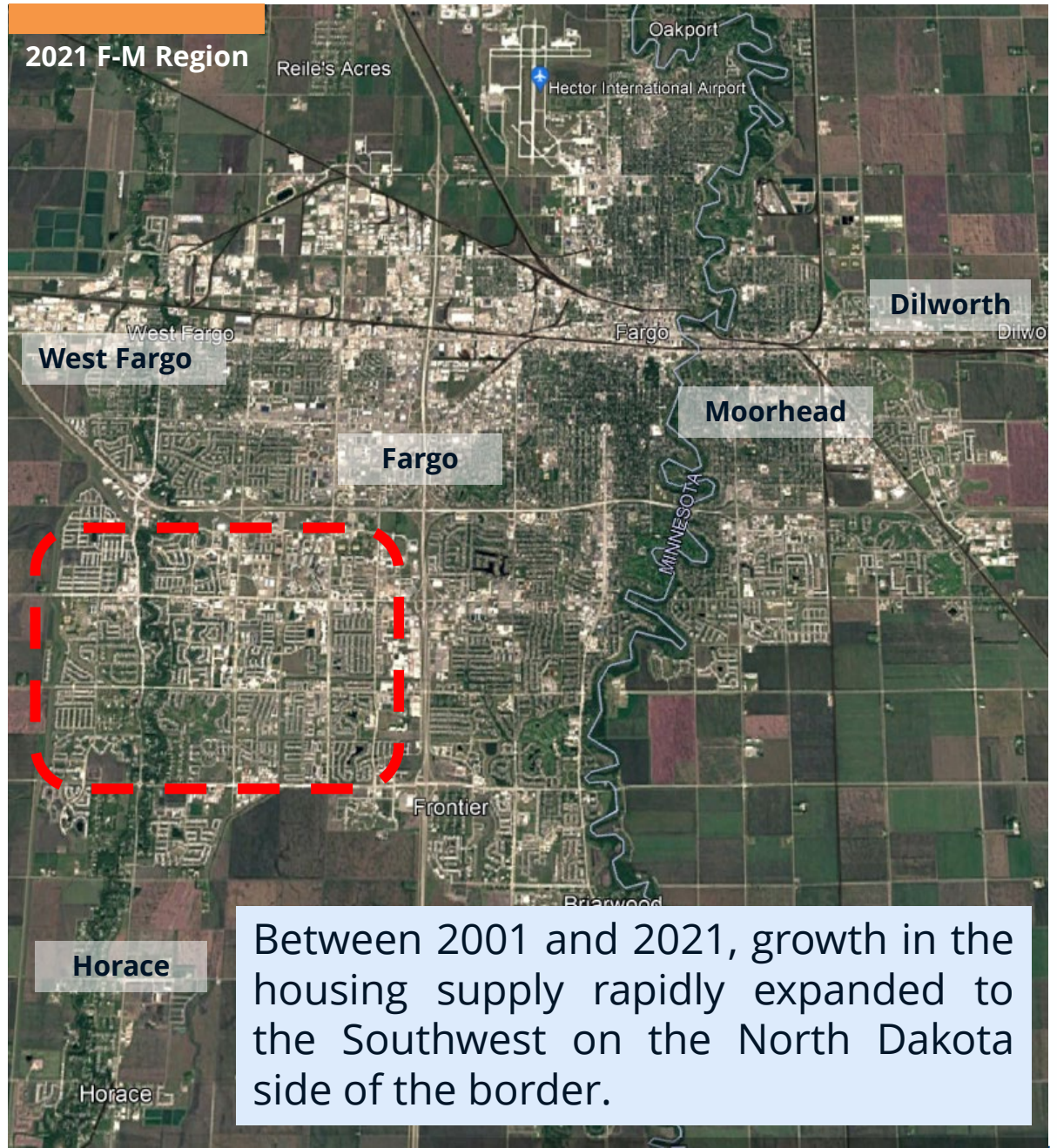
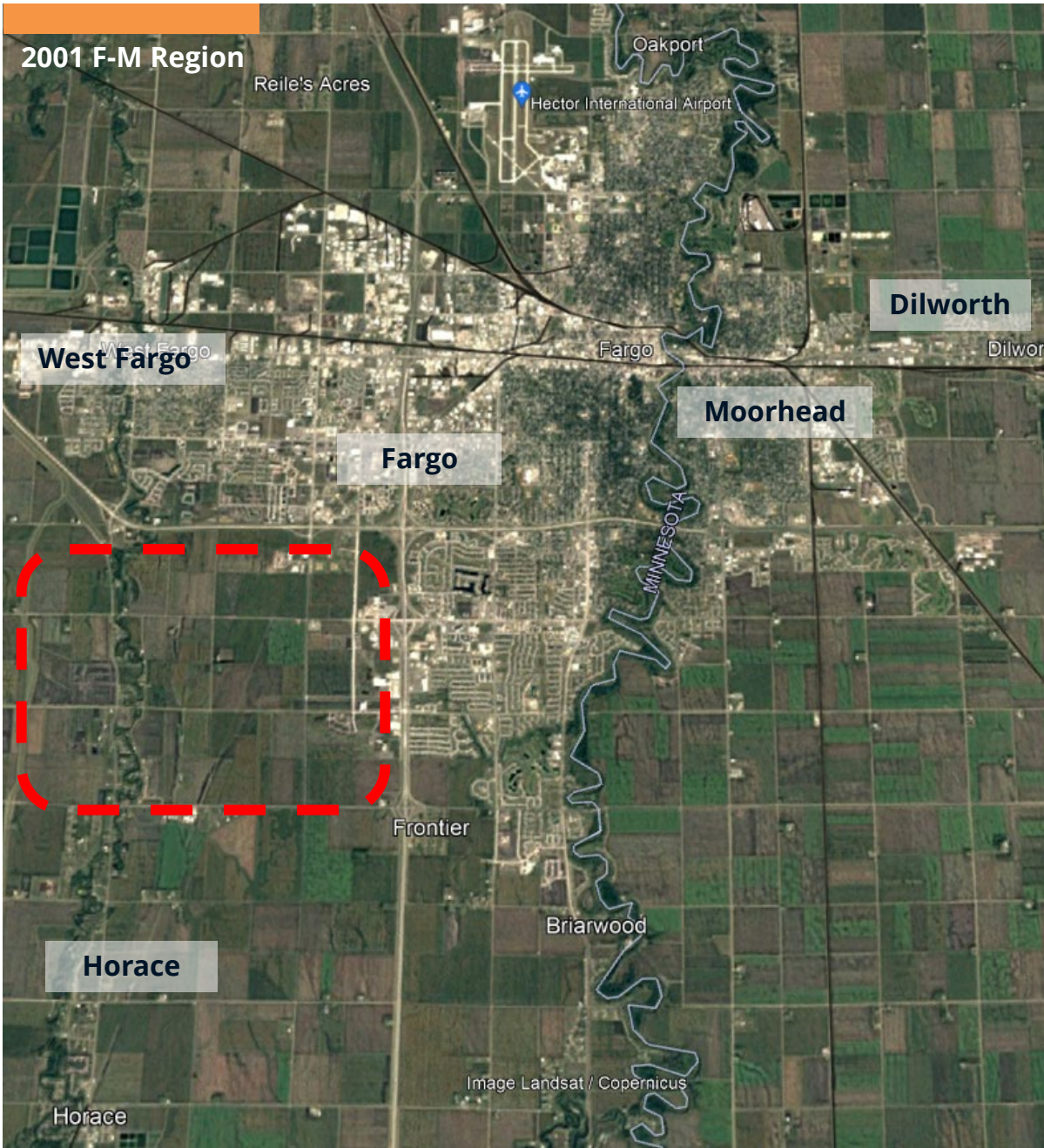
Demand-driven preferences and differences in regulatory and tax policies have swayed development to the North Dakota-side of the metro region.

Constrained housing supply leads to increased land costs, which in turn increases the cost to build housing.

- Local government often establish policies that **limit developable land** (*e.g. policies that limit the number of units that can be built, minimum lot sizes, lack of infrastructure, extensive development review processes*)
- Any policy or regulation that **increases land costs (A)** creates higher operating costs through **additional financing (B)** and, in turn, **higher revenue (C)** to support debt repayment.



*Chart is representative of a generic cost of development and potential gaps in financing.



Source(s): Google Earth. Images from 2001 and 2021

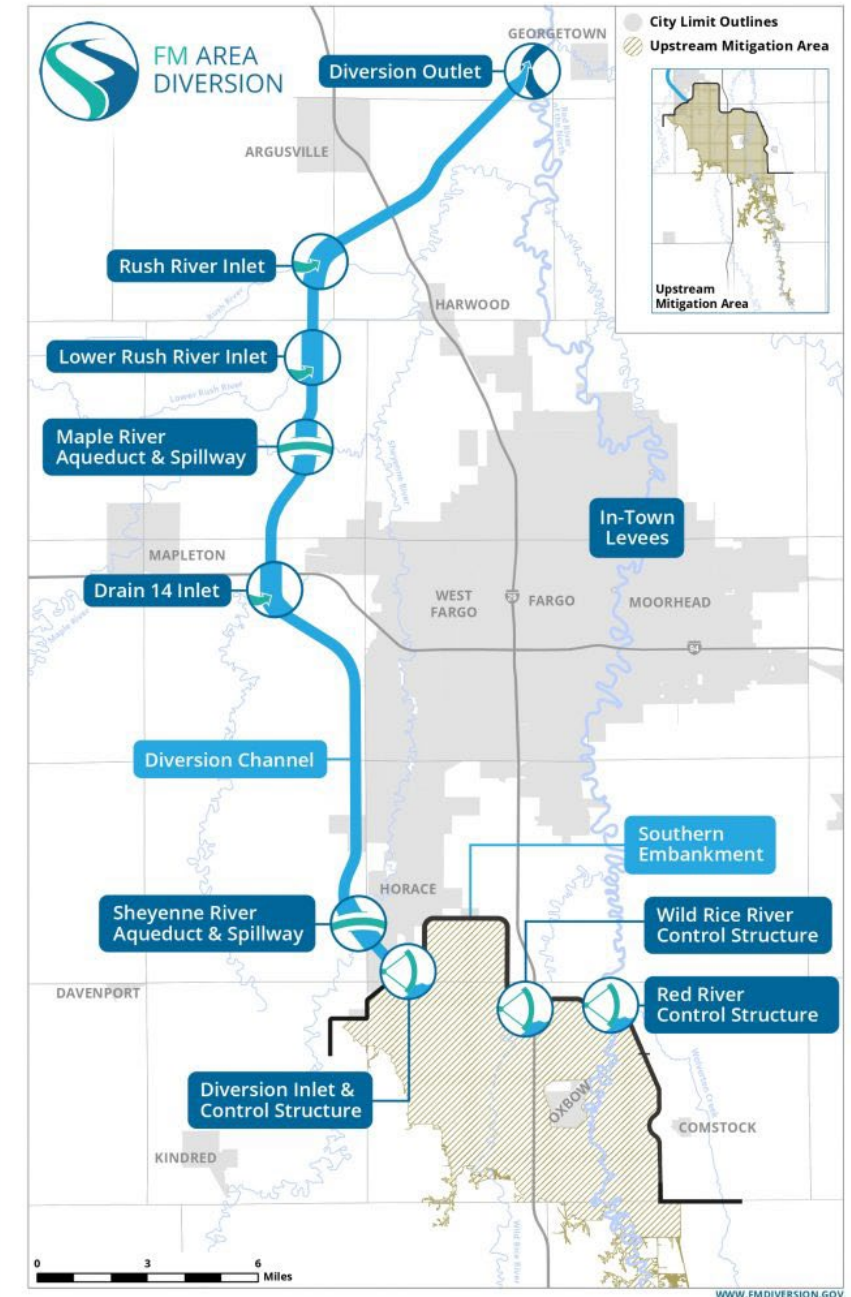
Housing Needs Assessment | Housing Supply

West Fargo and Horace have historically benefitted from permanent flood protection through a diversion channel.

- The Sheyenne Diversion, constructed in 1992, has protected Horace and West Fargo from the flooding, therefore supporting development in the region
- By 2027, the completed F-M Diversion will increase flood protection for larger portions of Fargo and Moorhead.
- Developers anticipate the added flood protection will reduce costs for new and existing homeowners in the region and could spur a spike in development.

"Everything inside protected area is going to become a target of development in a more aggressive way because we'll have certainty."

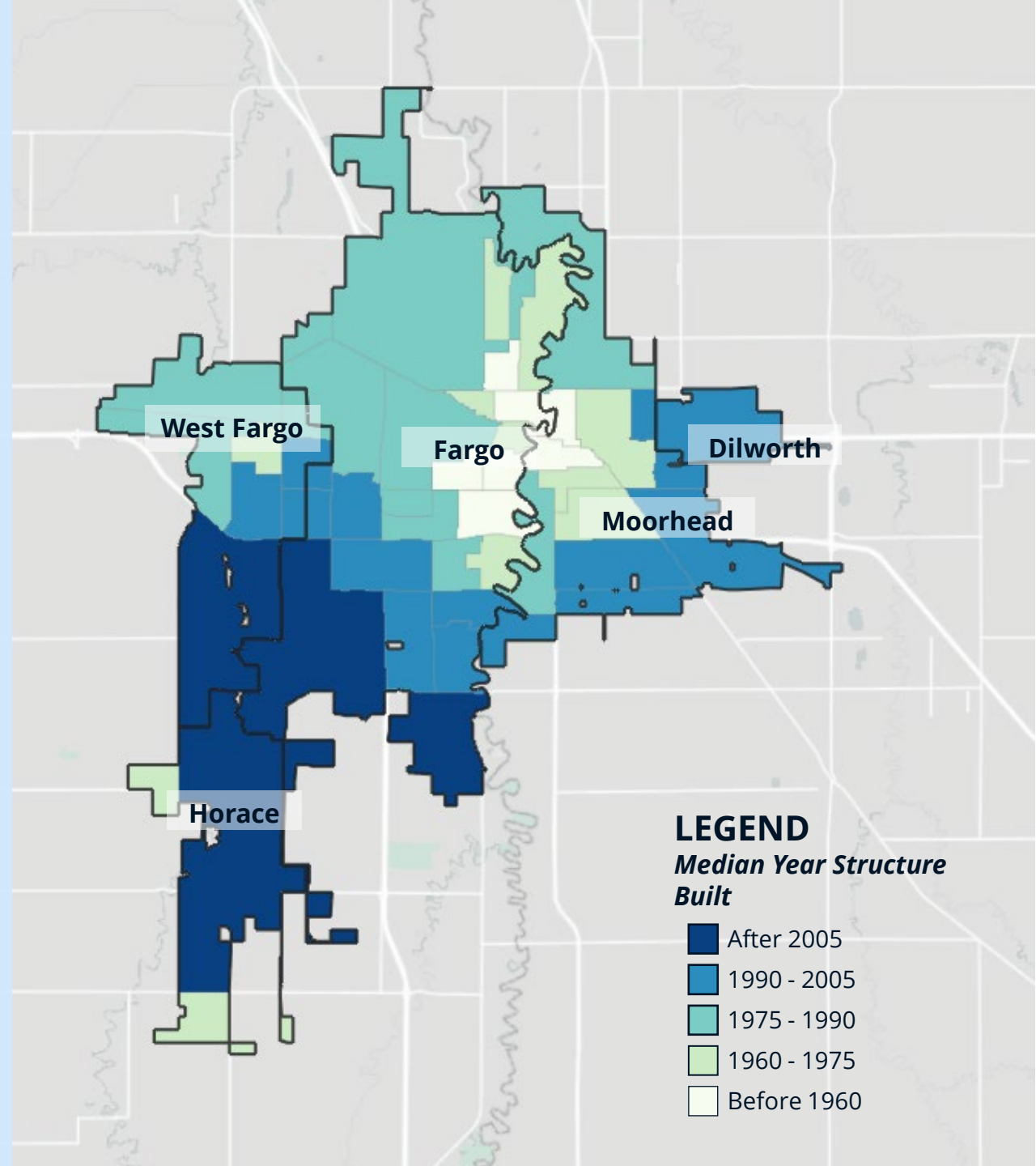
"The F-M Diversion will help improve affordability – reducing cost to increase lot heights, floodproofing requirements, and flood insurance requirements."



Housing Needs Assessment | Housing Supply

Development has continued to move out from the downtown cores, with the oldest housing stock located in Fargo and Moorhead, and the newest in Horace and West Fargo.

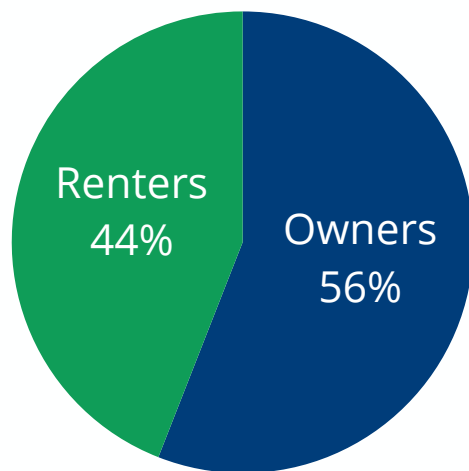
Though new housing is being built across the region, much of this new development is concentrated in the Southwest portion of the MSA due to sprawling construction of single family homes.



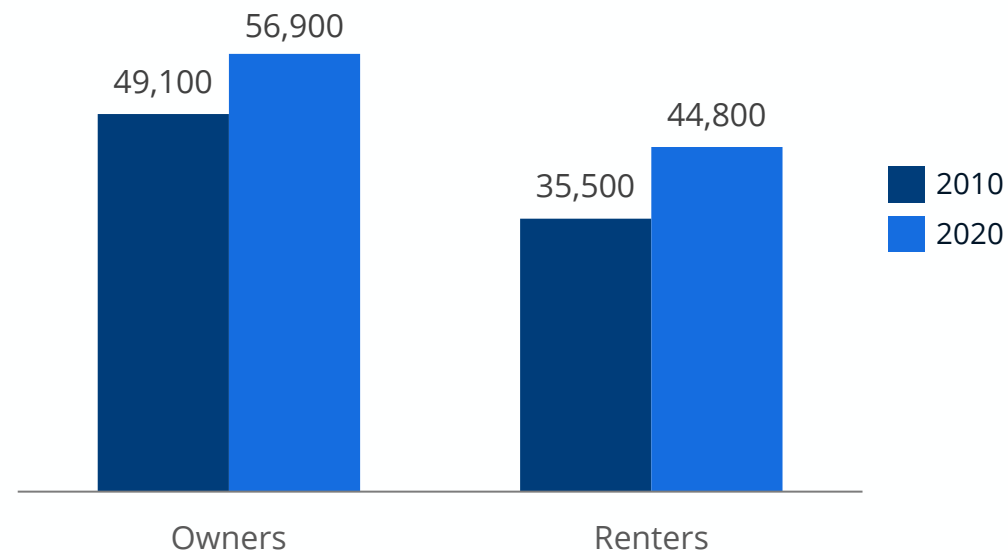
Housing Needs Assessment | Housing Supply

The region has seen 17,000 net new housing units added to the market with a growing proportion of units targeted towards renter households since 2010.

Housing Units by Tenure
(2020)



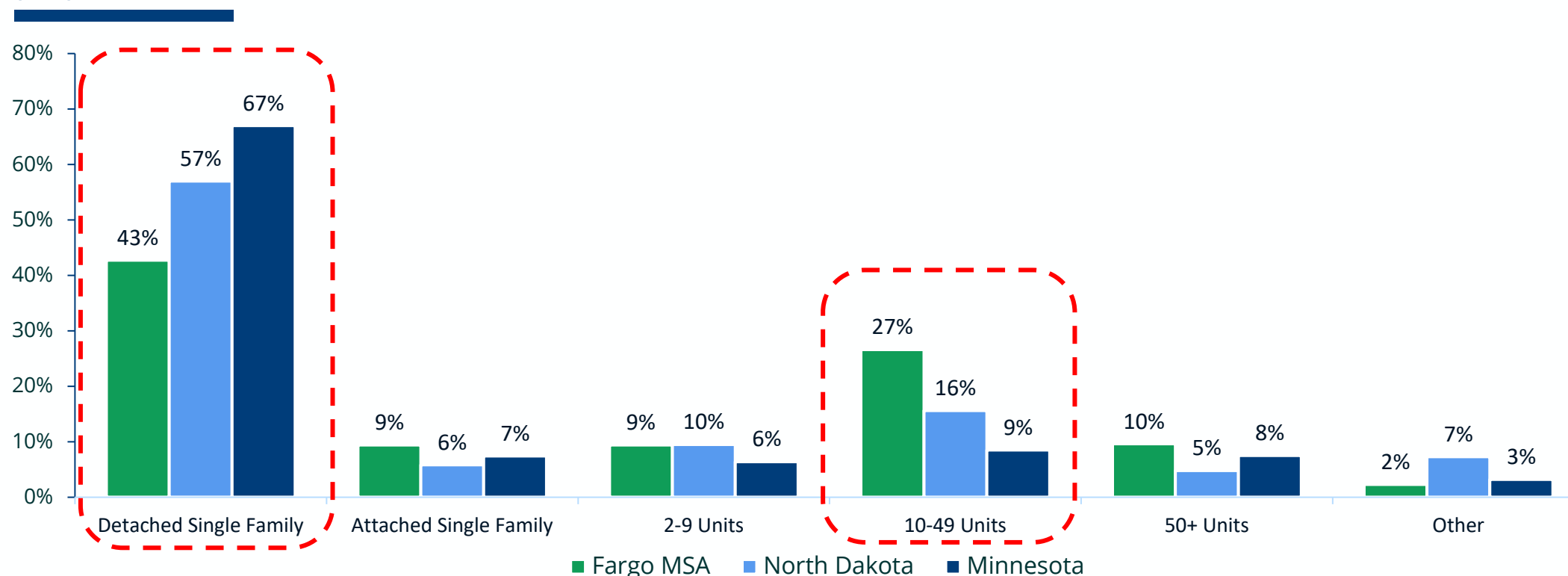
Housing Units by Tenure
(2010 - 2020)



Housing Needs Assessment | Housing Supply

In the MSA, most housing is detached single-family. However, there is significantly more mid-rise, 10–49-unit buildings in the MSA compared to North Dakota and Minnesota.

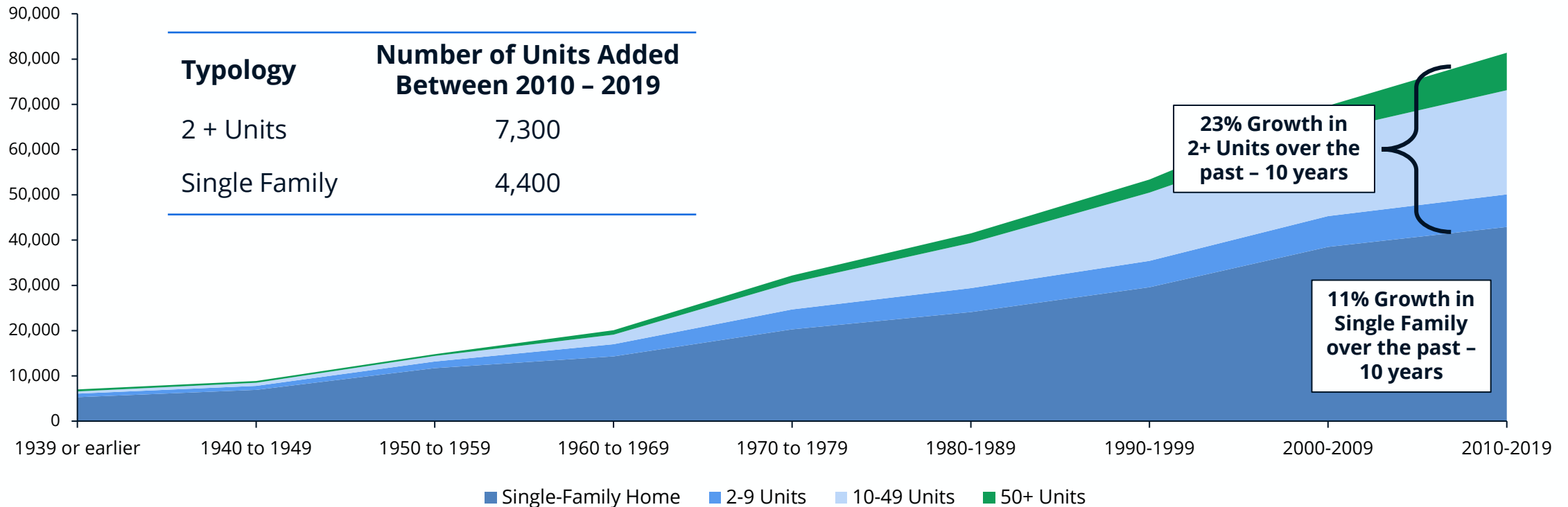
Units by Building Typology
(2020)



Housing Needs Assessment | Housing Supply

Multifamily (2+) units now comprise 47% of the housing stock, with 50+ unit buildings growing as a share of the market over the past 20 years.

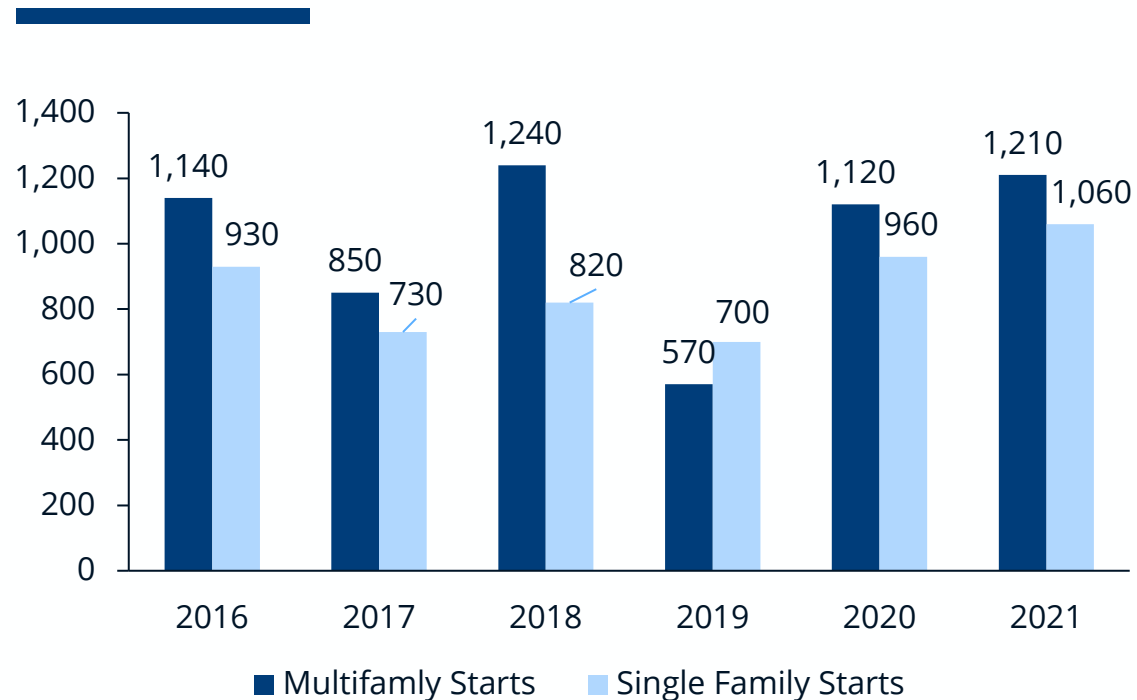
Cumulative Change in Housing Typology by Decade



Housing Needs Assessment | Housing Supply

Over the last 2 years, the amount of new single-family units approximately equaled the total number of multifamily units built.

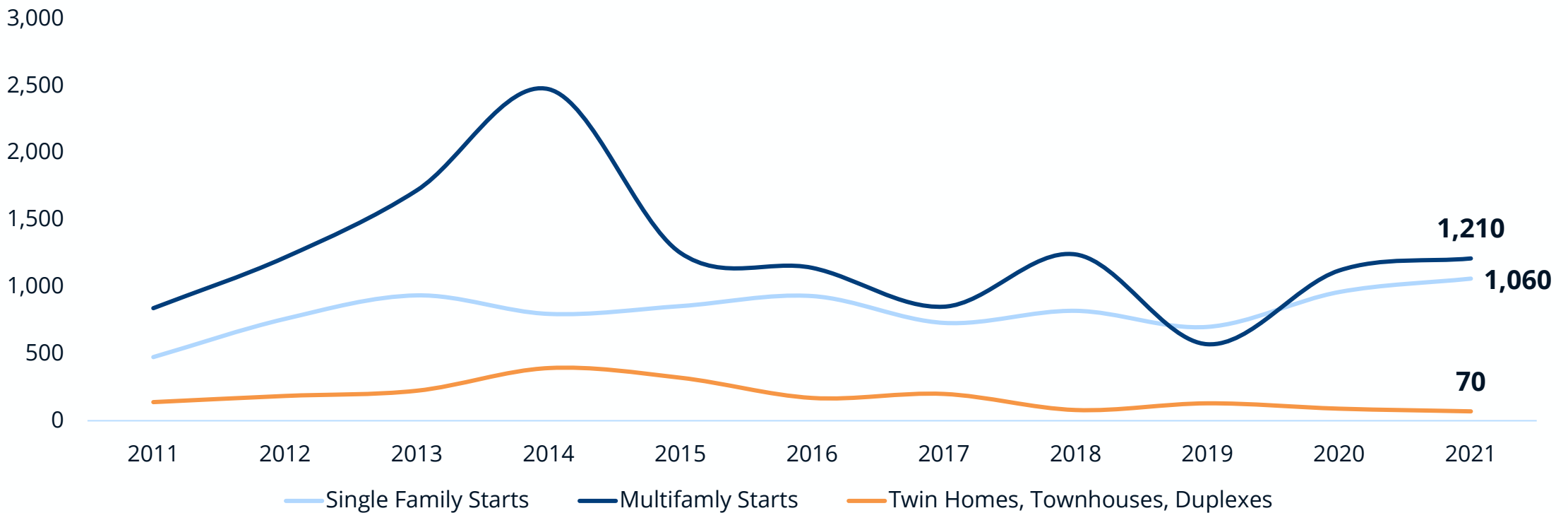
Building Permits (Single Family vs. Multifamily)



Housing Needs Assessment | Housing Supply

The number of twin homes, townhouses and duplexes, have remained a small proportion of building permits over the past 10 years.

Building Permits by Typology

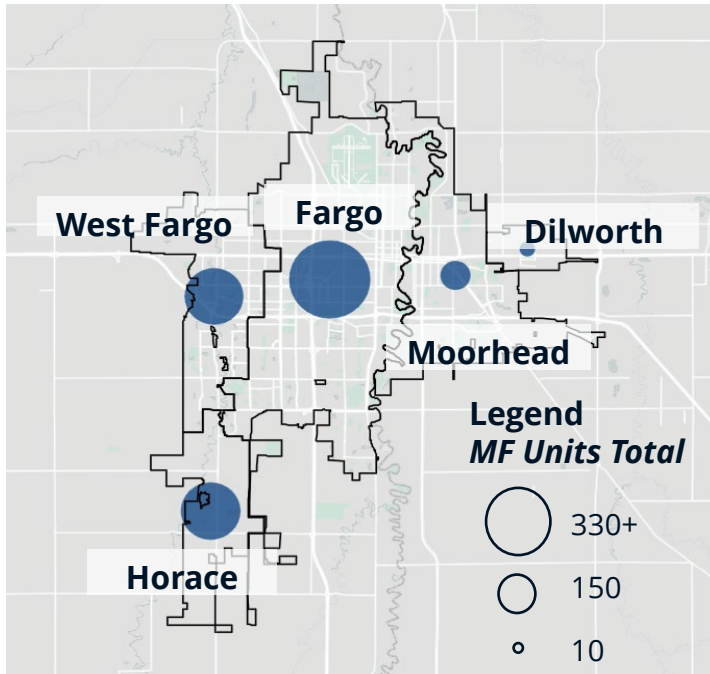


Source(s): HBA, 2011 - 2021; US Census.
Multifamily starts, as defined by HBA, excludes twin homes, townhouses, and duplexes.

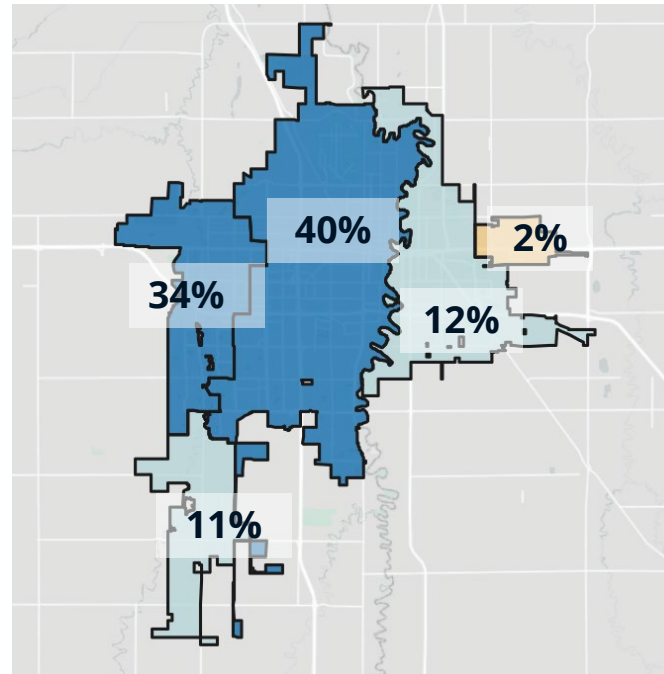
Housing Needs Assessment | Housing Supply

New development is skewed towards North Dakota, due to lower development costs and added infrastructure capacity/land availability in the outer rim of the region.

Housing Starts by Jurisdiction
(2021)



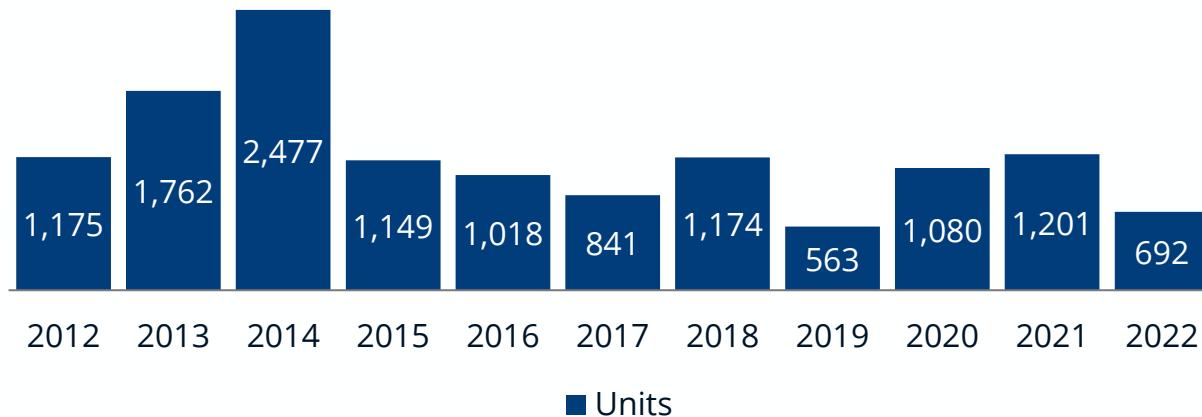
Share of Total Housing Starts
(2017-2021)



Notably, Horace has seen a 600% increase in new construction since 2017, as new utility connections increased the available developable land.

Housing Needs Assessment | Housing Supply

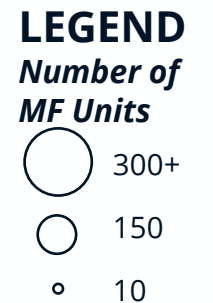
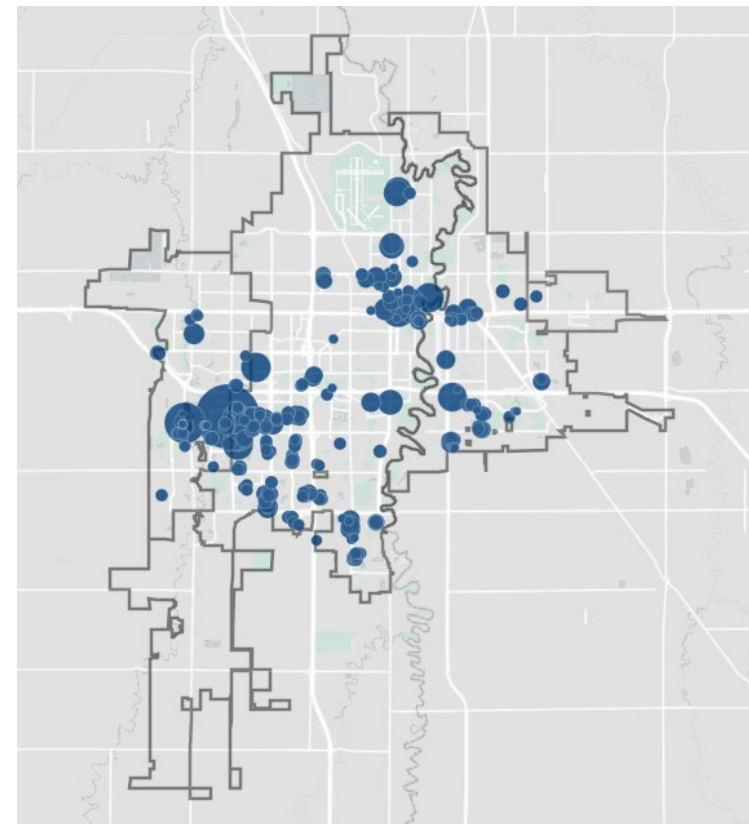
Over the past decade, the bulk of new multifamily development has occurred within Downtown Fargo-Moorhead or along the Veteran's Blvd Corridor.



Multifamily Unit Production (2012-2022)

New multifamily housing production has slowed in recent years, following strong growth in the early 2010s. Developers noted in interviews that some of the decline is due to rising costs, and the uncertainty of completion timeline with the upcoming F-M Diversion.

Multifamily Permitted (2012 - 2022)



Housing Needs Assessment | Housing Supply

Horace, West Fargo, and SW Fargo have experienced substantial development over the past 5 years, driven by new flood protections, lower cost land, and new job hubs.

- This area, particularly south of I-94 and near Veteran's Boulevard, has been viewed as the "heart of growth of the city of Fargo."
- Growth in this region of the MSA was driven by improved resiliency with the completion of the Sheyenne Diversion and the completion of the Sanford hospital complex.
- Since 2010, the area saw a 131% increase in population to 27,000 residents. Over 18% of the jobs in the MSA are located in this area as well.
- As growth pushes South, it has reached the border of West Fargo and Horace. Horace has had a 600% increase in housing starts since 2017.



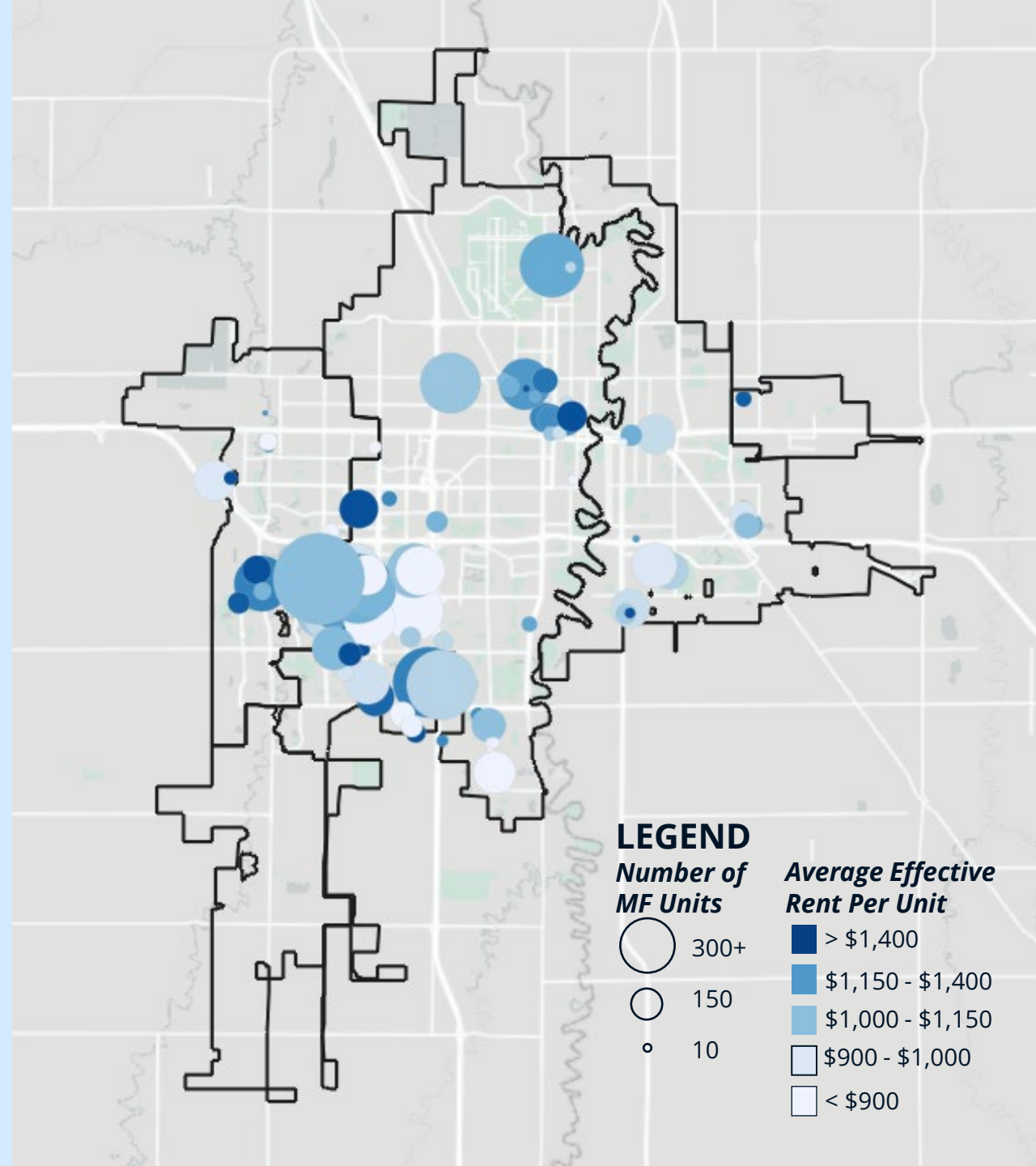
The Forum

Source(s): ACS 5-Year Data, 2010-2022,
InForum. "Eagle Ridge Plaza to get 4 more buildings in ambitious expansion plan along Veteran's Boulevard."

Housing Needs Assessment | Housing Supply

Larger scale, market-rate multifamily construction projects have been developed in recent years.

- Rent prices of new multifamily development in Downtown Fargo tend to be higher.
- New multifamily housing along the Veterans Boulevard Corridor features various levels of affordability.
- Development in Minnesota jurisdictions tend to feature fewer total units, and lower rent prices.



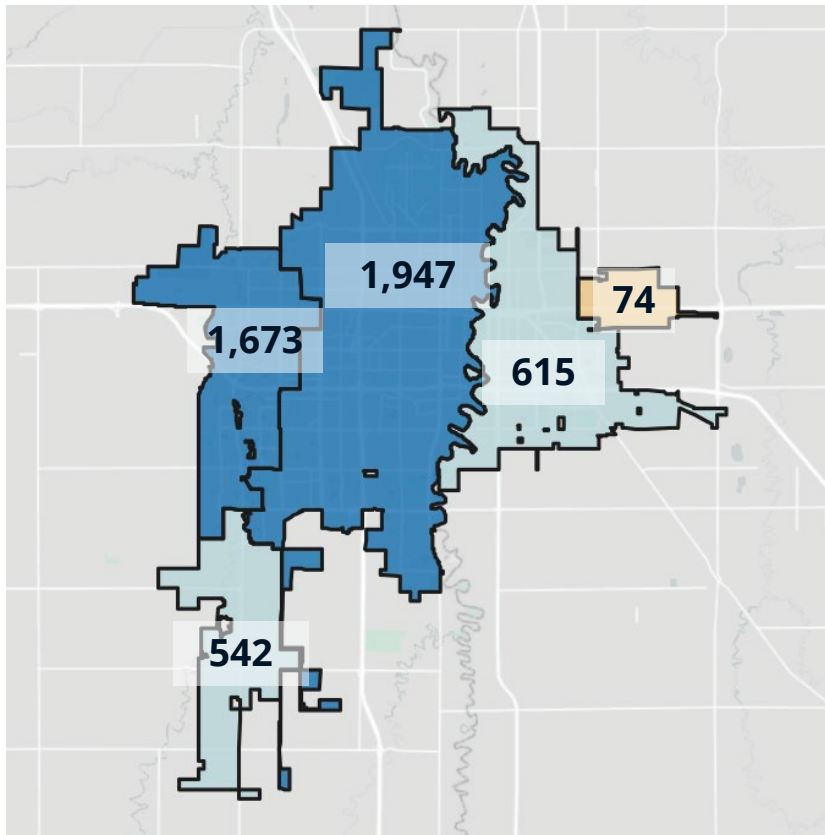
Source(s): CoStar.

While the CoStar multifamily dataset does not include all the region's MF developments, the rent and vacancy trends found by CoStar likely reflect the broader market trends.

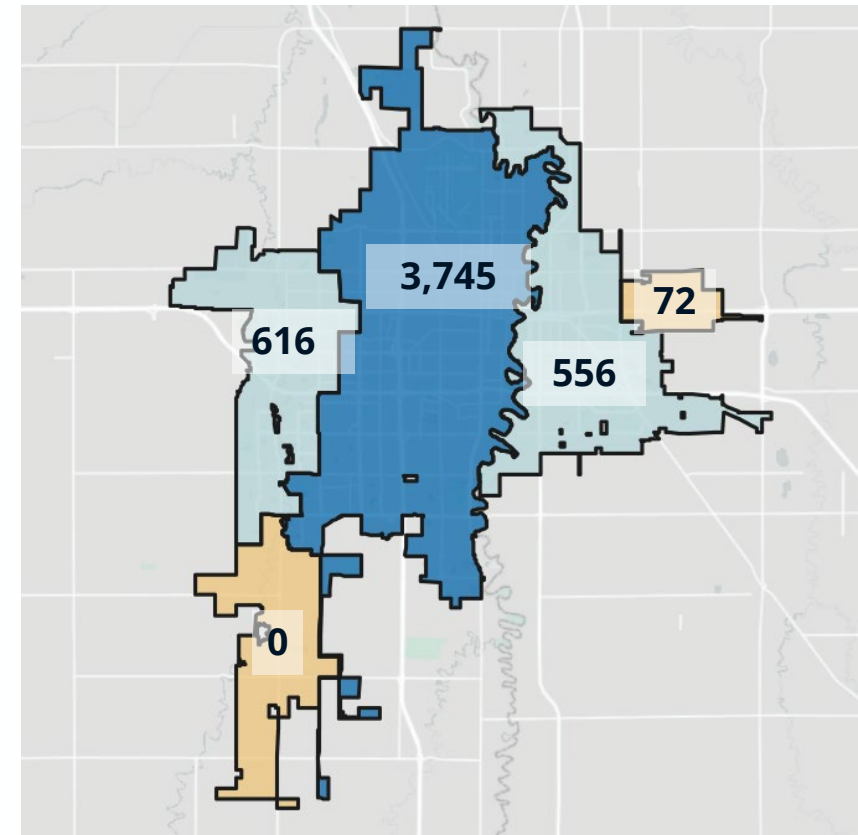
Housing Needs Assessment | Housing Supply

Multifamily development is concentrated in Fargo, with Dilworth and Horace seeing minimal to no multifamily units produced in the past 5 years.

Total Housing Starts
(2017-2021)



Total Multifamily Starts
(2017 - 2021)



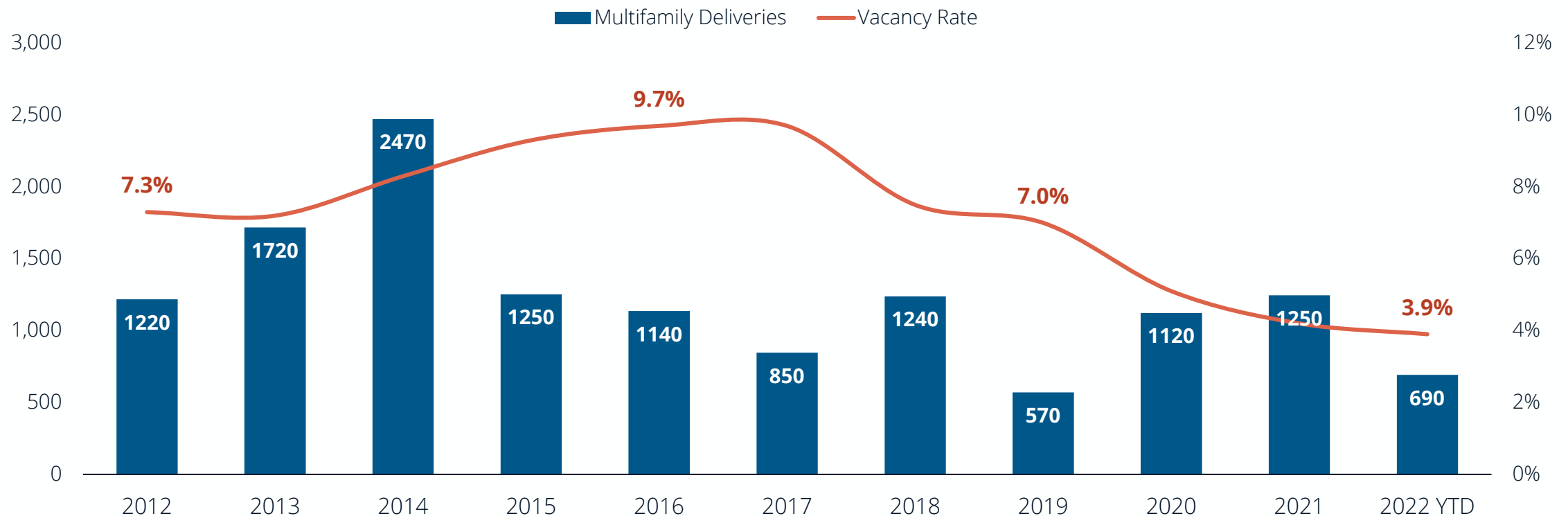
Source(s): HBA; US Census, 2010-2020.

Total housing starts includes single family, twin homes, town houses, and duplexes. Total multifamily starts reflect census data. Local Permit Data shows 3,674 unit starts in Fargo, 532 unit starts in West Fargo, 581 unit starts in Moorhead, and 72 unit starts in Dilworth.

Housing Needs Assessment | Housing Supply

Despite significant multifamily deliveries in the region, multifamily vacancy in the MSA remains low and has steadily declined in recent years.

F-M Region Multifamily Performance Since 2012



Because of turnover of units and the time it takes for a new tenant to move in, a market where supply perfectly meets demand will still have a “natural vacancy rate.” This is often estimated to be 5%. For comparison, NYC’s vacancy rate today is 4.5%, while Fargo-Moorhead is 3.9%

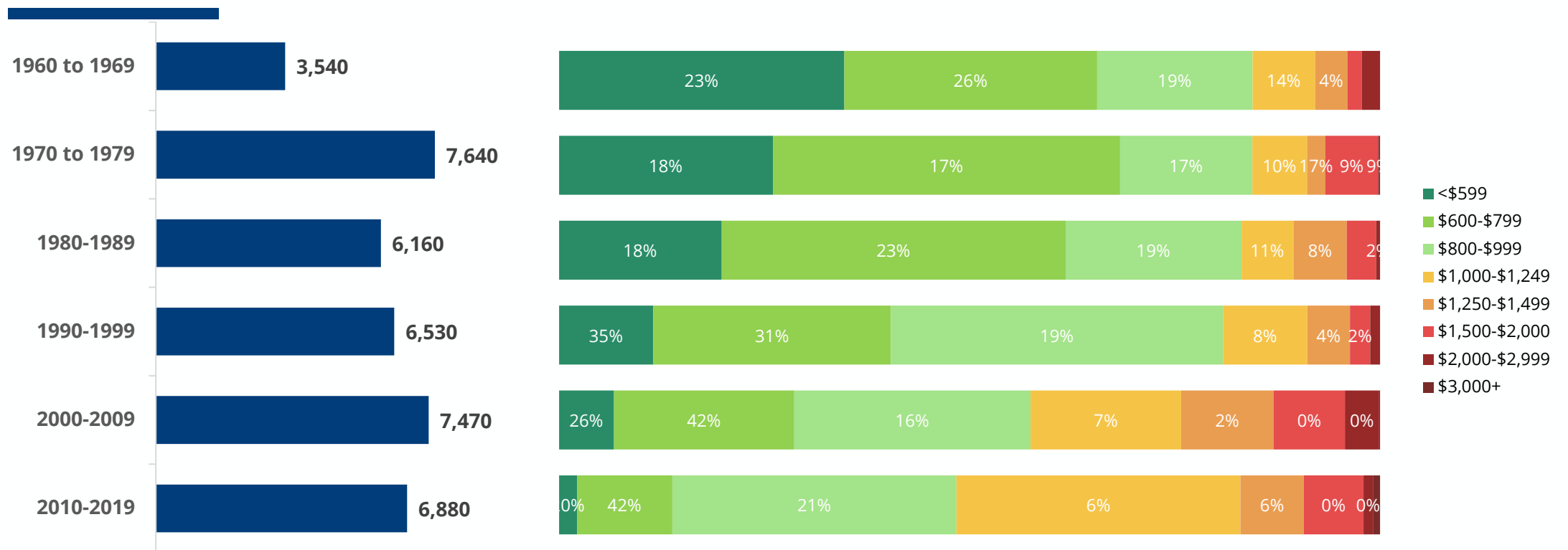
Source(s): F-M HBA, CoStar, 2012 – 2022.

While the CoStar multifamily dataset does not include all the region’s multifamily developments, the rent and vacancy trends found by CoStar likely reflect the broader market trends.

Housing Needs Assessment | Housing Supply

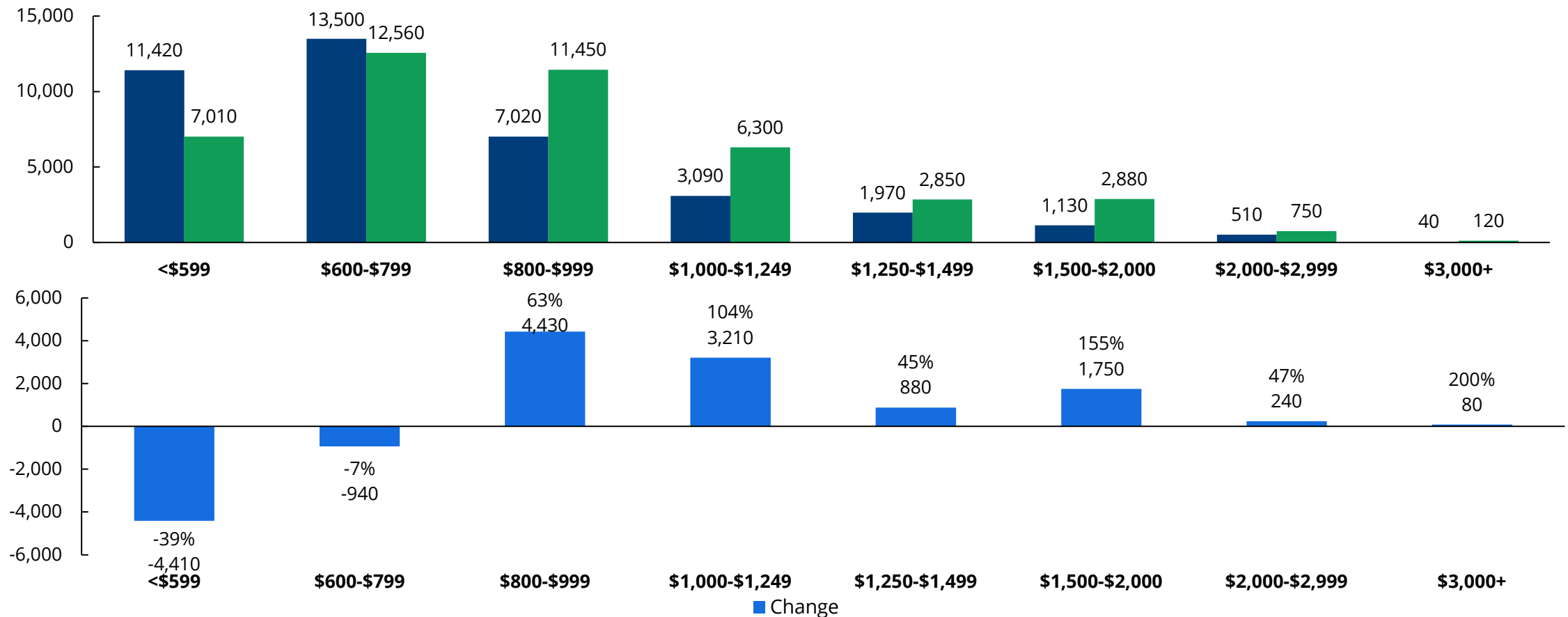
While new rental units have consistently been built since the 1960s, unit rent costs have continued to rise.

Decade by Units Built
(1939 -2019)



Most multifamily units added in recent years have monthly rental rates above \$800.

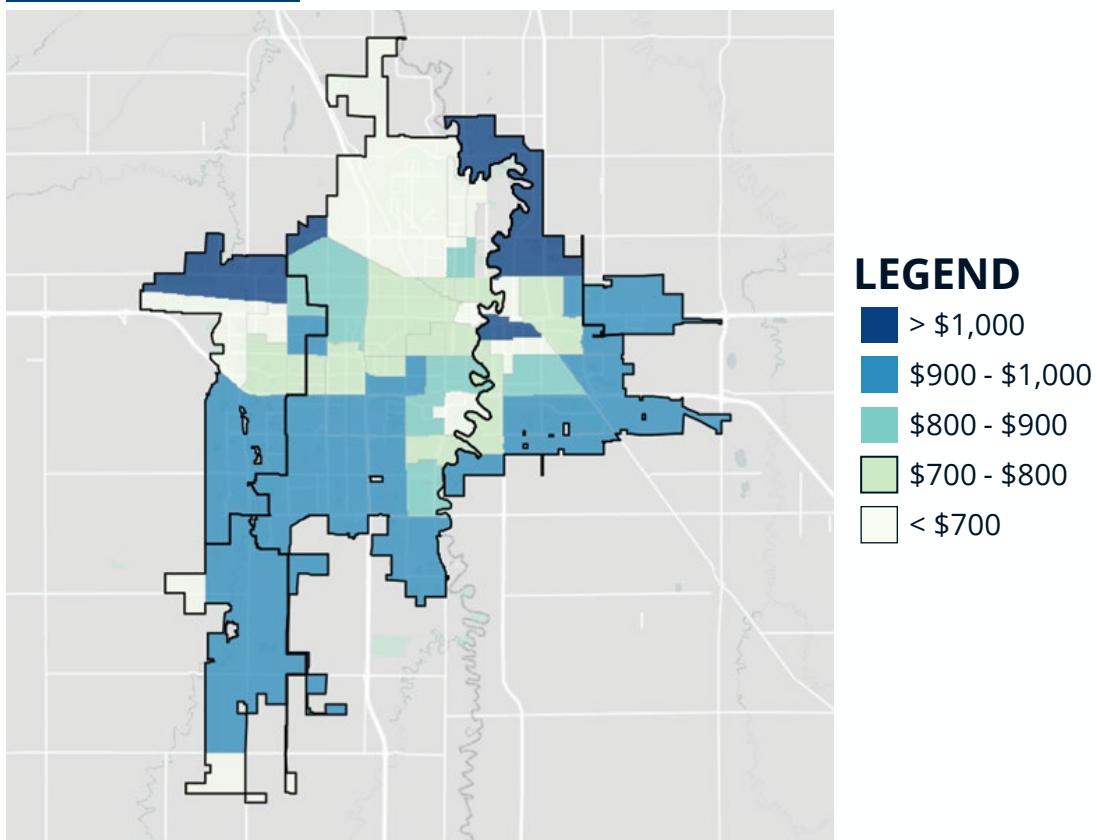
Units by Rent
2015-2020



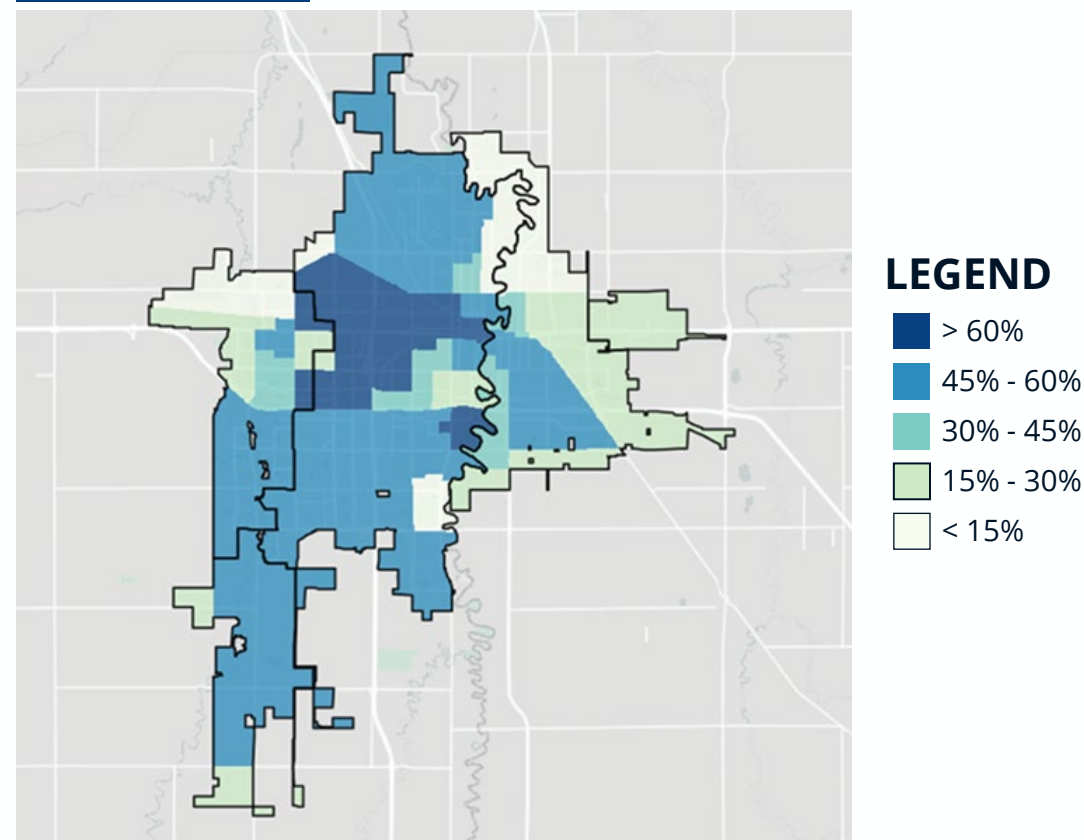
Housing Needs Assessment | Housing Supply

Median rent prices tend to be highest in areas with the lowest amount of available rental housing in the region.

Median Rent by Tract
(2019)



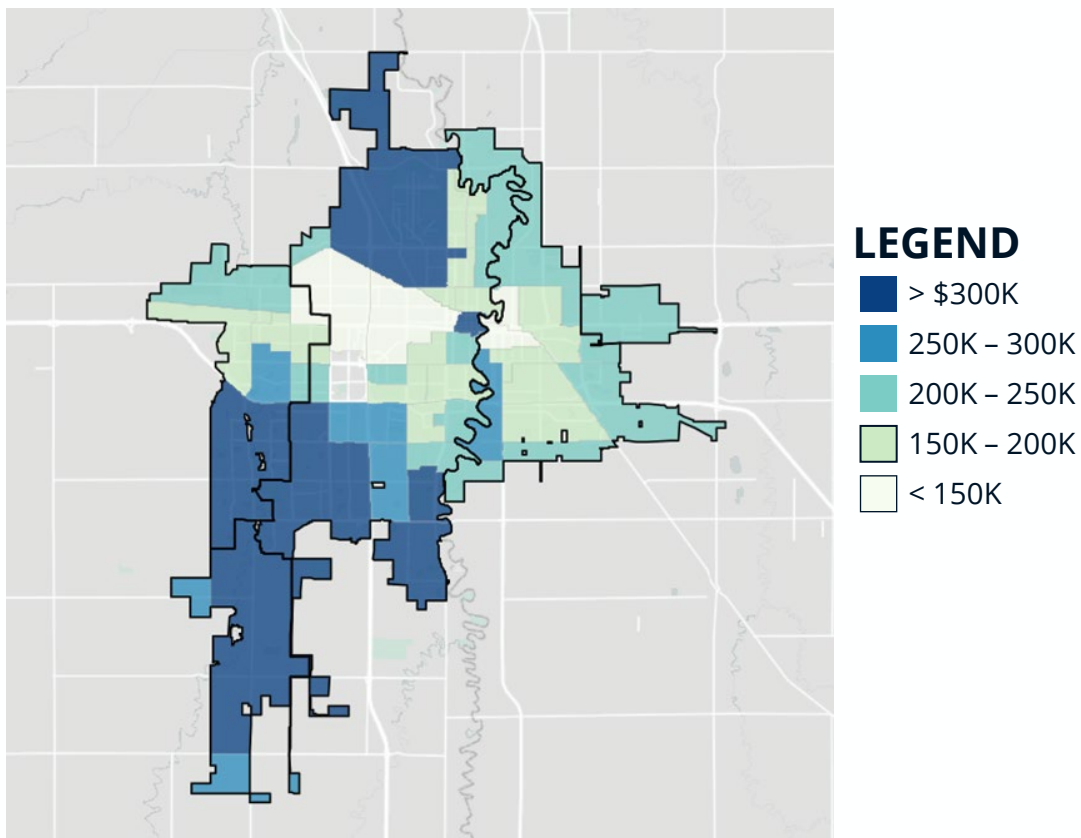
Share of Renter-Occupied Units
(2019)



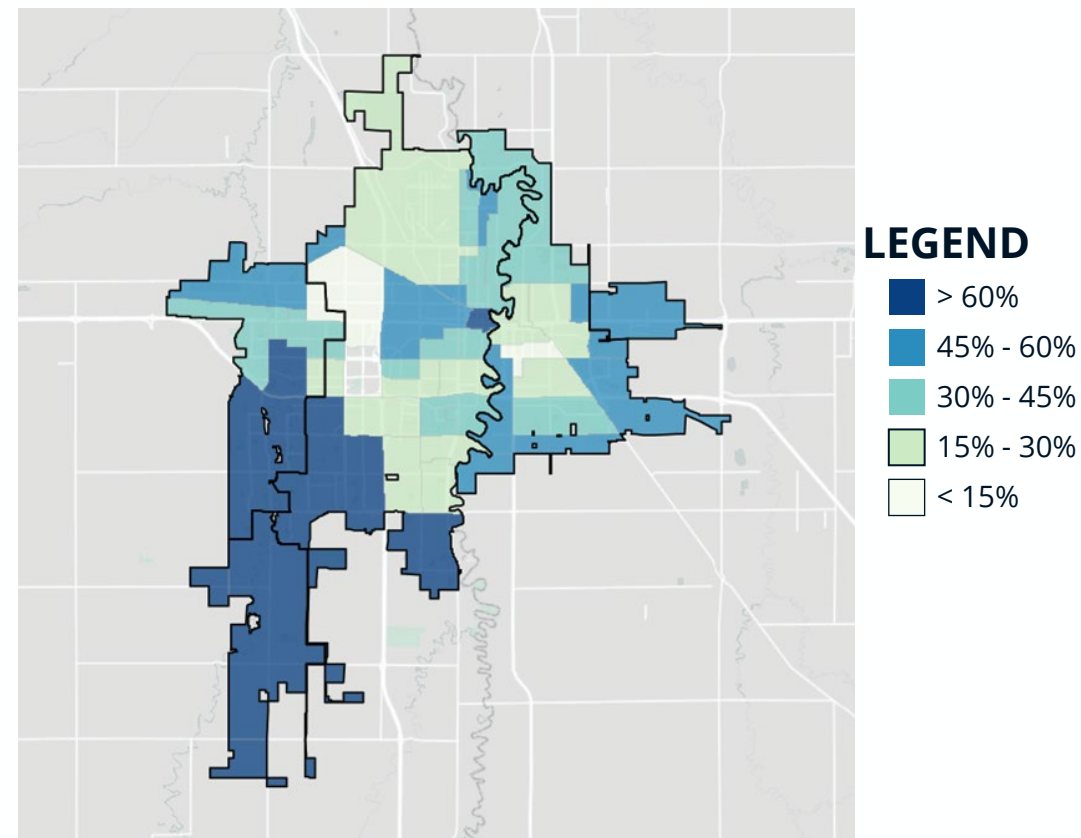
Housing Needs Assessment | Housing Supply

Home values have risen most significantly in Horace and West Fargo due to significant single-family development within these regions.

Median Home Value by Tract
(2019)



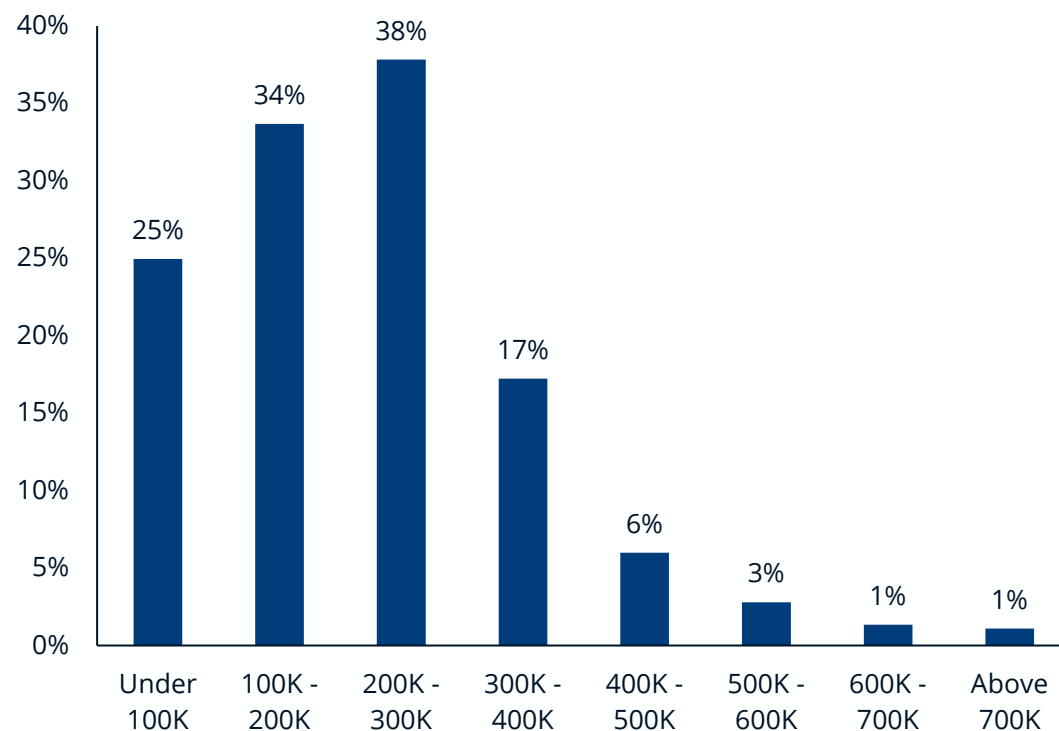
Change in Home Value
(2010 - 2019)



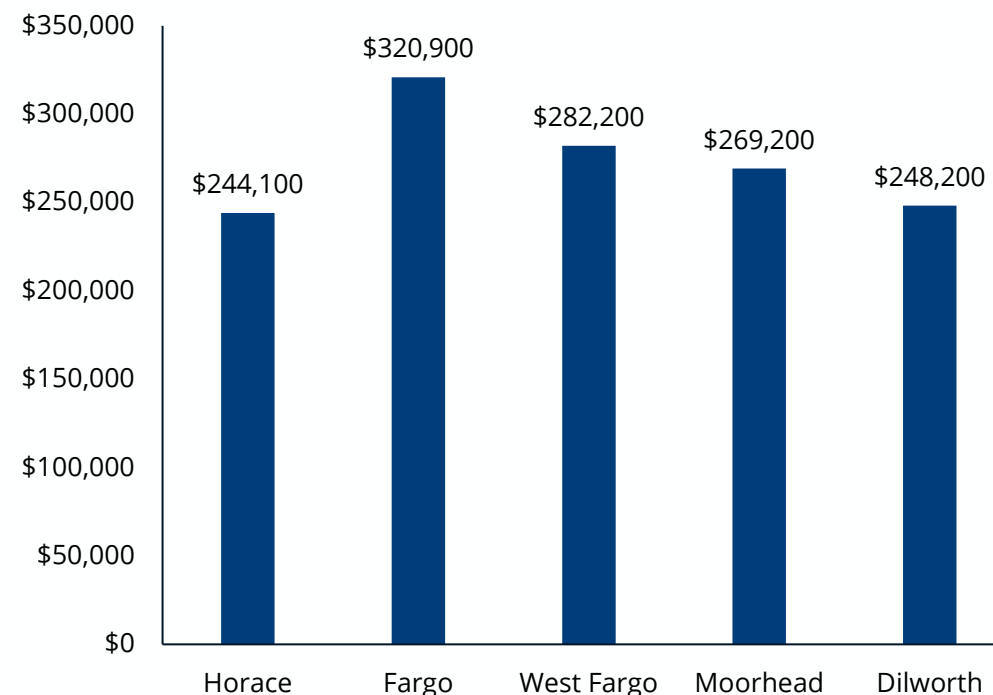
Housing Needs Assessment | Housing Supply

Most home sales in the region are under \$250,000. However, over the last year, average prices of homes sold have increased 18%.

Recent Home Sales by Sale Price
(2020-2022)



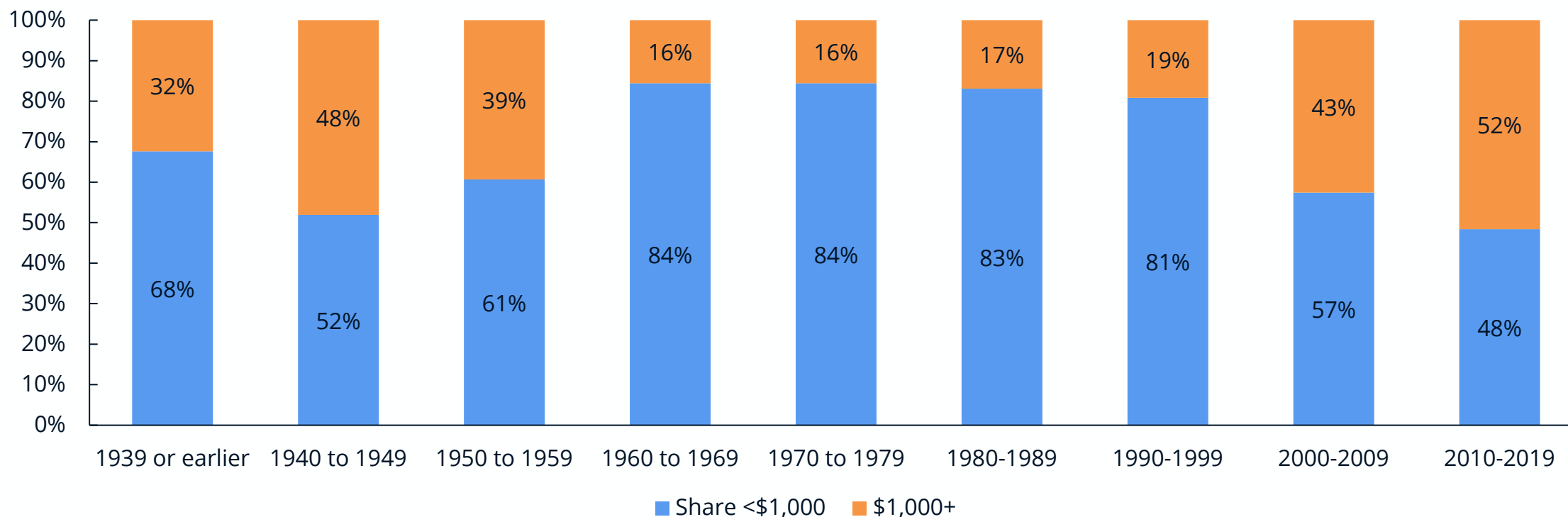
Average Price of Sold Home
(July 2021-July 2022)



Housing Needs Assessment | Housing Supply

Since the 1990's, the share of units under \$1,000, classified here as naturally occurring affordable housing (NOAH), in the region has declined.

Housing Stock by Year Built and Rent
(2019)



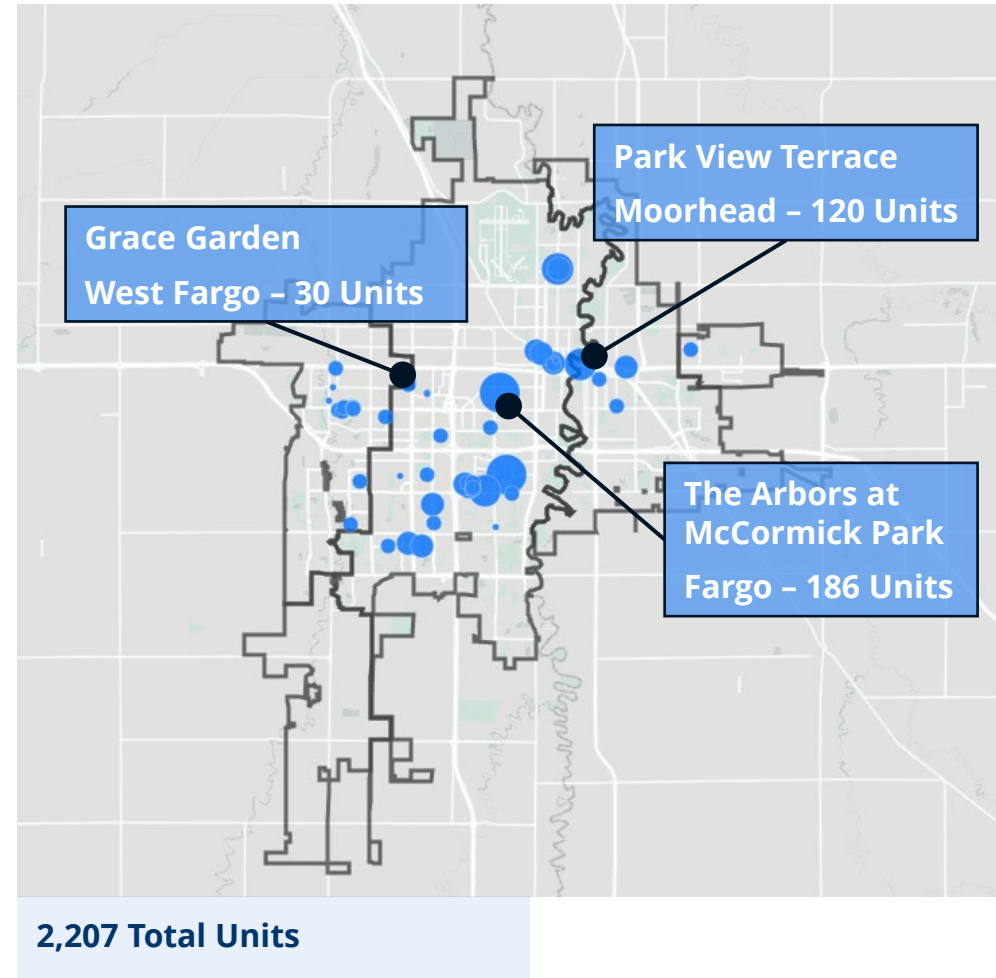
Source(s): NHPD, ACS 1939-2019 5-year estimates (Existing rents all from 2019, varied by building year).

Housing Needs Assessment | Housing Supply

Most affordable units in the region come from LIHTC and some federal funding sources. On a typical project, multiple sources of federal and state funding in fund the project.

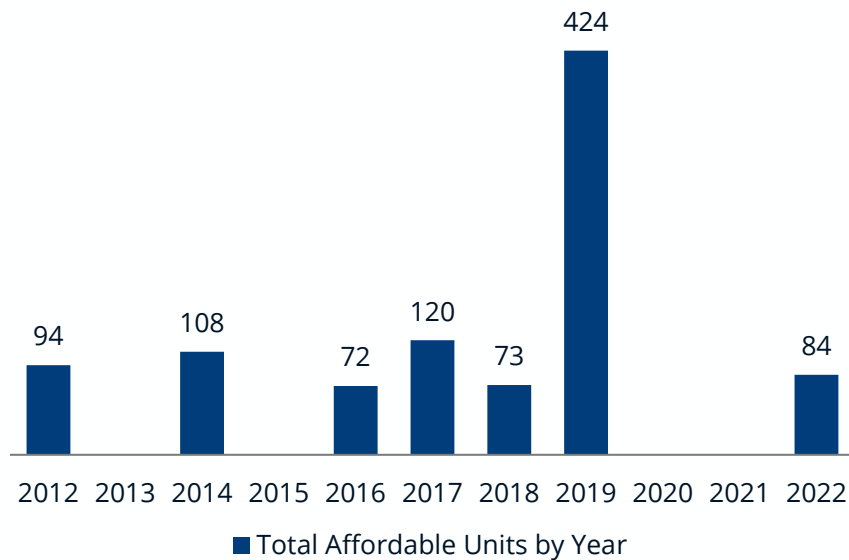
Most of the region's Low-Income Housing Tax Credit (LIHTC) development is in Fargo as the city is particularly competitive in the ND allocation process. Meanwhile, Moorhead has seen fewer LIHTC projects because it must compete with the Twin Cities for this funding.

Program Type	Units
Total	2,207
4% and 9% Low-Income Housing Tax Credits (LIHTC)	1,190
LIHTC 4% Tax Credit	243
LIHTC 9% Tax Credit	719
Home Investment Partnerships Program (HOME)	12
Tax Credit Exchange Program (TCEP)	43



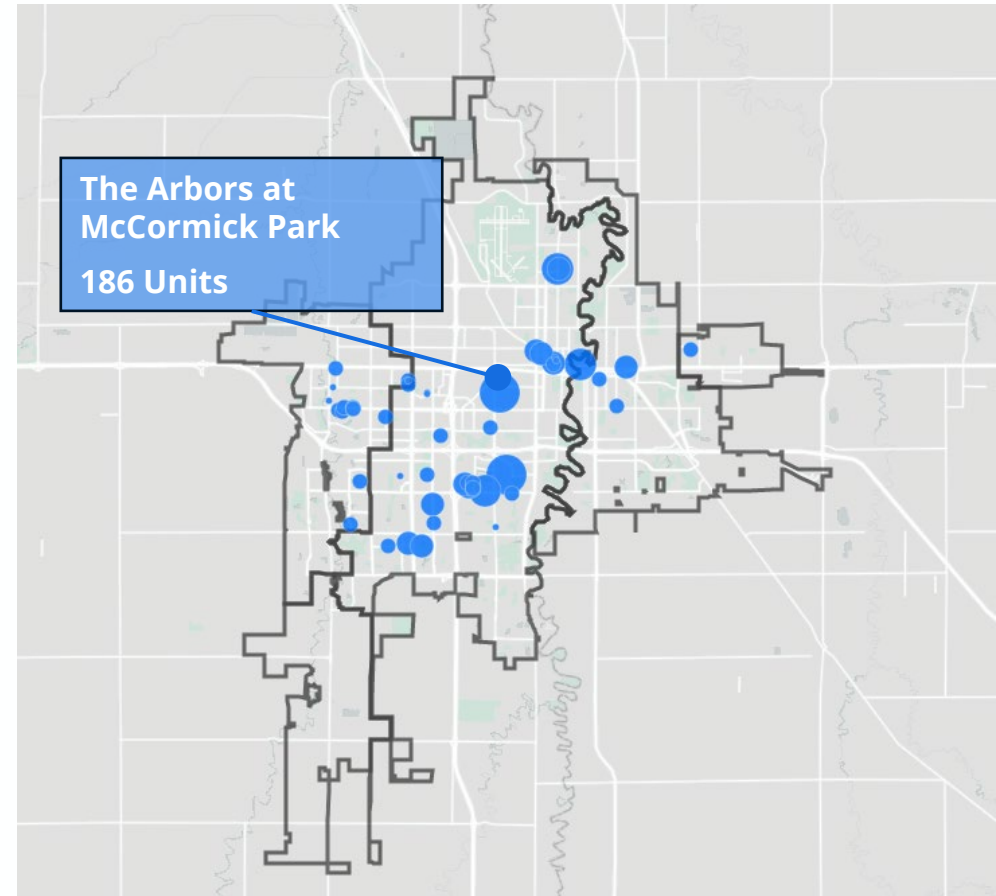
Housing Needs Assessment | Housing Supply

Affordable units have not kept pace with broader housing development trends in the region. 975 units have been developed in the past 10 years, located mainly in Fargo.



Affordable Unit Production (2012-2022)

In 2019, the largest LIHTC funded building at the Arbors at McCormick Park was built, accounting for the large jump in unit production in 2019.

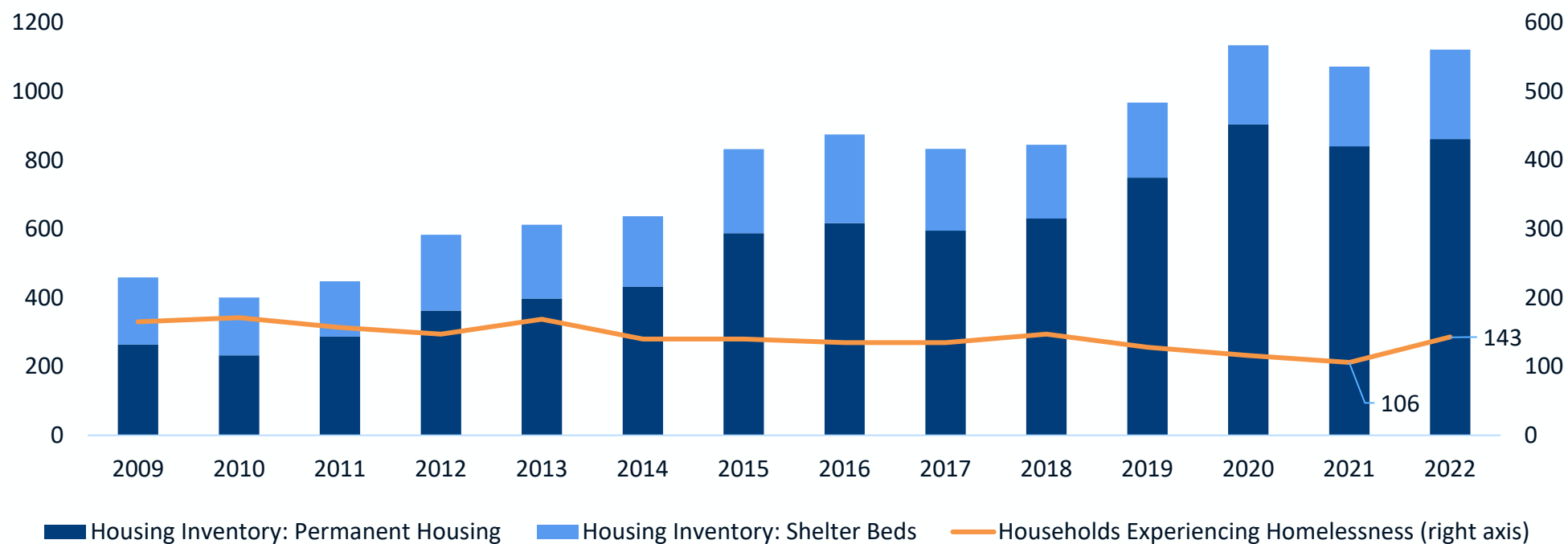


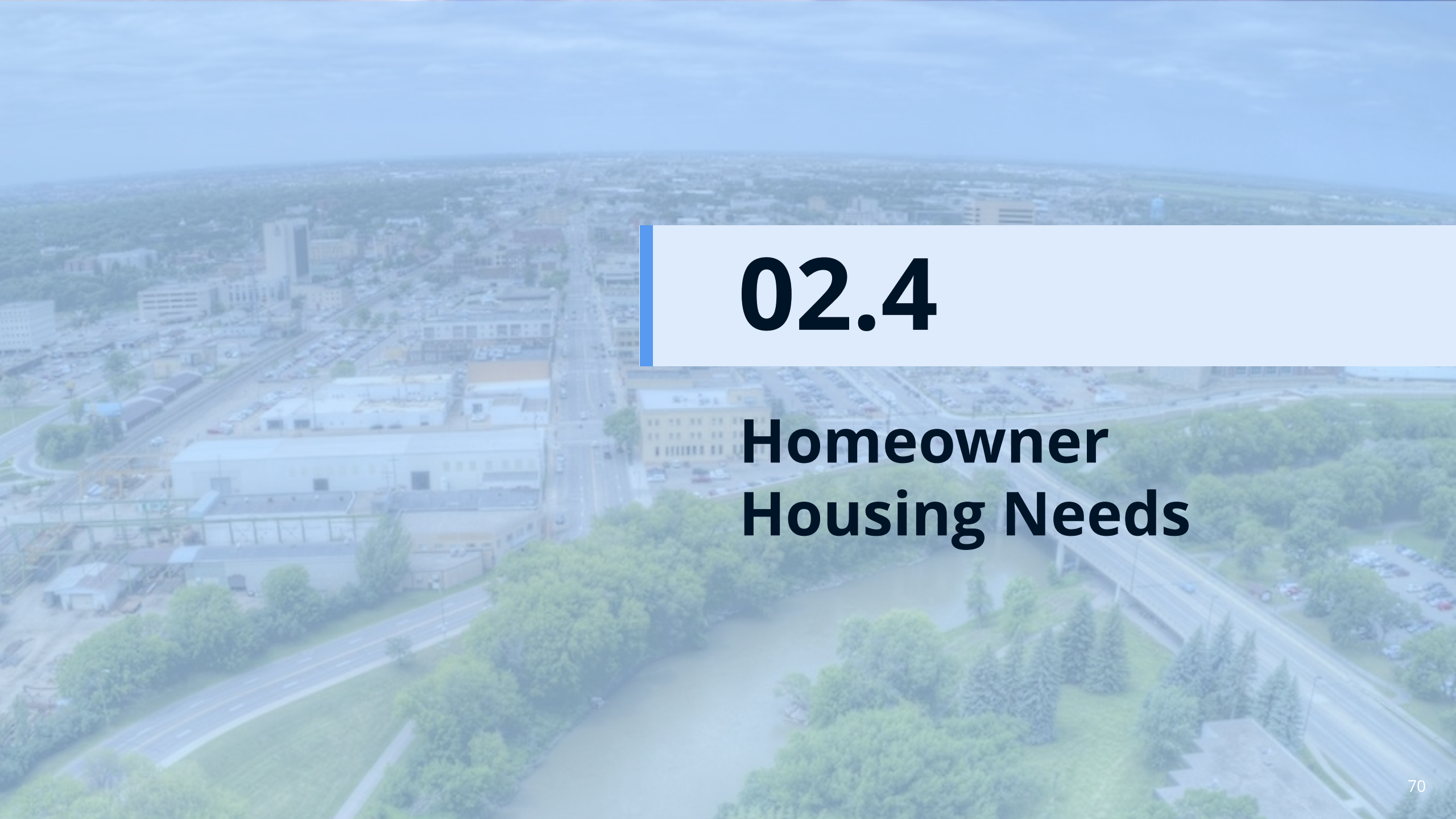
■ 975 Total Units since 2012

Housing Needs Assessment | Housing Supply

Number of households experiencing homelessness has not decreased substantially despite available shelter and supportive housing increasing.

Homelessness: Housing Inventory vs. Total Households (2010 - 2020)



An aerial photograph of a city, likely St. Paul, Minnesota, showing a river (St. Paul River) flowing through the center, a multi-lane highway (I-94) on the right, and various urban buildings and parking lots. The image is overlaid with a semi-transparent blue filter.

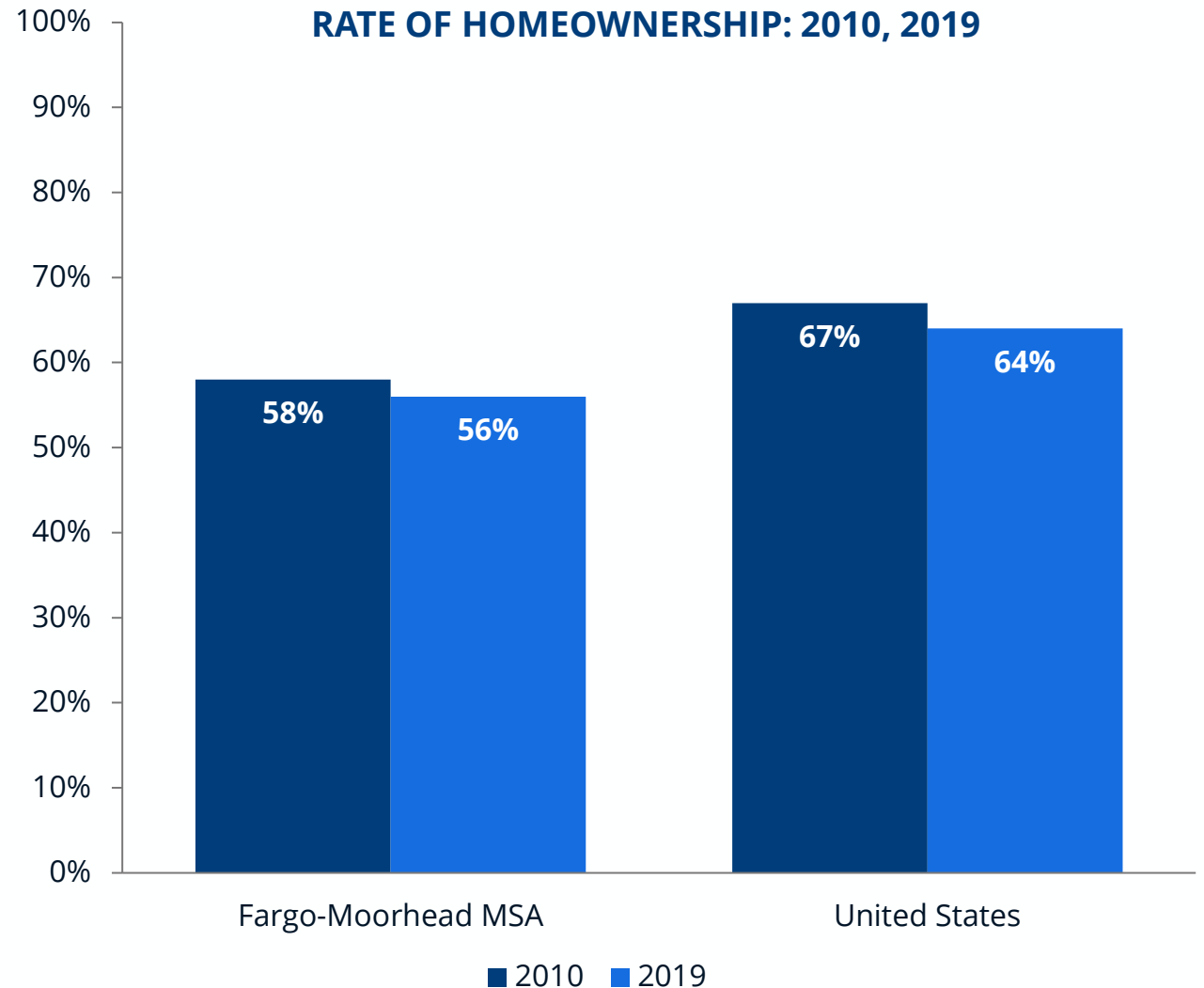
02.4

Homeowner Housing Needs

Housing Needs - Homeowners

The Fargo-Moorhead homeownership rate is lower than the national average.

- Homeownership is increasingly out of reach for **households with incomes lower than \$75,000** and **elderly** populations.
- Renters that completed our community survey cited **lack of money for a down payment** and a **low supply of affordable homes** as the largest barriers to homeownership.



Source(s): American Community Survey 2019 5-year Estimates, U.S. Census

Homeownership provides many financial and non-financial benefits.

WEALTH



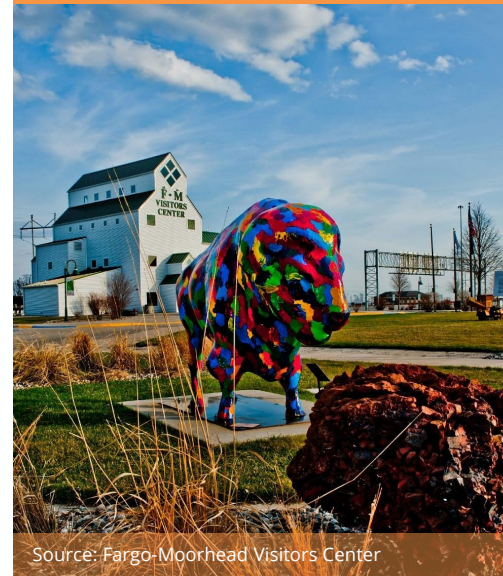
- In the long-run, housing prices tend to appreciate
- Home equity creates added financial security and economic mobility

EDUCATION



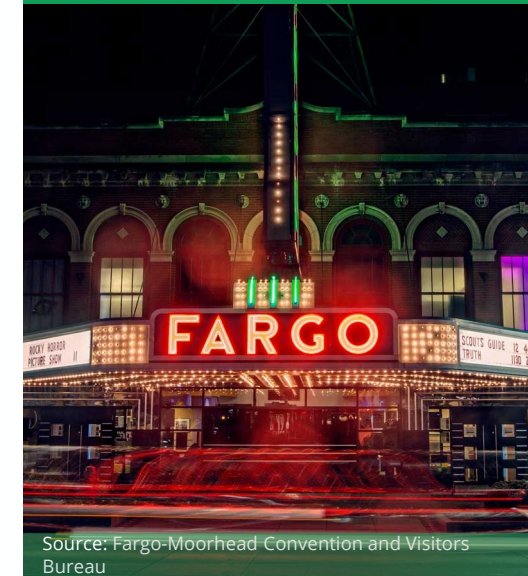
- Children who grow up in a home-owning household perform better academically and are more likely to graduate high school

UTILITY



- Studies show homeowners tend to be happier, with higher levels of satisfaction than similarly-situated renters

COMMUNITY

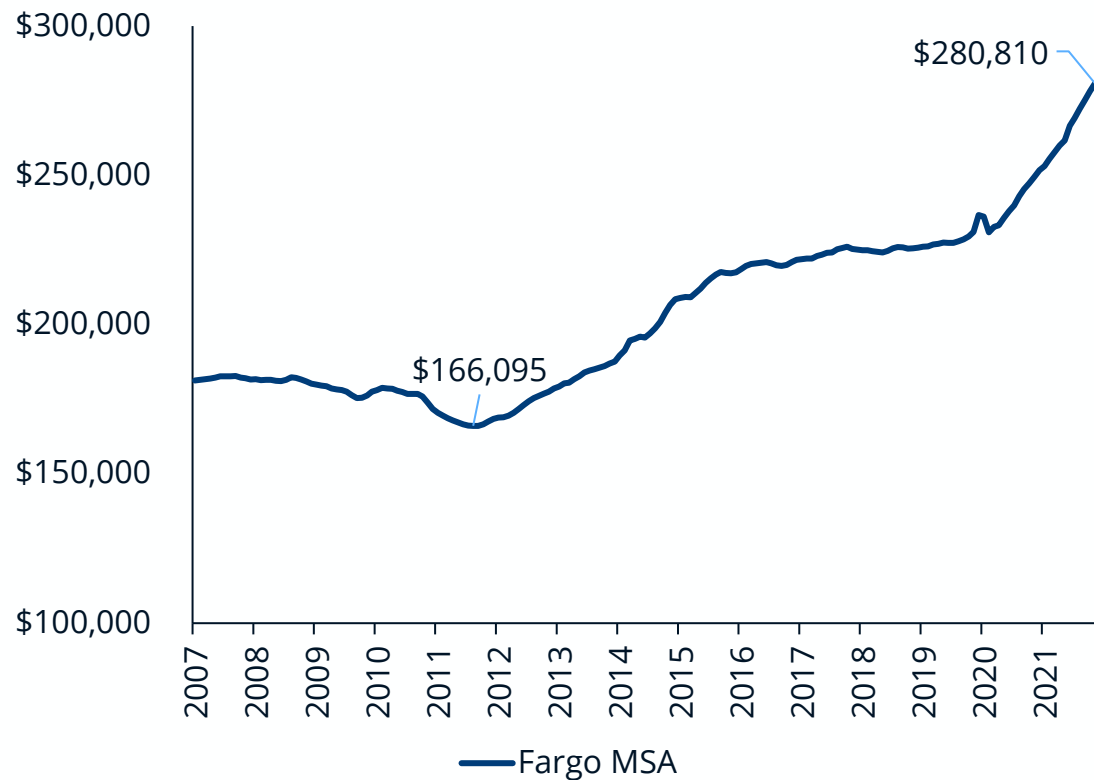


- Neighborhoods with high homeownership rates tend to have higher property values, and thus higher levels of tax revenues

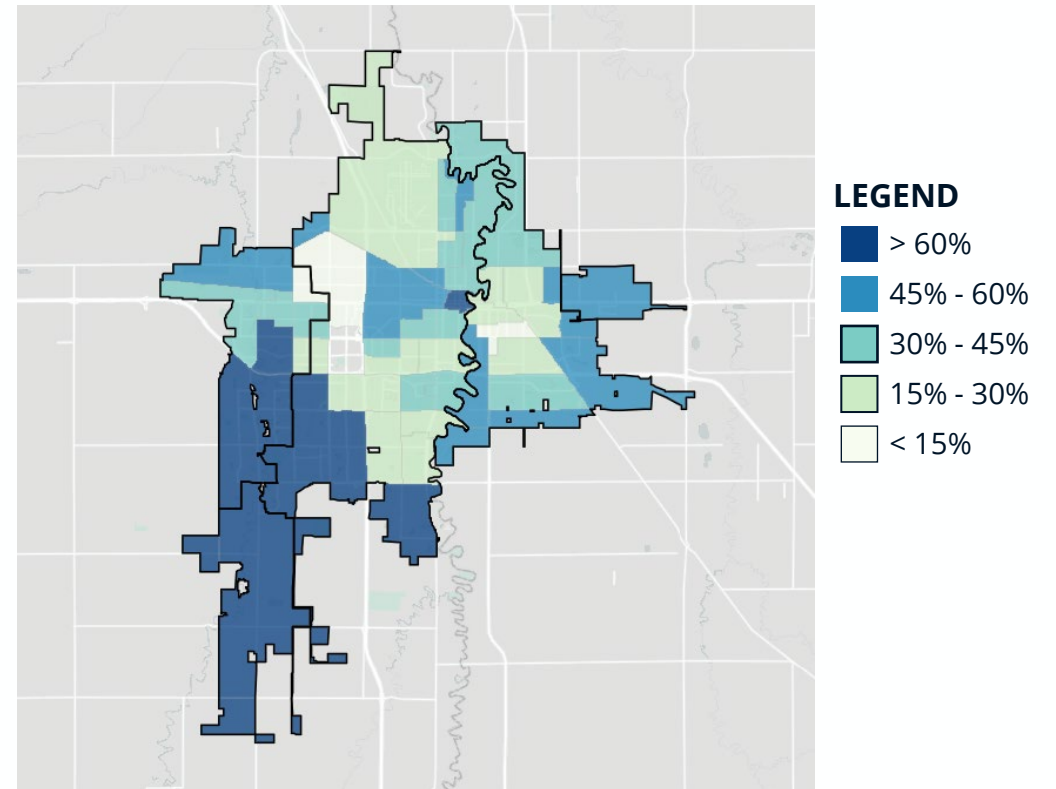
Housing Needs Assessment | Housing Needs - Homeowners

Over the last 10 years, home prices have steeply increased in the region, particularly in areas with newly built homes.

Median Home Value
(2007 - 2022)



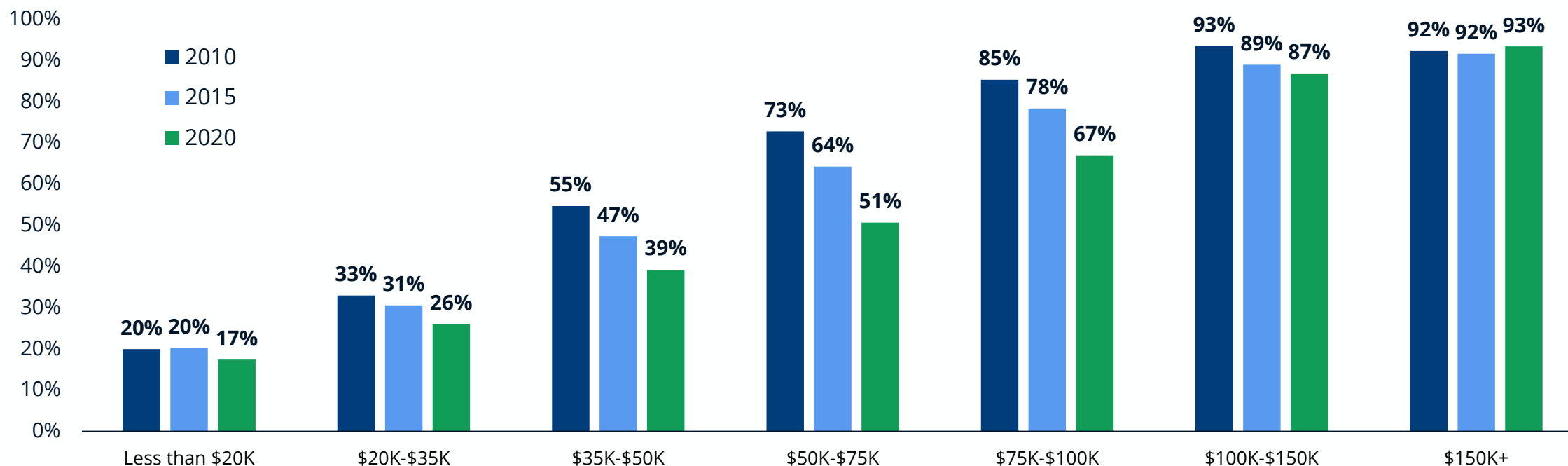
Median Home Value
(2010 - 2019)



Housing Needs Assessment | Housing Needs - Homeowners

Homeownership has been declining across all income levels over the past ten years and has been particularly stark for residents making between \$50K - \$100K.

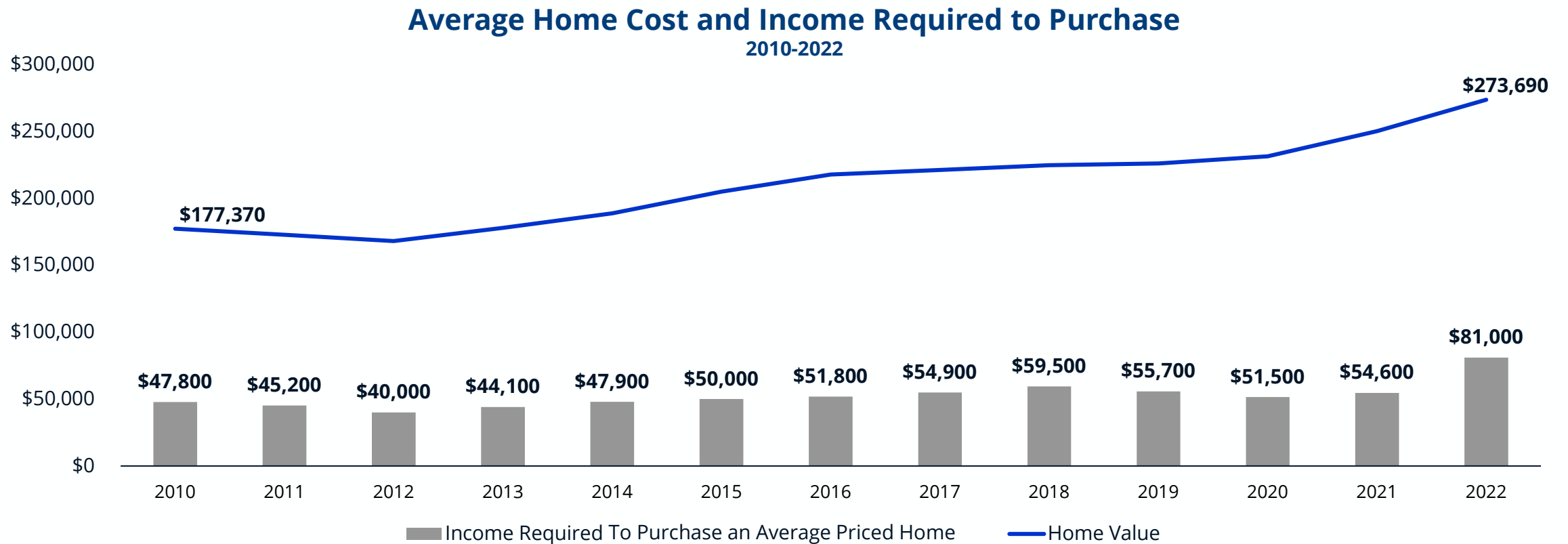
Homeownership Rates by Income Level
2010-2020



Source(s): US Census, 2010-2020. As a note, a small portion of shifts in homeownership may be accounted for by changing income bands. However, this does not account for declines in homeownership above \$75K.

Housing Needs Assessment | Housing Needs - Homeowners

In the last year, the minimum income required to purchase a home at the average value for the region spiked, largely due to rising mortgage rates and construction costs.*



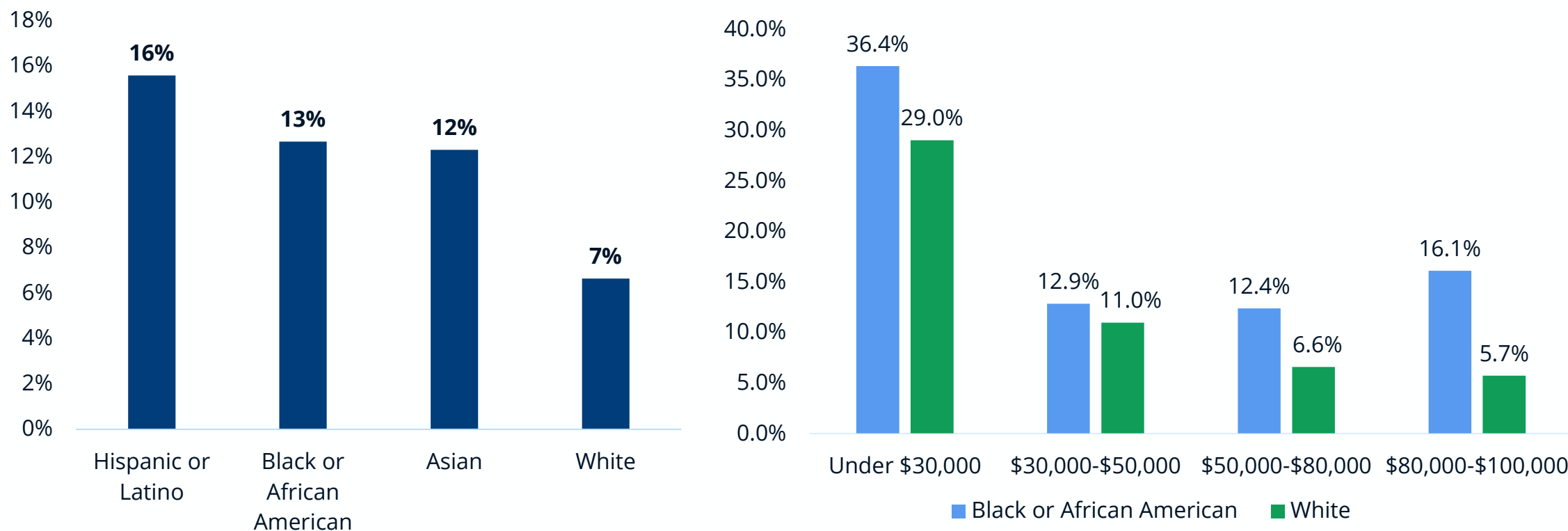
Source(s): US Census, 2010-2020

*These figures do not include additional assessment costs, like specials, which increase minimum income even further. The home value line within this chart is an average for the region.

Housing Needs Assessment | Housing Needs - Homeowners

For non-white households in the region, mortgage denial rates are higher, even when controlling for income.

Mortgage Denial Rates by Race and Income Level
2018-2020



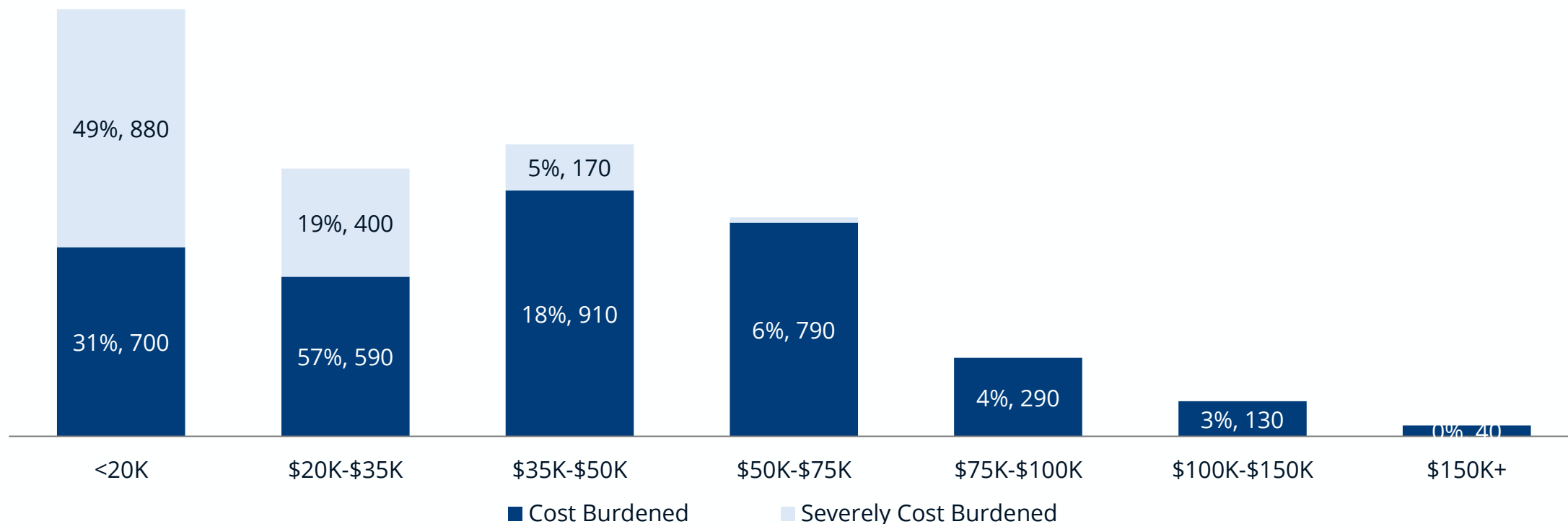
Source(s): HMDA, 2020

**Cost-Burden rates for BIPOC households has not been included, here, as the sample size is too small to be statistically significant For Hispanic or Latino, Asian, and Native American population, the data was not able to be analyzed due to the small sample size.*

Housing Needs Assessment | Housing Needs - Homeowners

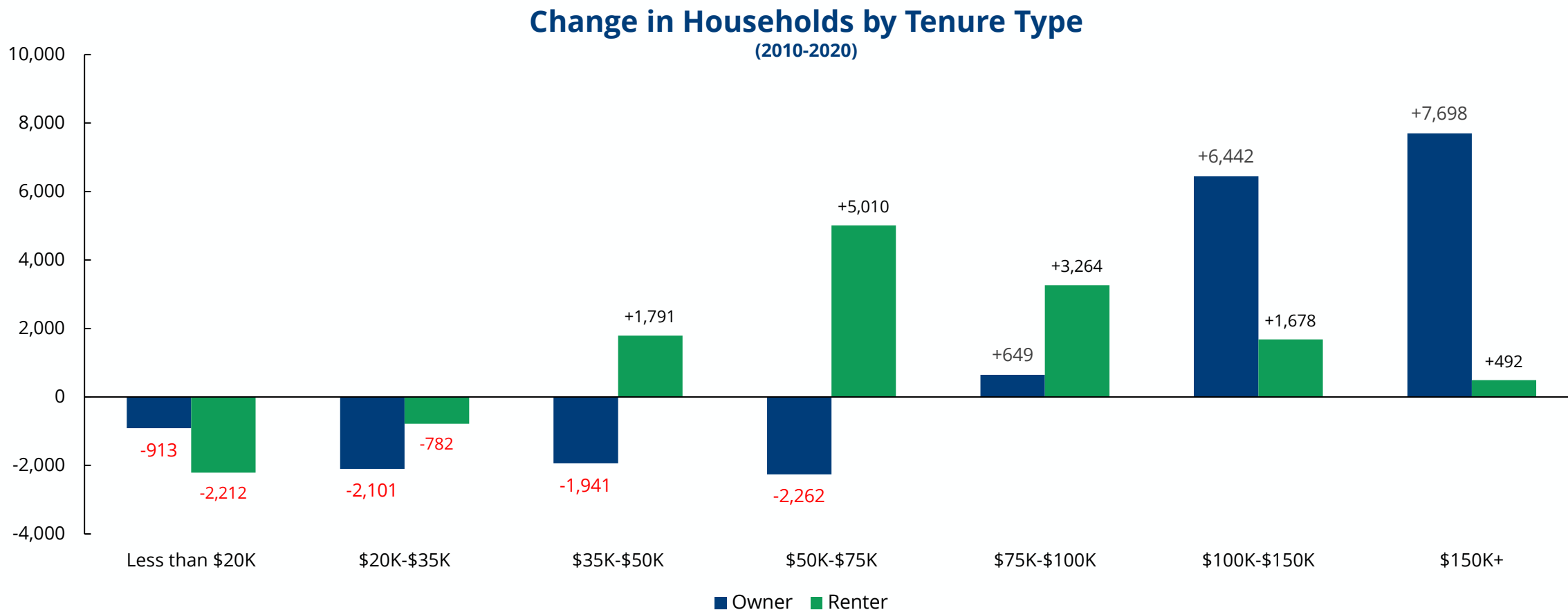
Compared to renter households, significantly fewer owners are cost-burdened. However, nearly 50% of owners making under \$35,000 are considered cost-burdened.

Owner Cost Burden Rates by Income Level
2010-2020



Housing Needs Assessment | Housing Needs - Homeowners

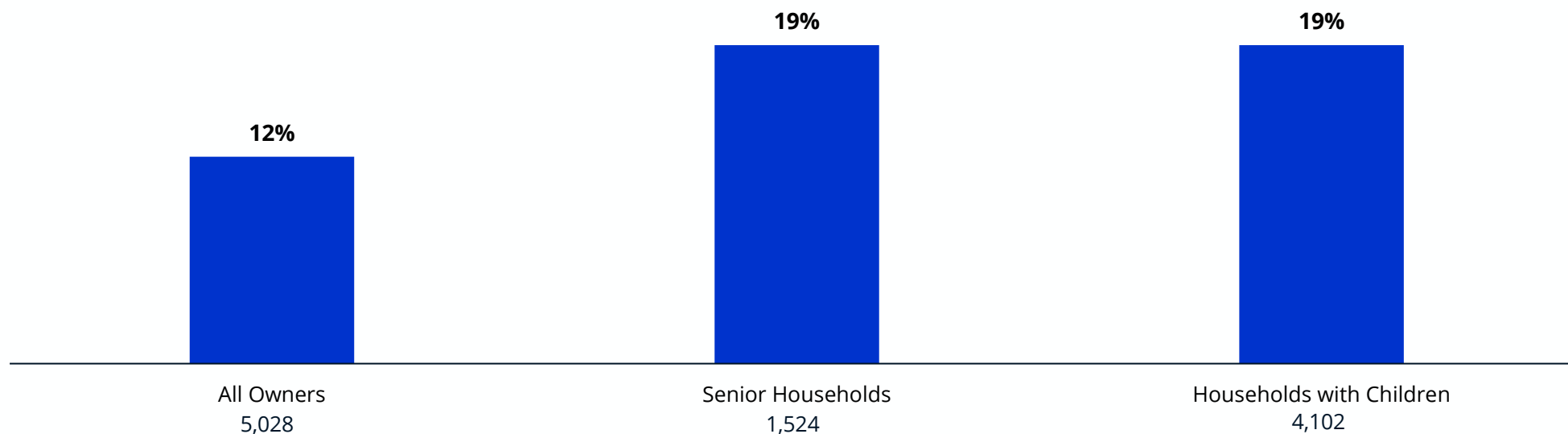
Since 2010, homeownership decreased for those making <\$75K and the number of renter households grew for those making over \$35K. The loss in both renters and owners for incomes under \$35K indicate either rising incomes and/or displacement outside of the MSA.



Housing Needs Assessment | Housing Needs - Homeowners

Households older than 65+ and those with children have significantly higher cost burden rates than the average homeowner in the region.

Cost Burden Rates by Senior Households and Households with Children 2010-2020



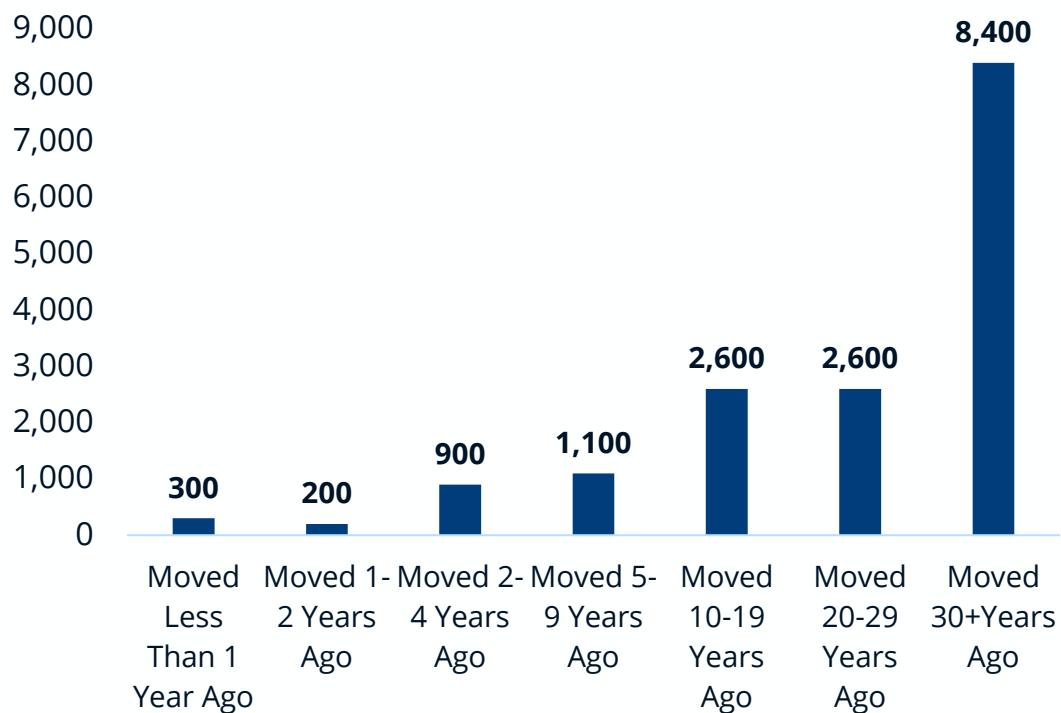
Source(s): US Census, 2010-2020

* A breakout of cost-burden rates for BIPOC households has not been included, here, as the sample size is too small to be statistically significant. However, these cost-burden rates factor into the overall total statistic.

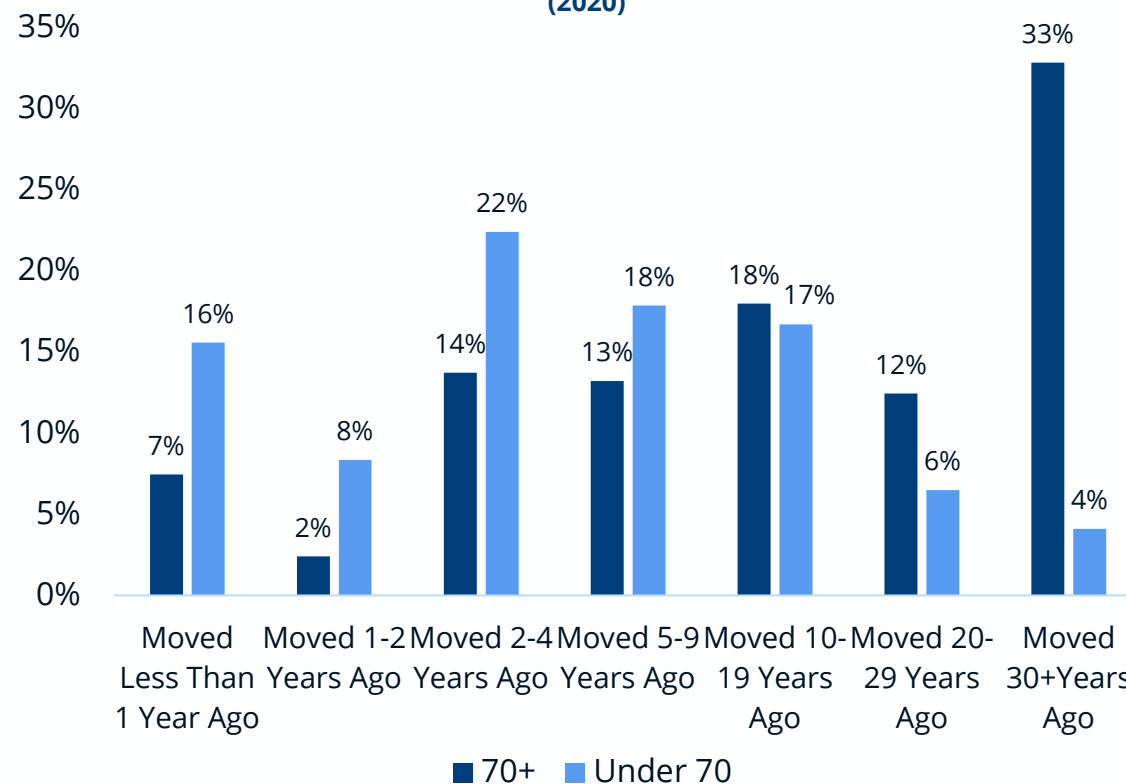
Housing Needs Assessment | Housing Needs - Homeowners

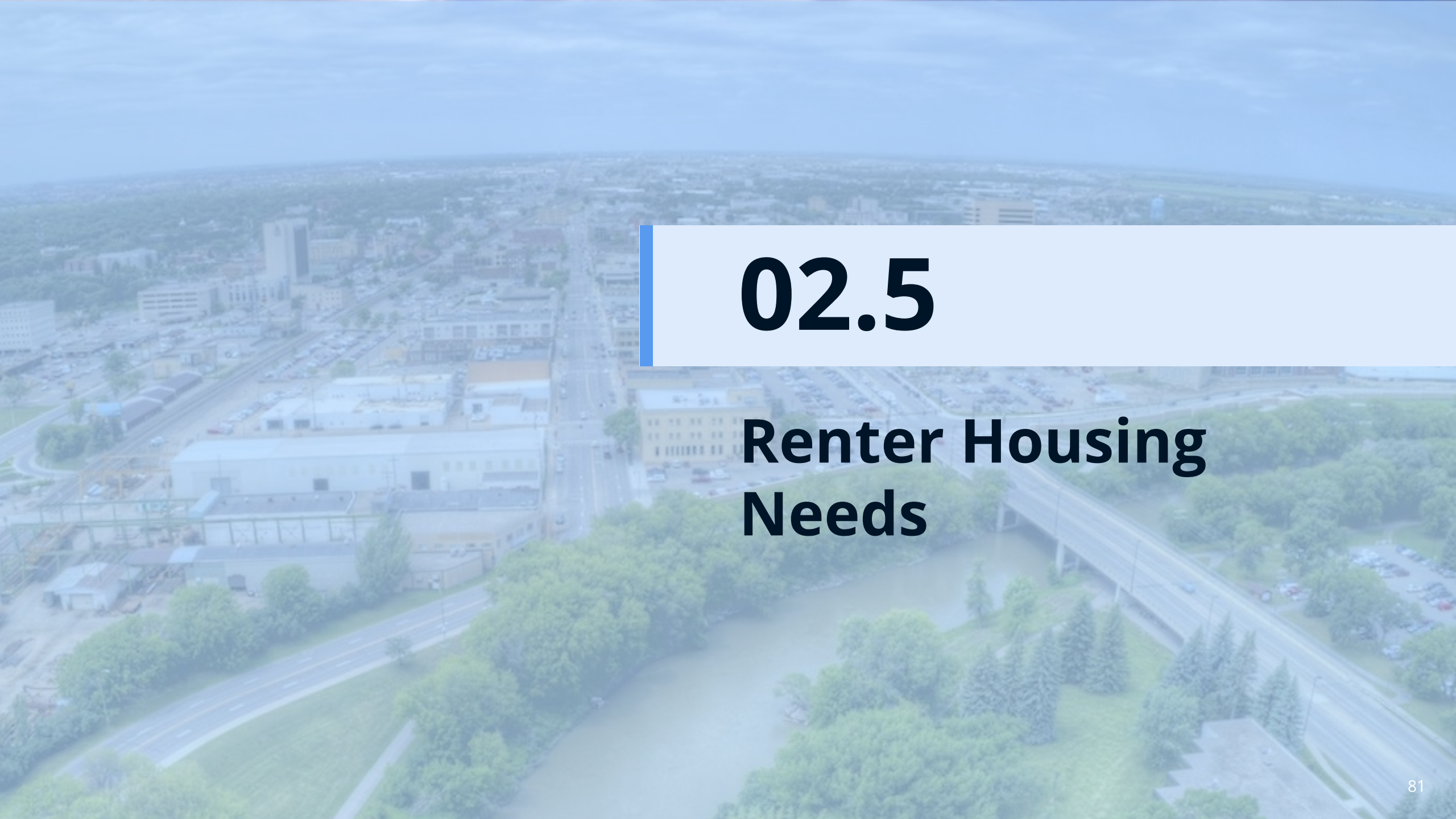
Over 60% of senior residents in the Fargo-Moorhead region live in single family detached housing, many of whom have lived in their homes for over 30 years.

Residents over 70 Years Old Living in Single Family Detached Homes in the FM Region
(2020)



Share of Residents Over and Under 70 by Most Recent Move
(2020)



An aerial photograph of a city, likely St. Paul, Minnesota, showing a river (St. Paul River) flowing through the center, a multi-lane highway (I-94) on the right, and various urban buildings and parking lots. The image is overlaid with a semi-transparent blue filter.

02.5

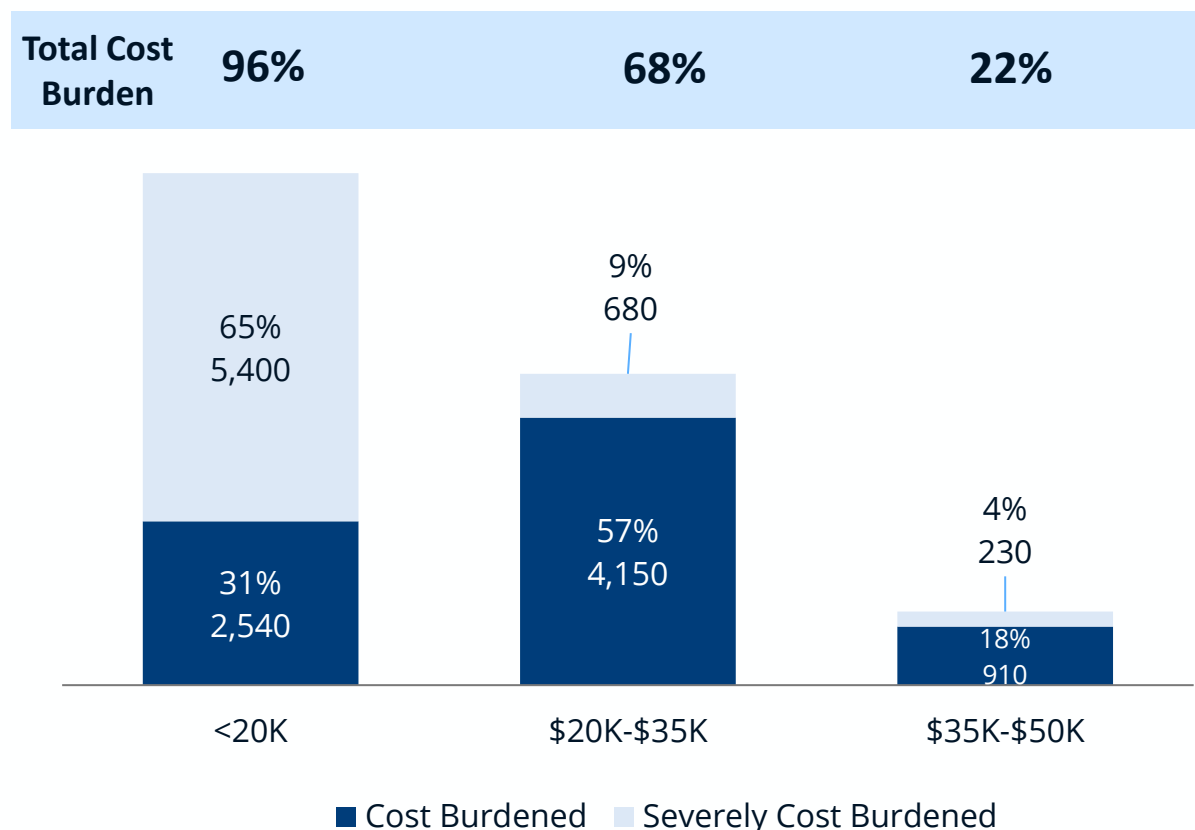
Renter Housing Needs

Housing Needs - Renters

The largest share of rental housing need is among the most vulnerable households, families earning less than \$35,000.

- Most new multifamily units are targeted for the region's new high earners, creating a gap in supply for the lowest income residents.
- Nearly all renter households earning under **\$20,000 are cost-burdened or are paying more than 30% of their income towards housing.**

Share of Cost-Burden Renter Households by Income (2010-2020)



Source(s): American Community Survey 2019 5-year Estimates, U.S. Census

Housing Needs Assessment | Housing Needs - Renters

Low household incomes, especially for renters, are a key driver of housing cost burden.

- Housing cost burden is defined by the cost of housing *relative* to incomes. The more a household spends on housing costs, the less **residual income** it has available for other basic needs, such as food and childcare.
- A household is considered **cost burdened** when it spends more than 30% of its gross income on housing costs.
- When affordable rental housing is unavailable, low-income households face housing instability and are more vulnerable to unsafe living conditions, overcrowding, and costly and harmful evictions.

MONTHLY COSTS

2 adults and 2 children

Fargo metro area

 HOUSING	\$873
 FOOD	\$808
 CHILD CARE	\$2,173
 TRANSPORTATION	\$1,126
 HEALTH CARE	\$1,027
 OTHER NECESSITIES	\$609
 TAXES	\$764
MONTHLY TOTAL	\$7,380
ANNUAL TOTAL	<u>\$88,560</u>

Source(s): Economic Policy Institute, 2018

*EPI's Family Budget Calculator measures the community-specific income a family needs in order to attain a modest yet adequate standard of living.

Housing Needs Assessment | Housing Needs - Renters

The region's housing costs leave many of those who work in the F-M Region with limited income for food, childcare, and other costs. The chart below represents housing costs for a single-income family.

Grocery Store Clerk

Annual Income: \$27,500
Employed in F-M Metro: 7,400



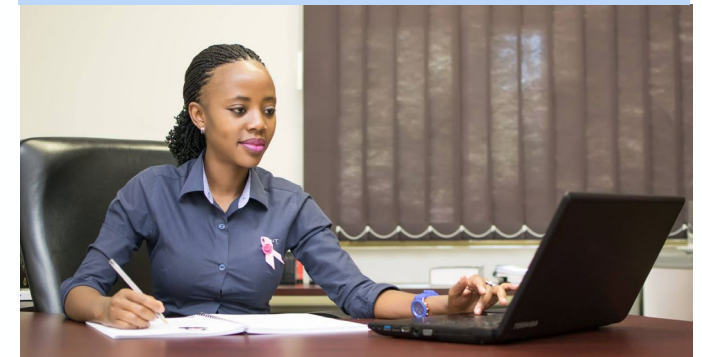
Grade School Teacher

Annual Income: \$48,000
Employed in F-M Metro: 5,800



Local Government Employee

Annual Income: \$69,800
Employed in F-M Metro: 4,500



Monthly After-Tax Income \$1,960

Rent - \$780

Residual Income \$1,180

Portion of Households Cost
Burdened in this Income Band **66%**

\$3,240

- \$1,300

\$1,940

22%

\$4,450

- \$1,750

\$2,700

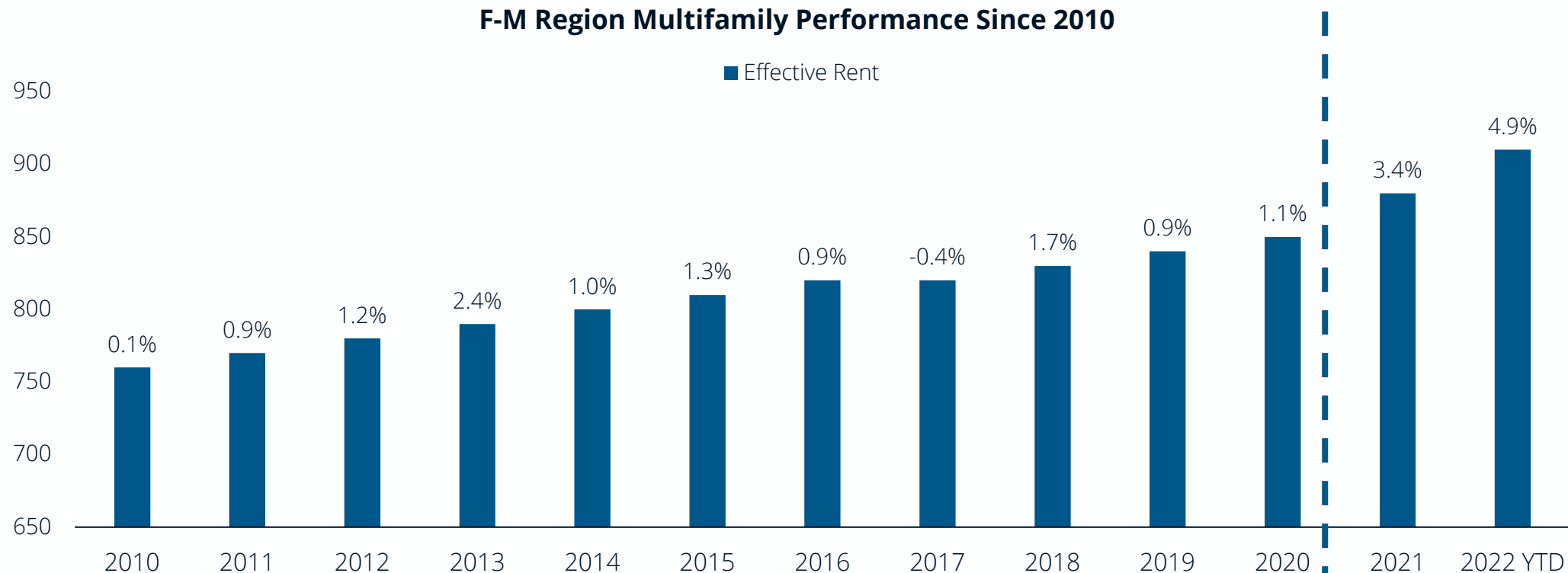
6%

Source(s): EMSI 2021, The Pew Center

Residual income calculated for a single person and determined by deducting the average amount spent on housing costs, based on research from The Pew Center, from after-tax income. Residual income = after tax income – average housing costs by income group.

Housing Needs Assessment | Housing Needs - Renters

Multifamily rents in the MSA have steadily increased until the beginning of the COVID-19 pandemic. Nationwide, rents have increased at a faster rate.

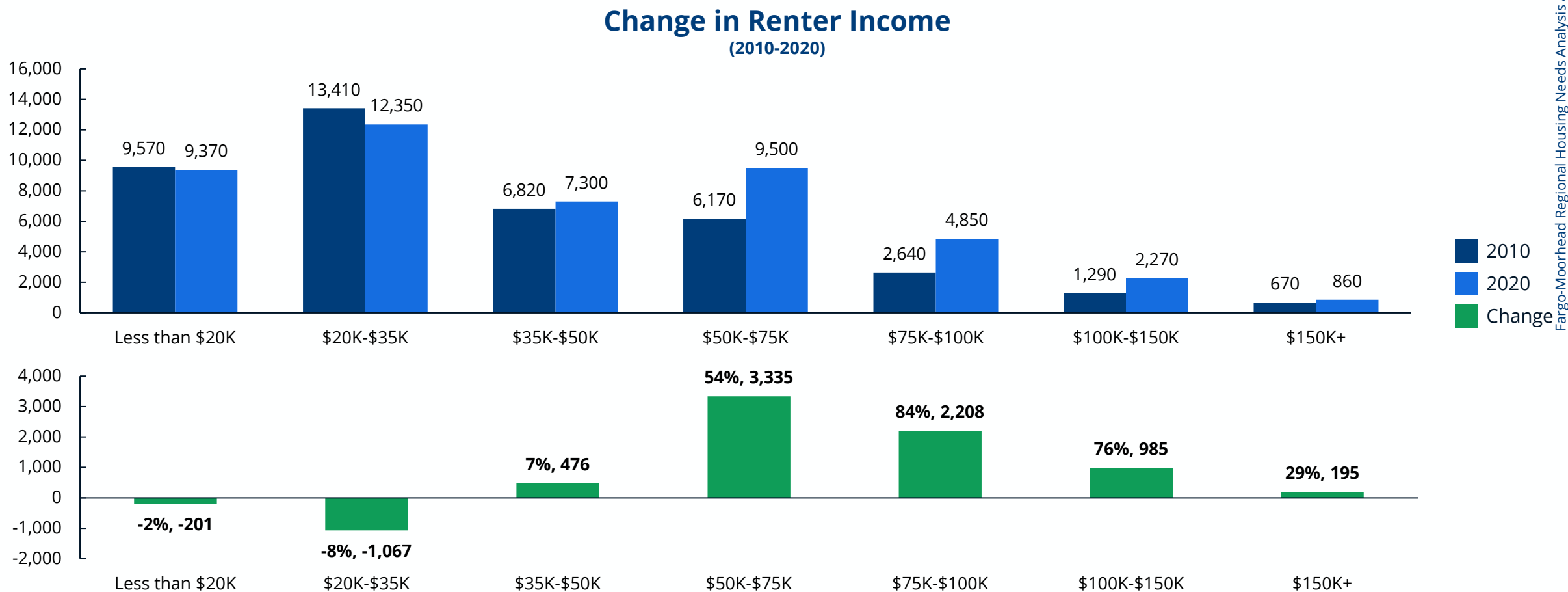


Source(s): CoStar, 2010 – 2022.

While the CoStar multifamily dataset does not include all the region's multifamily developments, the rent and vacancy trends found by CoStar likely reflect the broader market trends.

Housing Needs Assessment | Housing Needs - Renters

Median income of renters has increased significantly over the past decade, driven by sharp increases in the \$50K-\$100K renter bucket, and decreases in the <\$35K bucket.

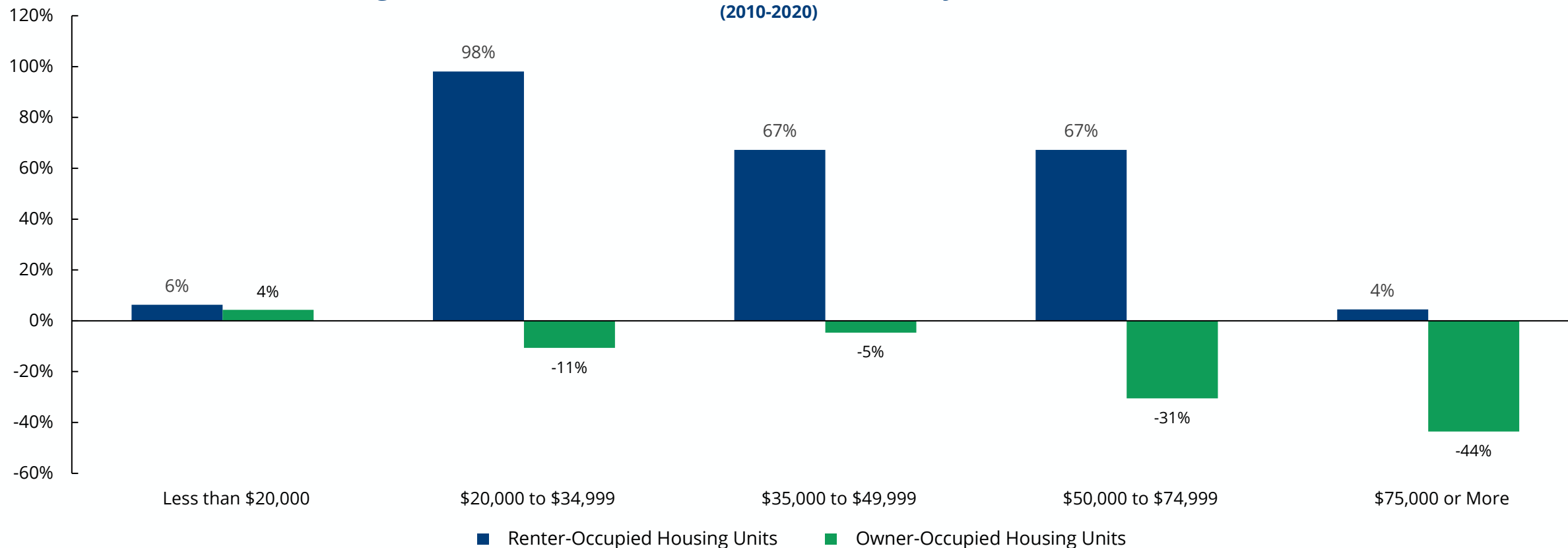


Source(s): US Census, 2010-2020

Housing Needs Assessment | Housing Needs - Renters

Since 2010, there are more renter households who are cost-burdened or are paying more than 30% of their income in rent.

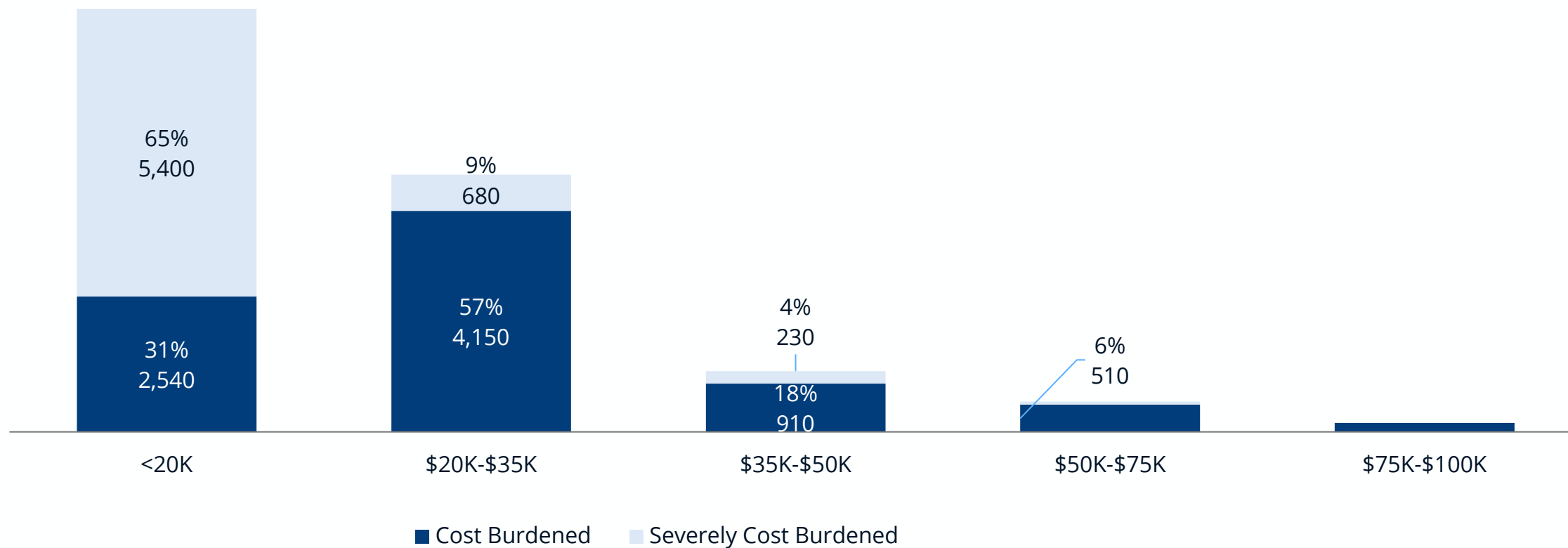
Change in Share of Cost-Burden Households by Tenure and Income
(2010-2020)



Housing Needs Assessment | Housing Needs - Renters

The bulk of cost burdened or severely cost burdened households have incomes below \$35,000.

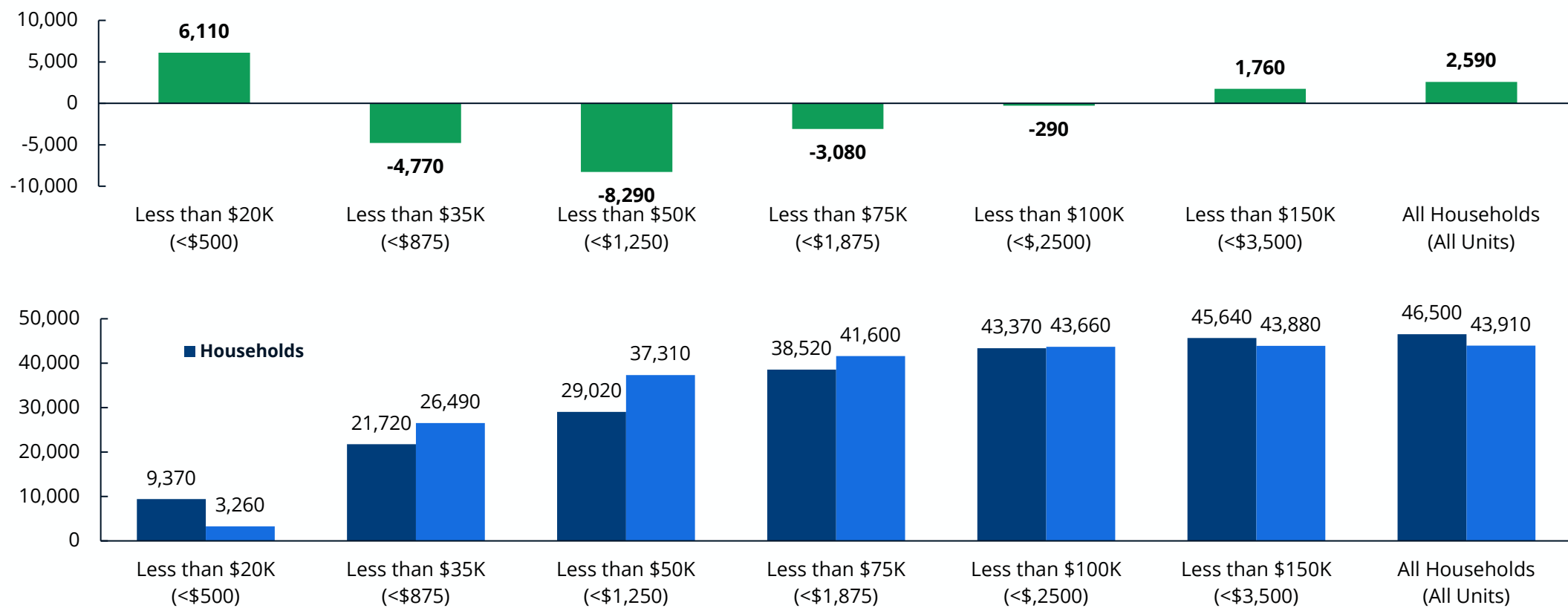
Share of Cost-Burden Renter Households by Income
(2010-2020)



Housing Needs Assessment | Housing Needs - Renters

There has been a significant increase in available housing for renters making over \$35K, with fewer units available for households making under \$35K.

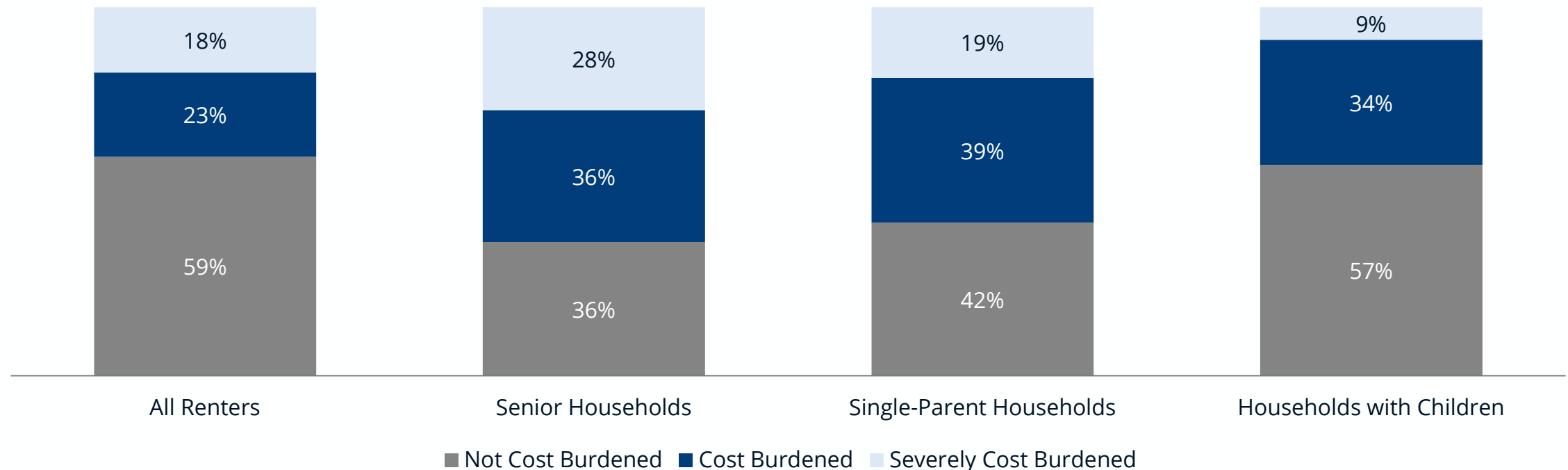
Rental Housing Supply Gap by Income 2020



Housing Needs Assessment | Housing Needs - Renters

Senior and Single-Parent Households have both higher rates of cost burden, compared to all renters.

Share of Cost-Burden Renter Households
(2020)



An aerial photograph of a city, likely St. Paul, Minnesota, showing a river (St. Paul River) flowing through the urban landscape. A multi-lane highway (I-94) runs along the right side of the river. The city is densely packed with buildings, including industrial structures and commercial buildings. The sky is overcast with grey clouds.

02.6

Future Demand Analysis

Housing Needs Assessment | Future Demand Analysis

Over the next 10 years, Cass and Clay Counties will need at least 16,400 additional units.

Municipality	Additional Households Demand*	Renter Households (2030)	Homeowner Households (2030)	Additional Units Needed by 2032
Cass & Clay Counties	14,200	6,250	7,950	16,400
Outside 5-City Region	500	150	350	500
Total 5 City Region	13,700	6,100	7,600	15,900
Fargo	7,100	4,130	2,970	8,300
Moorhead	3,200	1,340	1,860	3,700
West Fargo	1,400	530	870	1,600
Horace	1,700	50	1,650	1,900
Dilworth	300	50	250	400

This analysis accounts for:

- The number of net new households in the region;
- Assumptions on the rate of stock depreciation (or number of housing units taken offline each year);
- Natural vacancy rates, due to turnover of units and the time it takes for a new tenant to move in;
- Percentage of seasonally used homes (such as second-homes); and
- Assumptions on tenure split between renter and owner-occupied units.

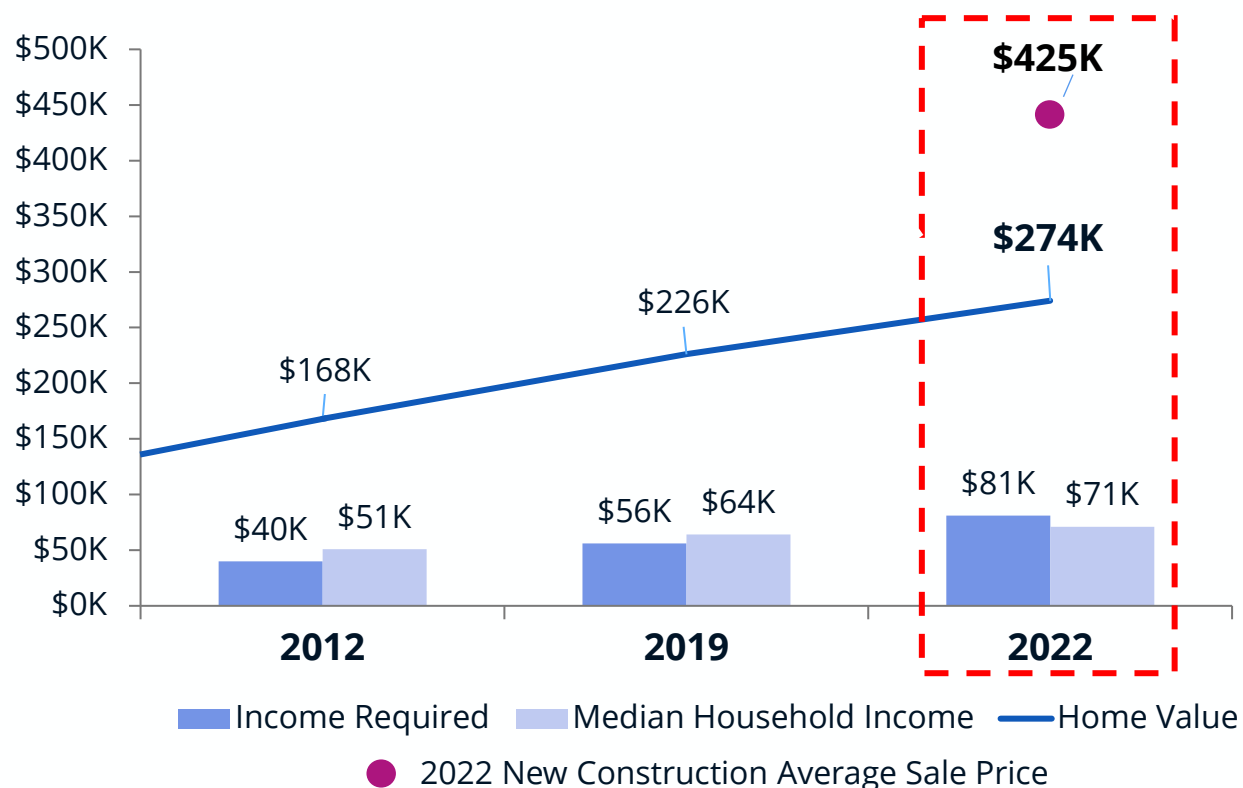
Source(s): HR&A Analysis.

* Estimates for housing demand were based on regional population growth metrics from the Metro COG Baseline 2050 Demographic Forecast.

Housing Needs Assessment | Future Demand Analysis

While construction of these 16,400+ units may be feasible based on existing levels of production, the cost of these new homes will be out of reach for most residents.

Average Home Cost and Income Required to Purchase 2010-2022



- **Less than 20% of renters and 50% of all residents** can afford the average home value of \$274K.
- New construction of all homes are already unaffordable for most in the region, **in 2022, these homes were sold or appraised on average at \$425K***. Less than 30% of the region's residents can afford to buy a home priced at this amount.

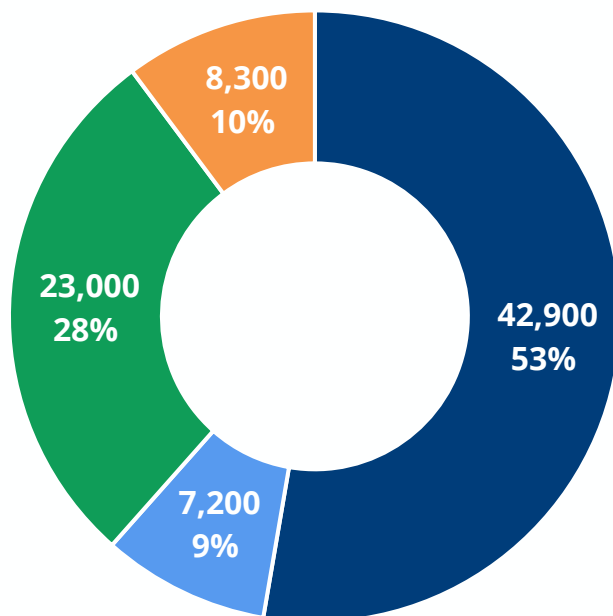
Source(s): US Census, 2010-2020, HR&A Advisors Analysis, Zillow Research Data

* Based on annual estimates of appraised and sold prices for the Fargo Moorhead Region, from Zillow Data. Median Household Income in 2020 was \$66K, while in 2022 it has increased to \$71K.

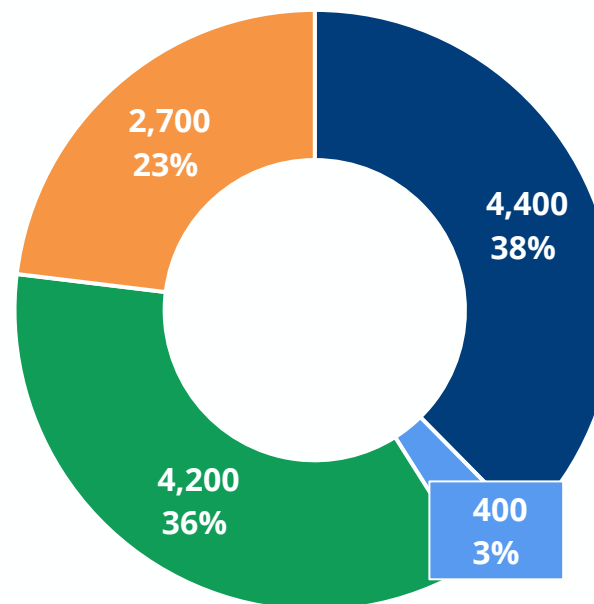
Housing Needs Assessment | Future Demand Analysis

In the past 10 years, the region has produced more multifamily units than in the prior decades. Despite this uptick, there is still significant demand for multifamily and affordable homeownership options.

Total Housing Units by Type
(2019)



Housing Units Added
(2010-2019)

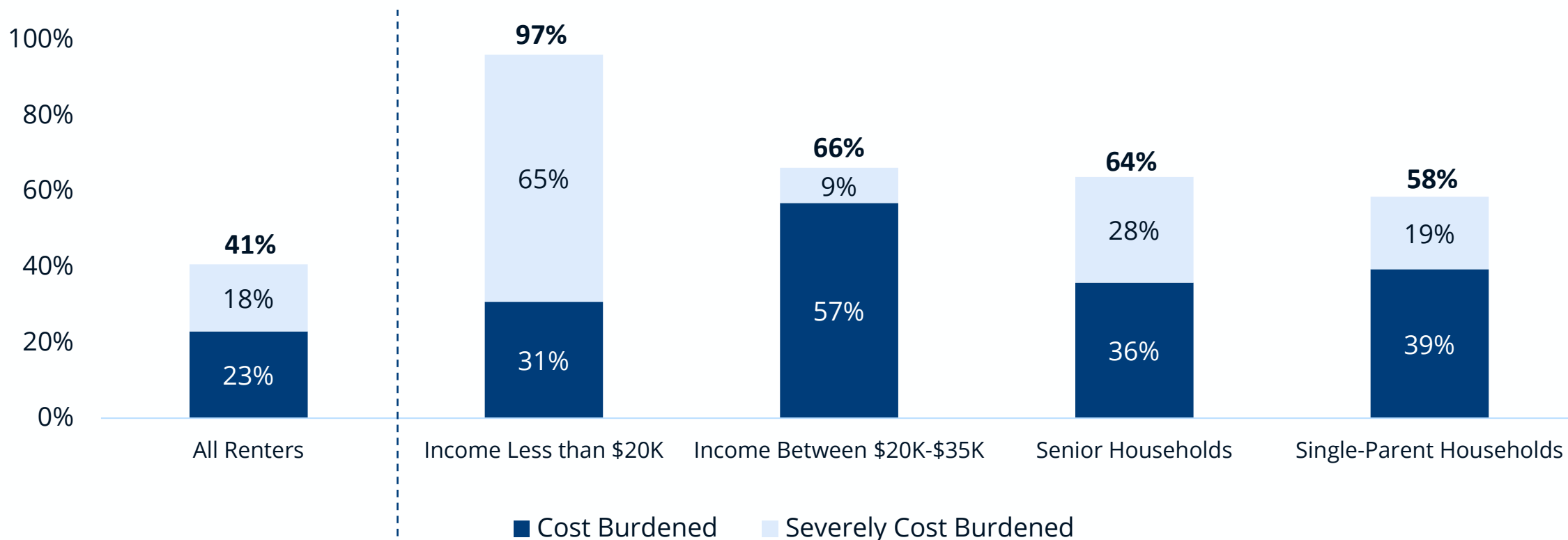


- Single-Family Home
- 2-9 Units
- 10-49 Units
- 50+ Units

Housing Needs Assessment | Future Demand Analysis

There will be increased demand for affordable rental options, or housing for residents making less than 100% of area median income (AMI), as more residents become housing cost-burdened.

Existing Share of Cost-Burden Renter Households
(2020)



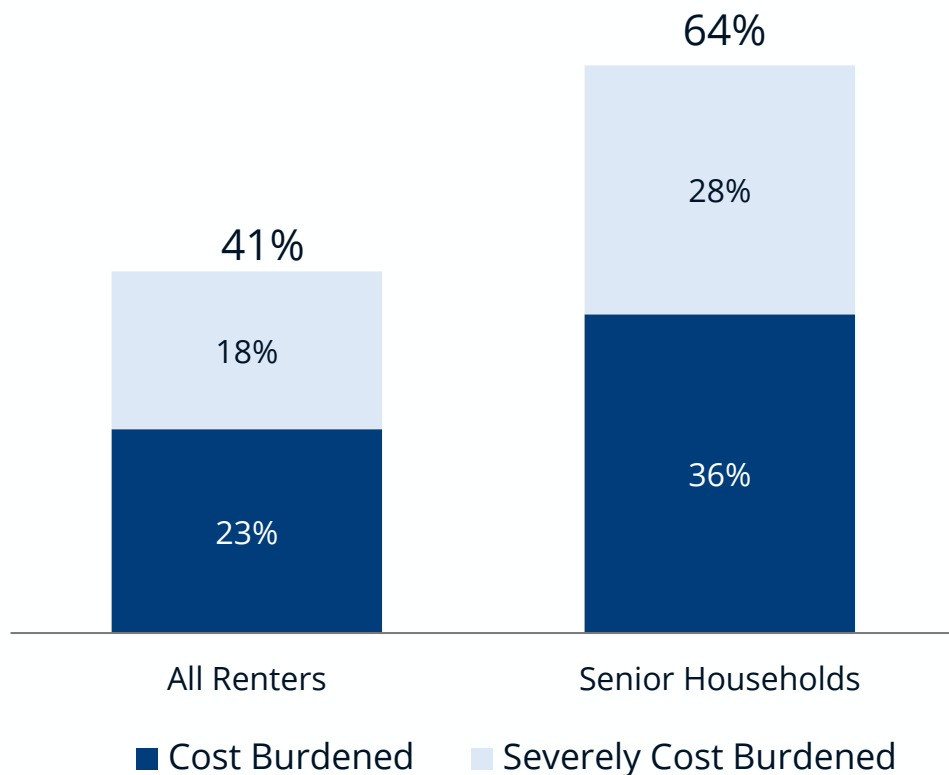
Source(s): US Census, 2010-2020

*Cost Burdened is defined as when a household spends greater than 30% of their monthly income on housing costs. Severely Cost Burdened indicates if a household spends greater than 50%.

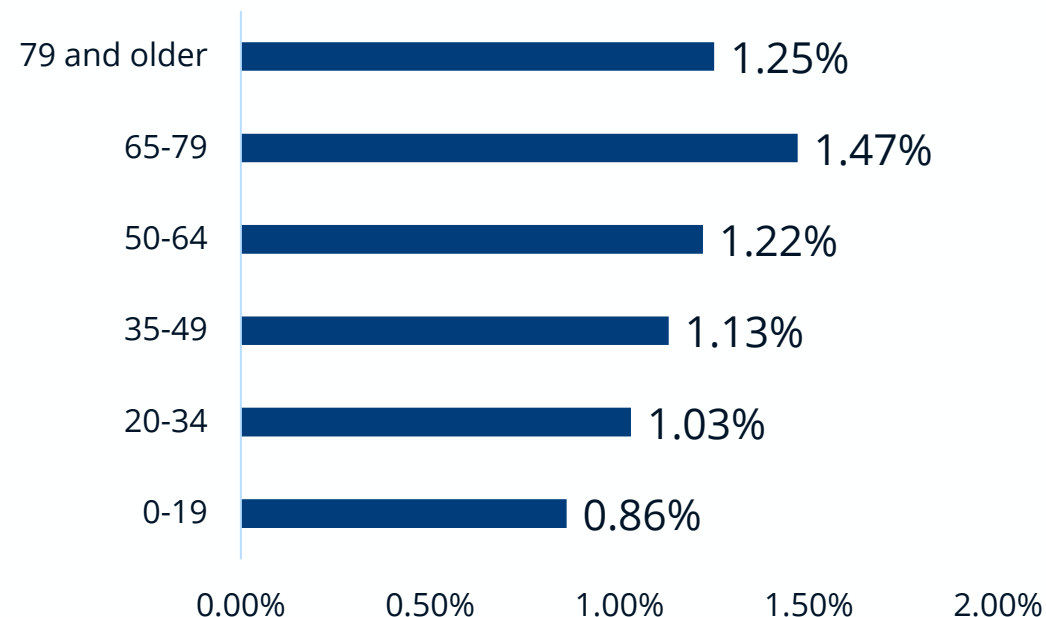
Housing Needs Assessment | Future Demand Analysis

There will be significant and growing demand for senior housing. The cohorts over the age of 50 are the fastest growing cohorts in the region and most of these households are cost burdened.

Share of Cost-Burden Senior Renter Households
(2020)



MSA Average Compound Growth Rate
(2025-2050)
(2020)



Based on the community survey, most residents want to see more senior housing in the region.

Housing Needs Assessment | Future Demand Analysis

A continued development model that prioritizes single family, detached housing will produce significantly fewer total units with significant new infrastructure costs.

**SF-Detached
Single Family Home**
Share of all housing: 53%



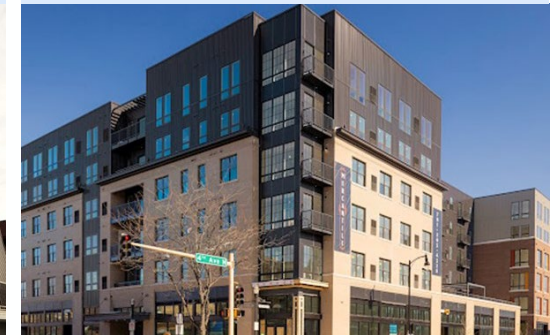
**Townhome Community
2-10 units**
Share of all housing: 9%



**Low-Rise Apartment
10-49 units**
Share of all housing: 28%



**Mid-Rise Apartment
50+ units**
Share of all housing: 10%



No. of units	1 unit	35 units	11 units	100 units
Land Area	0.26 acres	2.6 acres	.5 acre	1.3 acres
Density Calculation	3.8* units per net acre	13.5 units per net acre	22 units per gross acre	76.9 units per gross acre

Source(s): Thomsen Homes; Eagle Ridge Development; Skaff Apartments

*Assuming an additional .07 acre per home, to accommodate roadways, sidewalk, and other infrastructure.

An aerial photograph of a city, likely St. Paul, Minnesota, showing a river (St. Paul River) flowing through the center, a multi-lane highway (I-94) on the right, and various urban buildings and parking lots. The image is overlaid with a semi-transparent blue banner containing the text.

03

Addressing Immediate Housing Needs

Addressing Immediate Housing Needs | Overview

In the short-term, housing demand has been intensified by strong and sudden job creation in the F-M area.

F-M Diversion



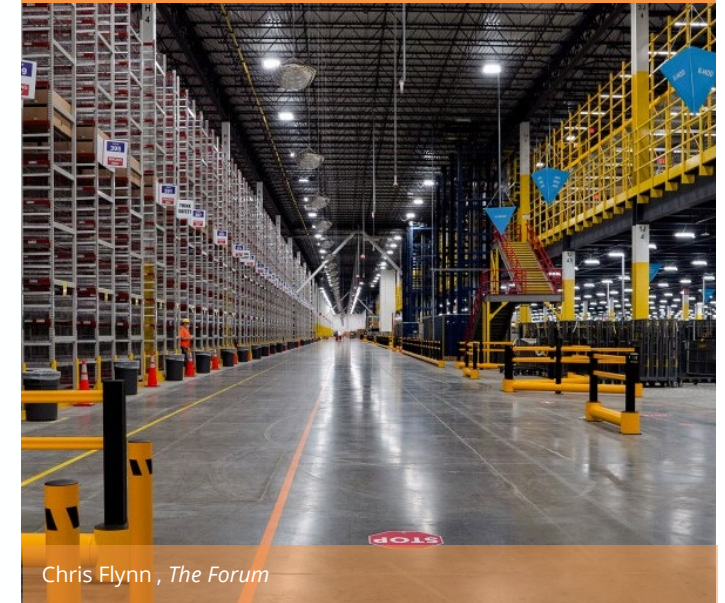
- The F-M Diversion construction is estimated to require 820 workers over the course of the project.

Sanford Hospital



- During the peak of the pandemic, Sanford Hospital hired approximately 400 travel nurses from abroad to staff its facilities.

Amazon Fulfillment Center



- The fulfillment center, which opened in Fall 2021, has hired approximately 500 employees over the past year.

Addressing Immediate Housing Needs | **Overview**

To ensure these new employees can afford to work and live in the region, the Metro COG and local jurisdictions should consider a unique set of housing tools.

Hotel and Office Conversions	Identify sites well-suited for hotel or office to residential conversions and proactively work with developers.
Provide Education Opportunities for Employers	Encourage major employers within the FM-Region to disseminate information on existing homeownership programs to employees.
Employer-Assisted Housing (EAH) Programs	Aid and support for employer-assisted housing programs to meet short-term housing needs for new job openings.

Addressing Immediate Housing Needs | **Hotel and Office Conversions**

Partner with developers to identify existing hotels that may be well-suited to house short-term workforces or for longer-term hotel or office to residential conversions.

Strategies Explanation		Implementation	
Context - Conversions of office, hotel, or retail spaces is a national trend to fill underutilized buildings and create much-needed housing opportunities. These conversions frequently involve the reorientation of the buildings' interior for small apartments. - Low occupancy rates and annual daily rates (ADR) for hotels in the F-M region indicate a surplus of hotel rooms. Although likely still recovering from the pandemic, hotel occupancy rates in the F-M region sat at 58% in 2021. Average Daily Rate (ADR) in 2022 is \$98 for the F-M market, which is significantly less than the National ADR of \$150. - In the Fargo-Moorhead region, hotel conversion may serve as an opportunity to meet existing and future needs. Hotels tend to be easier (and less costly) to convert than office buildings given their configurations. Recommendations - To accommodate the increased housing demand facing the F-M region in both the short-term and long-term, jurisdictions within the region can explore hotel to multifamily residential conversions.		Lead Organization - Regional Hotel Owners or Developers - F-M Regional employers facing staffing shortages Supporting Partners - Philanthropic partners, local municipalities Next Steps - Engage property owners on site plans + engage developers who have worked on conversions about regulatory barriers they may face. - Municipalities can reduce barriers for conversions by developing a set of recommendations for zoning changes, building code updates, and regulatory approval process changes to allow for conversions.	
Goals Alignment		Accommodate New Populations and Job Growth, House Existing Residents	
Primary Beneficiaries		Employees that are renting in the region.	

Source(s): STR; Costar

Addressing Immediate Housing Needs | **Provide Education Opportunities for Employers**

Encourage major employers within the F-M Region to disseminate information on existing public and philanthropic housing resources in the region.

Strategies Explanation		Implementation
Context - Employers that completed this study’s employer survey list housing as the fourth most important factor in attracting and retaining employees. Despite this, only 6% of employer respondents provide resources or incentives to help with the provision of housing for employees. - Simultaneously, this study’s community survey found that 65% of renters in the region were unaware of local programs to support them in purchasing a home. Recommendations - Encourage Greater Fargo-Moorhead EDC (GFMEDC), or other regional economic development entity, to educate large employers on available workforce housing resources - Several employers in the region already connect new employees to the GFMEDC and invite regional banks to speak with employees on mortgage options. - The GFMEDC can formalize this information sharing with major employers, who will in turn spread this information on local housing programs to their employees.		Lead Organization - Metro COG, Greater Fargo-Moorhead EDC (GFMEDC) Supporting Partners - Local employers and municipalities Next Steps - Metro COG and GFMEDC to liaise with large employers - Increase funding for the communication of existing housing programs and the local and county levels, with the goal of reaching more residents. - Partner with local employers to host events to highlight local housing programs or Employer Assisted Housing (EAH) programs.
Goals Alignment		Accommodate New Populations and Job Growth, Regional Coordination
Primary Beneficiaries		Employees in Targeted High Growth Job Fields.

Addressing Immediate Housing Needs | Employer Assisted Housing (EAH) Programs

Work with employers to provide resources for the development of employer-assisted housing programs, with the goal of meeting short-term housing needs for new job openings.

Strategies Explanation

Context

- Employer assisted housing (EAH) programs are methods employers can use to reduce their employee’s housing costs. Employers typically help their employees afford housing closer to their workplace.
- Some employers in the region have experienced sharp increases in hiring from outside the region. Sanford Hospital, during the peak of the pandemic for instance, hired approximately 400 travel nurses from abroad to staff its facilities.
- Looking ahead, 30% of workers hired for the F-M Diversion construction are expected to be from outside the MSA.

Recommendations

- Consider encouraging large public and private sector entities to create EAH programs, which could include:
 - Assistance to defray ownership or rental costs, through loans, grants, monthly subsidies, or leases.
 - Programs to expand housing supply, subsidize housing costs, or increase housing accessibility with services.
- Ultimately, EAH programs are used by employers to increase retention and create a competitive advantage for workers.

Implementation

Lead Organization

- Programs can be funded by a single employer, jointly by a group of employers, or through a public entity

Supporting Partners

- Philanthropic partners, local municipalities, Greater Fargo-Moorhead EDC

Next Steps

- In 2022, the public sector was the second largest industry in the F-M Region. Public employers can assess staff housing needs and consider the potential for an employer assisted housing program.

Goals Alignment	Accommodate New Populations and Job Growth, House Existing Residents
Primary Beneficiaries	Employees in Targeted High Growth Job Fields.

Case Study – Santa Clara University Private Rent Vouchers

Santa Clara University provides tenured and tenure-track faculty with rental assistance within their first year of appointment to ease the transition into the high-cost Bay Area. **A direct rent subsidy is a one-time, monthly, or annual gift provided by an employer or pooled fund** to cover rent or related costs that are unaffordable to the employee. The subsidy may be provided through the employer or non-profit to the property manager or employee.



EMPLOYER CONTRIBUTION:

- **Tenure Track:** Employees are eligible for biweekly supplemental pay of \$422, amounting to **\$10,128** in annual rental assistance.

BENEFITS:

- Increase access to housing for university employees in an high-cost market.
- **Easily administered** as a direct increase in pay.
- Boosts staff retention with assistance **contingent on continued employment.**
- Transitions new hires adjusting to Bay Area prices.
- Expanded housing choice with portable assistance to the entire Bay Area.

DRAWBACKS:

- **High expense per employee:** \$8-10K annually
- Supplemental income is reported as compensation to the IRS and is **applicable to income taxes.**

Case Study – Housing Payment Assistance Program in Detroit, MI

The City of Detroit, through their LiveMidtown program, provided new renters, existing renters, new homeowners, and existing homeowners who are employees of Detroit Medical Center (DMC), Henry Ford Health System (HFHS), and Wayne State University various types of assistance to live in Midtown Detroit.

EMPLOYER CONTRIBUTION:

- **New Renters:** \$2500 allowance in the first year and \$1000 in the second year.
- **Existing Renters:** \$1000 allowance at lease renewal.
- **New Homeowners:** \$20K upfront or \$5K each year over 5 years in forgivable loan assistance.
- **Existing Homeowners:** matched up to \$5K for exterior home improvements.

BENEFITS:

- Variety of assistance types allows program to benefit all employees.
- Targeted geographic approach will improve local economic development efforts.
- Encourages workers to move in and stay in the neighborhood and in their jobs.
- Funded by employers and local foundations but managed by Midtown Detroit, a local non-profit.

DRAWBACKS:

- Housing is tied to employee remaining with the participating employer.
- Program scope is limited by availability of attainable housing stock in the FM Region.
- Complicated administration and high contribution.



Source(s): LiveMidtown. Image: graphic of boundaries of the program, intended to incentivize living in areas of targeted economic development efforts.

An aerial photograph of a city, likely St. Paul, Minnesota, showing a river (St. Paul River) flowing through the urban landscape. A multi-lane highway (I-94) runs along the right side of the river. The city is densely packed with buildings, including industrial structures and commercial buildings. The sky is overcast with grey clouds.

04

Long Term Strategies

To grow economically and maintain a high quality of life, the Fargo-Moorhead Region must deliver a variety of housing typologies that are affordable and attainable.

Over the next 10 years, Cass and Clay Counties are anticipated to need at least 16,400 additional units.

If there are no changes to the housing market or supply, the number of households paying more than 30% of their income on housing will continue to expand through 2032.

Addressing this challenge will require both regional initiatives led by the Metro COG and individualized programs spearheaded by each municipality.

Municipality	Additional Units Needed by 2032
Cass & Clay Counties	16,400
Outside 5-City Region	500
Total 5 City Region	15,900
Fargo	8,300
Moorhead	3,700
West Fargo	1,600
Horace	1,900
Dilworth	400

There are three categories of long-term housing strategies. Interventions from all three categories will be needed to create and preserve the necessary housing in the region.

	Land Use Policies	Funding Strategies	Laying the Groundwork for Future Growth
Cities	• Allow for and Reduce Barriers to Soft Density (2-9 Unit structures) • Support and Reduce Barriers for Multifamily within Regional Employment Nodes • Prioritize Transit-Oriented Development • Allow and incentivize the construction of Accessory Dwelling Units (ADUs)	• Provide Multifamily Rental Gap Financing • Create a Naturally Occurring Affordable Housing (NOAH) Preservation Strategy • Maintain and Increase Investments to Services for Low-Income and Homeless Residents • Market Publicly Owned Land Nationally • Expand Capacity / Aid Growth of the Cass Clay CLT	• Establish a Regional Housing Committee • Educate Staff and Coordinate Planning Efforts among Municipalities • Invest in transportation, childcare and education to meet the needs of future and current residents
Regional	• Regional Coordination on a Comprehensive Growth Strategy	• Establish a Regional Housing Trust Fund • Pursue Additional State and Federal Funding	• Establish Clear Guidance on Future Infrastructure Investments • Grow National Developer Interest in the F-M Region

An aerial photograph of a city landscape. In the foreground, a river flows through a green, tree-lined area. To the right, a multi-lane highway with an overpass bridge crosses the scene. The middle ground is filled with various urban buildings, including industrial structures with large roofs and commercial buildings. A parking lot with many cars is visible. In the background, the city extends to the horizon under a cloudy sky.

04.1

Land Use

Land Use Planning | Overview

Allowing housing supply to grow to match demand is the foundation of creating affordability in a housing market. Without sufficient and diverse supply, all other housing tools are less effective and more costly.

Land use sets the **regulatory environment** in which developers and property owners make investment decisions and influence housing affordability by impacting the amount, type, location, and cost of new development.

There are two ways that land use and regulatory tools can support affordability:

1. **Direct tools** support the creation of affordable housing through incentives or requirements for the production of affordable units.
 - *e.g., expedited review for affordable housing projects that reduce developer costs, inclusionary zoning (IZ)*
2. **Indirect tools** increase the overall supply of housing and lower the cost of new housing.
 - *e.g., multifamily as-of-right zoning, building code reform, accessory dwelling units (ADUs)*

Key Housing Needs

Housing Supply

Homeownership Access

Rental Affordability

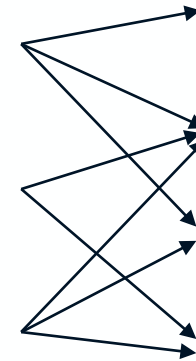
Recommended Land Use Tools

Comprehensive Growth Strategy

Soft Density (expanded)

Multifamily As-of-Right (expanded)

Accessory Dwelling Units (new)



Land Use Planning | Overview

Land use tools leverage local regulations to increase supply of housing in the region and will often be unique to specific municipalities in the F-M area.

Allow for and Reduce Barriers to Soft Density (2-9 Unit structures)	Continue updating zoning to allow for two-to-nine unit development in anchor neighborhoods while limiting displacement of low-income communities.
Allow and incentivize the construction of Accessory Dwelling Units (ADUs)	Increase the flexibility to permit Accessory Dwelling Unit (ADU) development by adopting new land use regulation.
Support and Reduce Barriers for Multifamily	Identify locations to allow more multifamily development. Streamline development review process to reduce barriers for housing development.
Prioritize Transit-Oriented Development	Support concentrated density along high frequency transit corridors by expanding by-right multifamily development in transit corridors.
Regional Coordination on a Comprehensive Growth Strategy	Develop clear guidance around existing infrastructure capacity and planned growth leading up to and after the completion of the F-M Diversion

Implementation Lead: ☐ City ☒ Regional

Land Use Planning | **Allow for and Reduce Barriers to Soft Density (2-9 Unit Structures)**

Continue updating zoning to allow two-to-nine unit development in anchor neighborhoods across the F-M Region.

Strategies Explanation

Context

- As of 2020, over 50% of housing in the F-M region were single family homes, while only 9% of housing units were 2-9 unit buildings.
- Based on findings from our community survey, most residents want to see more duplexes, twin homes, triplexes, and quad homes in the region.
- Developers cite rigid zoning regulations and lack of incentive programs as prominent barriers to infill and affordable development within the region.
- “Missing middle housing” refers to the 2-9 unit structures often not seen in single-family neighborhoods – townhomes, duplexes, triplexes, etc. These homes tend to be less expensive to build than single family homes, since units and lot sizes are often smaller, and development cost per-unit tends to be lower.

Recommendations

- Allow for reduced lot sizes and make other changes that support the development of smaller and more affordable housing options.
- Analyze the potential to change zoning to allow 2-9 unit structures in specific areas that currently only permit single family structures.
- Lower or eliminate parking minimums.
- Consider allowing missing middle in all areas, or prioritizing regions with city water infrastructure capacity and transit access.

Implementation

- **Lead Organization(s)**
 - Local municipalities
- **Supporting Partners**
 - Metro COG
- **Next Steps**
 - Metro COG to convene a working group across cities, to share research, lessons learned, and best practices.

Goals Alignment	Accommodate New Populations and Job Growth, House Existing Residents
Primary Beneficiaries	All residents

Land Use Planning | Allow for and Reduce Barriers to Soft Density (2-9 Unit structures)

Continue updating zoning to allow two-to-nine unit development in anchor neighborhoods across the F-M Region.



Detached Single-Family Home



Townhome



Duplex



Triplex or Quad



Mid-rise Apartment

"Missing Middle" Housing

Land Use Planning | Allow for and Reduce Barriers to Soft Density (2-9 Unit structures)

Continue updating zoning to allow two-to-nine unit development in anchor neighborhoods across the F-M Region.

Case Study | Expanding Housing Choices – Durham County, NC

New construction in Durham has fallen short of population growth since 2010. As the city continues to grow, demand for housing has increased and caused prices to jump. The amount of developable land left is limited, and the market has already forced many people to the surrounding counties because they cannot afford or find the type of housing they want. **To help stabilize housing prices and reduce economic displacement in Durham**, the County approved the “Expanding Housing Choices” initiative to allow for higher density within the Urban Tier neighborhoods in 2019.

The initiative proposed **changes to the zoning code to allow for duplexes to be developed on single-family lots and for the creation of small-lot options**. Prior to this change, missing middle housing could only be developed in 8% of the county without special government approval. Additionally, the initiative intends to align duplexes and attached single-family homes with detached single-family standards. The “Expanding Housing Choices” effort also includes a developer density bonus, enabling developers to increase the size of projects in exchange for allotting homes for lower-income residents.

Through this initiative, the City hoped to see a **10% increase in the number of homes produced per year** to 140 homes per year by 2024. As of November 2022, 407 EHC-enabled projects had been submitted to the County for approval, and the County has issued 372 building permits.



Source(s): The Raleigh News & Observer, City of Durham, Zillow

Land Use Planning | **Allow and incentivize the construction of ADUs in single-family neighborhoods.**

Increase the flexibility to permit Accessory Dwelling Unit (ADU) development by adopting new land use regulation.

Strategies Explanation

Context

- ADUs are additional living quarters located on single-family lots, with the living spaces independent from the primary home. They can be built as separate structures or as a part of the primary structure
- ADUs, sometimes called mother-in-law units, can be used to accommodate caregivers, the elderly, or adult children who otherwise could not afford to live in the area.
- ADUs support affordability in two different ways:
 - Creating new, lower cost rental opportunities on underutilized land
 - Helping existing homeowners stay in their homes through additional rental income

Recommendations

- Allow or incentivize the creation of ADUs in areas zoned for single-family development by reducing structural barriers in the permitting process.
- Municipalities can amend their current ADU ordinance to streamline development and increase the number of eligible parcels. To broaden the impact of ADUs on housing affordability, municipalities could:
 - Increase the number of lots on which ADUs can feasibly be built by decreasing the minimum lot size requirements, decreasing parking requirements, or increasing the maximum allowable square footage of the ADU.

Implementation

- **Lead Organization(s)**
 - Local municipalities
- **Supporting Partners**
 - Metro COG, local CDFIs
- **Next Steps**
 - Establish a taskforce of planners and relevant stakeholders from various municipalities to identify existing barriers to ADU development.

Goals Alignment	Accommodate New Populations and Job Growth, House Existing Residents
Primary Beneficiaries	Homeowners Low-income renters

Land Use Planning | **Allow and incentivize the construction of ADUs in single-family neighborhoods.**

Increase the flexibility to permit Accessory Dwelling Unit (ADU) development by adopting new land use regulation.

Seattle, WA, Portland, OR, and Santa Cruz, CA have had ADU policies in place for a number of years. All three national precedents have specific design guidelines but are otherwise not prescriptive with maximum allowable ADUs per neighborhood or by lot type, such as the **City of Boulder, CO's** maximum of 10% ADUs per neighborhood or the **City of Vancouver, WA's** restriction based on a lot's access to alleyways. The share of ADUs on all single-family lots among the selected national precedents ranges from 0.8% to 1.9%. More locally, **Eagan, MN** introduced a policy allowing ADUs in 2016, which has already led to 0.3% of all single-family properties adding ADUs. Note that while the allowance of ADUs provides necessary affordable housing in a region, it will not flood the market.

City	Policy Year	# of Detached ADUs	# of Attached ADUs	Single Family Lots	Share
Seattle, WA	2010	212	1,184	124,397	1.1%
Portland, OR	2010	720	580	153,000	0.8%
Santa Cruz, CA	1984	N/A	340	18,000	1.9%
Eagan, MN	2016	N/A	63	19,371	0.3%

Identify locations to allow more multifamily development. Streamline development review process to reduce barriers for housing development.

Strategies Explanation

Context

- While multifamily production across the region increased in the early 2010’s, it has declined in recent years, with vacancy rates also declining.
- Construction costs, zoning restrictions, sewer capacity, and community pushback have limited multifamily production in some new areas of the region. Developers note that the entitlement process, which varies between jurisdictions, and the amount of time required to get shovels in the ground adds to the cost of housing.

Recommendations

- Revise zoning and approval processes to increase “by-right” multifamily development near major employment hubs.
 - “By-right” refers to development that can be built without requiring rezoning, a special use permit, or other City approvals. Allowing development by-right streamlines the development process, which encourages new development.
 - This process has begun in some of the region’s larger municipalities.
 - Jurisdictions experiencing significant near-term growth should consider embedding MF development into long-range planning efforts.
- Where multifamily is allowed, lower restrictions on height, density, parking, and setbacks.
- Coordinate across jurisdictions to make parallel zoning changes

Implementation

- **Lead Organization(s)**
 - Local municipalities
- **Supporting Partners:**
 - Metro COG
- **Next Steps**
 - Metro COG to convene a working group across cities, to share research, lessons learned, and best practices.

Goals Alignment	Accommodate New Populations and Job Growth, House Existing Residents
Primary Beneficiaries	Renters

Land Use Planning | Prioritize Transit-Oriented Development

Support concentrated density along high frequency transit corridors by expanding by-right multifamily development in transit corridors.

Strategies Explanation

Context

- Transit-Oriented Development (TOD) prioritizes the development of housing in accessible regions, improving access to employment, recreation, retail, etc.
- The region features multiple sites of relatively high density. For example, the Veteran’s Boulevard Corridor, has seen substantial growth in recent years.
 - Since 2010, the area saw a 131% increase in population to 27,000 residents. Over 18% of the jobs in the MSA are located in this area as well.
- New multifamily housing along Veterans Boulevard features various levels of affordability.

Recommendations

- Plan for denser mixed-use or multifamily in transit hubs across the F-M region.
 - Results from the community survey indicate that residents strongly prefer mixed-use to multifamily, likely due to the added amenities these developments bring.
- Ensure that development is consistent with the region’s growing infrastructure and supports the construction of affordable housing near transit.
- Establish housing as a planning factor when considering transportation planning projects, strategies, and services.
- Develop an optional housing coordination process to support integrated housing, transportation, and economic development strategies across the region.

Implementation

- **Lead Organization(s)**
 - Local municipalities
- **Supporting Partners**
 - MATBUS, Metro COG
- **Next Steps**
 - Review future land use maps and proposed transit system improvements to identify areas suitable for increased density

Goals Alignment	Accommodate New Populations and Job Growth, House Existing Residents
Primary Beneficiaries	Renters

Land Use Planning | **Prioritize Transit-Oriented Development**

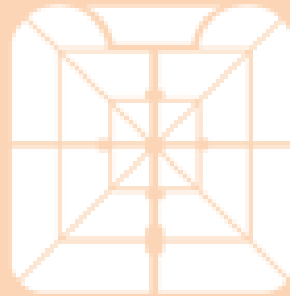
Support concentrated density along high frequency transit corridors by expanding by-right multifamily development in transit corridors.

Allowing increased density of multifamily development will help to reduce development costs and clearly communicate where the F-M Region is interested in supporting new development. Encouraging development of multifamily development near employment centers and transit helps create denser nodes and reduces the need for renters to rely on personal vehicles. Notably, TOD can also decrease the amount of parking a developer supplies, thereby lowering total development costs. This can help make multifamily housing more feasible and environmentally sustainable.

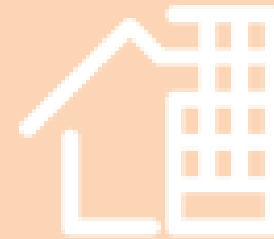
Transit-Oriented Development (TOD) is...



**CONNECTED
& ACCESSIBLE**



**FOCUSED
& COMPACT**



MIXED-USE

Land Use Planning | Regional Coordination on a Comprehensive Growth Strategy

Develop clear guidance around existing infrastructure capacity and planned growth leading up to and after the completion of the F-M Diversion.

Strategies Explanation

Context

- Regional growth is primarily on the edges of the FM Region, where costs to build are lower for developers. Greenfield development, or development on previously undeveloped sites (farmland, forest areas) may already have by-right zoning and be more cost efficient for new construction.
- These developments are more expensive for municipalities to service than infill housing in the core, with increasingly large service areas, road maintenance, and utility provisions.
- Current developer tax abatement structures and some specials do not fully capture the cost of providing utilities to these further areas. The region is subsidizing development on its periphery.

Recommendations

- The region must define priorities for sustainable growth.
- The region should work to coordinate existing incentive structures to consistently match priorities of infill development within the region.
- Cities should develop clear communication and education on future land use planning and what tax structures, such as specials, are used to pay for.

Implementation

Lead Organization(s)

- Local Municipalities

Supporting Partners

- Metro COG

Next Steps

- Metro COG act as a support partner to convene cities around consensus building or provide resources.
- Support and advance outcomes of the Fargo Growth Planning processes, anticipated to begin in 2023.
- Promote communication and standards for infrastructure planning.

Goals Alignment	Regional Coordination, Staff and Elected Education
Primary Beneficiaries	All residents

An aerial photograph of a city, likely St. Paul, Minnesota, showing a river (St. Paul River) flowing through the urban landscape. A multi-lane highway (I-94) runs along the right side of the river. The city center is visible in the background with various buildings and parking lots. The sky is overcast.

04.2

Funding

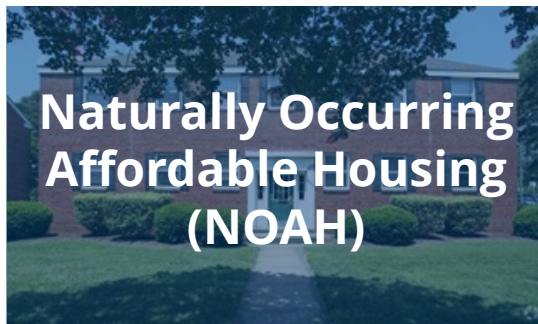
Funding | Overview

There is a range of housing that is affordable, varying by both the level of affordability and the amount of government intervention to create the housing type.

Level of Government Funding

Limited

Highly



Funding | Overview

Funding tools are critical for meeting the housing needs of low- and very low-income households, such as seniors or single-parent households.

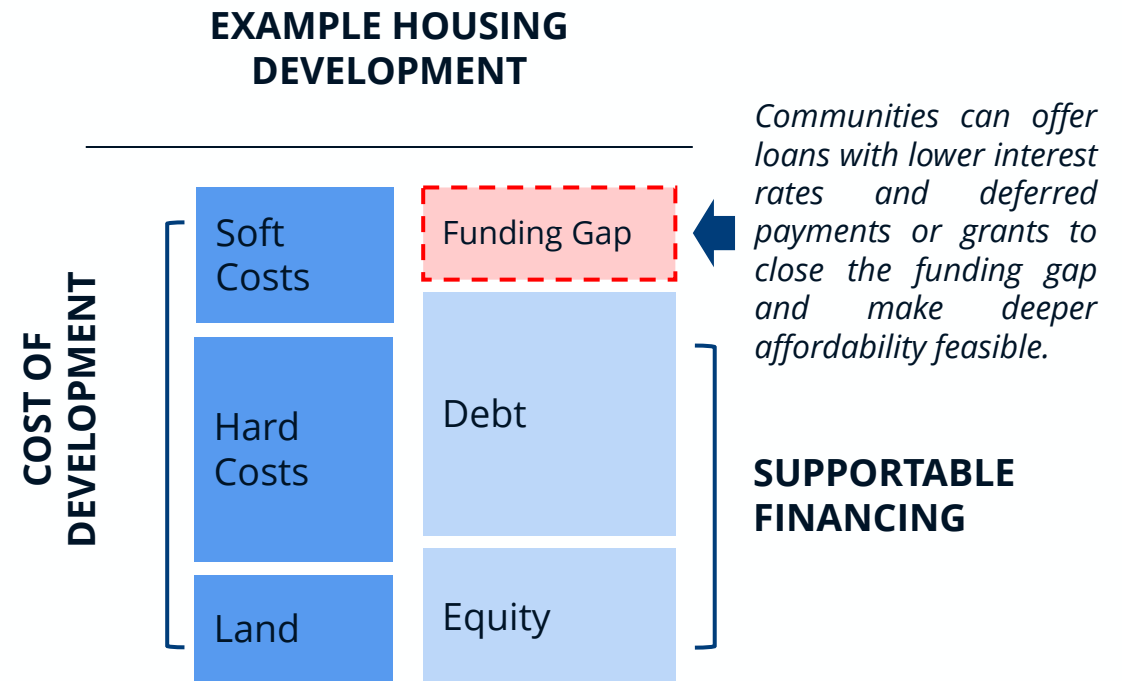
There are two primary forms of Funding:

- **Capital Subsidies** are low- or no-interest debt and grants to reduce the cost to develop or acquire housing. Capital subsidies are crucial for creating permanent affordable housing in an expensive housing market.

e.g., gap financing, down payment assistance, public land disposition

- **Operating Subsidies and Income Assistance** are ongoing payments to the property owner or tenant to supplement lower, affordable rent. Operating subsidies and income assistance are the primary way to make rent affordable for households that don't make enough to pay local housing costs.

e.g., housing vouchers



Funding tools are critical for meeting the housing needs of low- and very low-income households, such as seniors or single-parent households.

 Advantages	Limitations 
Directly creates housing with affordability restrictions.	Requires large amounts of capital from governments or philanthropies.
Can serve any income group or housing priority, including affordability.	Funding requires either an increase in taxes and fees or the diversion of funding from another program.
Can be used to leverage private funding.	Cannot sufficiently address all the affordability challenges of any community alone.
The most effective tool to serve households at the lowest income levels.	

Funding | Overview

To maintain housing affordability for all residents of the Fargo-Moorhead Region, municipalities should dedicate more funding and leverage state and federal resources to make long-term investments in housing.

Provide Affordable Multifamily Rental Gap Financing	Provide gap financing to increase the production of LIHTC and other multifamily housing and align LIHTC development with local priorities.
Create a Naturally Occurring Affordable Housing (NOAH) Preservation Strategy	Dedicate funding to provide gap financing to acquire Naturally-Occurring Affordable Housing (NOAH) for long-term affordability.
Market Publicly-Owned Land Nationally	Market existing land to transfer to developers in exchange for affordable housing development.
Maintain and Increase Investments to Services for Low-Income and Homeless Residents	Until additional deeply affordable housing is added to the housing stock in the FM Region, continued investment in wrap-around supportive services will be critical.
Establish Regional Housing Trust Funds	Target new funding to programs that will have the greatest impact on addressing affordability for families of the highest need
Grow the Cass Clay Community Land Trust	Reduce the cost of homeownership for low-and-moderate-income households by increasing capacity of the regional CLT.
Pursue State and Federal Funding	Conduct advocacy to the State on key issues related to State resources. These include advocating for funding for infrastructure improvements critical for growth or increasing the availability of bond financing.

Implementation: ☐ City ☐ Regional

Funding | **Low-Income Housing Tax Credit (LIHTC) Gap Financing**

Provide gap financing to increase the production of LIHTC and other multifamily housing and align LIHTC development with local priorities (e.g. target locations, deeper affordability).

Strategies Explanation

Context

- **The Low-Income Housing Tax Credit (LIHTC)** is a federal program administered at the state level. It is the primary tool for the development of new affordable rental units. There are two types of LIHTC: 9%, which provides greater federal subsidy, but is highly competitive; and 4%, which provides less federal subsidy but is not as competitive.
- In 2021 and 2022, five 9% LIHTC Tax Credit projects and one 4% LIHTC Tax Credit project were awarded in Cassy County, ND. In Clay County, only one project was awarded funds in the past two years.
- In today's high-cost environment, existing subsidies through the LIHTC program may not be enough to finance the construction of affordable housing.

Recommendations

- For eligible projects, local municipalities should consider gap financing and other support for 4% and 9% tax credit projects' applications. Funding could originate from a housing trust fund or regional sources.
- In Minnesota, identify opportunities to work with the Minnesota Equity Fund, designed to raise LIHTC equity capital.

Implementation

Lead Organization

- County or local municipal governments.

Next Steps

- Consider availability and potential sources of funding. Identify if any public land is available to support LIHTC.
- Identify funding priorities, such as location, deeper affordability vs greater number of units.
- Consider funding partners, such as philanthropic or corporate partners.

Goals Alignment

Accommodate New Populations and Job Growth, House Existing Residents

Primary Beneficiaries

Low-income renter households (30-60% AMI)

Funding | **Low-Income Housing Tax Credit (LIHTC) Gap Financing**

There are two main types of tax credits, 9% and 4%. Developers use equity from selling the credits to finance affordable housing.

9% Tax Credits

- Allocated through a competitive process
- Typically covers 70% to 80% of development costs
- Supports new construction projects regardless of other federal subsidies.
- Can be used for redevelopment

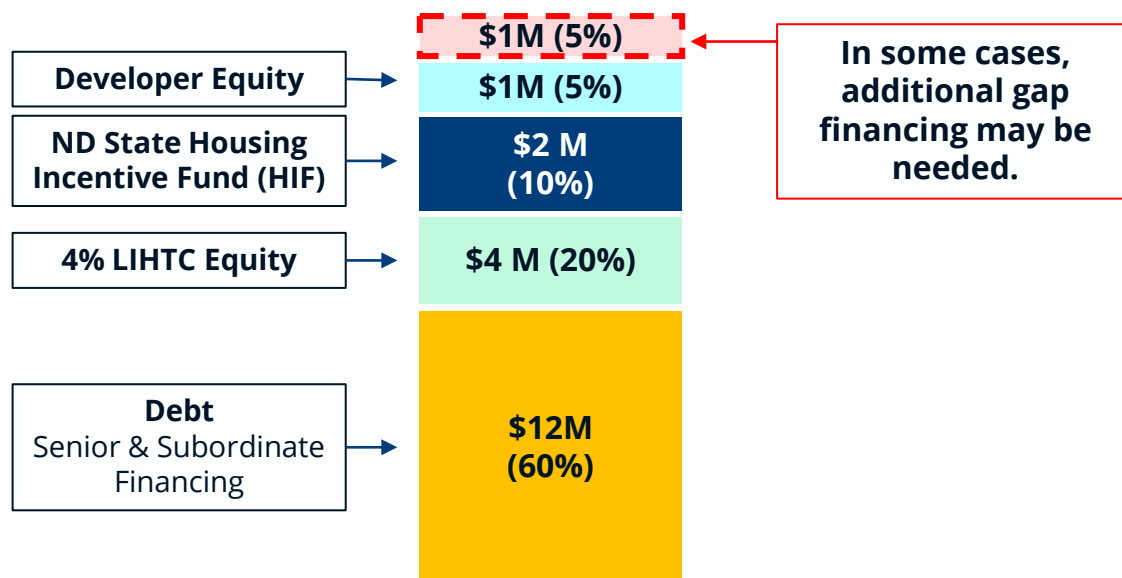
4% Tax Credits

- Awarded by-right to qualifying projects
- Typically covers 30% to 40% of development costs
- Can fund new construction when there are additional other subsidies. Local gap financing is almost always necessary, and can come in the form of free/discounted land, tax abatements, density bonuses with mixed-income development, and/or direct investment
- Can be used for redevelopment

Funding | Low-Income Housing Tax Credit (LIHTC) Gap Financing

4% LIHTC projects only provide a portion of the funding necessary to offset the loss in income due to lower rents. Additional subsidy is necessary for these projects to be possible.

SOURCES FOR A 4% LIHTC DEAL



Example 4% LIHTC Deal in Fargo, ND

- **Affordable Units:** 50 affordable units at 60% AMI
- **Total Development Cost:** \$20M
- **Local Public Subsidy per Unit:** \$20K per affordable unit

The FM Region needs creative gap financing solutions to make 4% LIHTC projects feasible.

This gap could be reduced with the strategic use of available funding sources including:

- **PILOTs:** Payment in Lieu of Taxes
- **Public Land Sale** at below-market rates to reduce total development costs.
- **Historic Tax Credits** are federal tax credits for historic preservation which could support historic renovation.
- **State Housing Incentive Fund** or **Local Housing Trust Fund** could provide low-interest loans.
- **HOME Funds**
- **HACEP Project-Based Vouchers** (PBV) which increase the rental revenue and by extension the permanent loan amount.

Source(s): Hypothetical affordable housing project based on previous LIHTC Funding Requests.

Funding | Preserve NOAH Housing

Dedicate funding to provide gap financing to acquire Naturally-Occurring Affordable Housing (NOAH) for long-term affordability.

Strategies Explanation

Context

- Naturally-Occurring Affordable Housing (NOAH) is market-rate housing that is priced at levels affordable to low- or moderate-income residents without public subsidy. NOAH is often more affordable because of its age, size and/or location.
- In 2022, three subsidized housing communities in Fargo, totaling 121 affordable apartments, went up for sale. Establishment of a regional NOAH strategy or Preservation Fund could help to deploy capital to ensure units like these could be protected.

Recommendations

- Identify and implement a NOAH preservation strategy to prevent loss of existing affordable housing in the region. Question to consider include:
 - *Property*: Which types of housing and areas would the fund target?
 - *Funding*: What public or philanthropic funding might be dedicated?
 - *Structure*: Preservation funds exist on a wide spectrum, with varying levels of public sector involvement and mission-orientation. What level of public-sector involvement and mission-driven structure should the fund pursue?

Implementation

Lead Organization

- FM Metro COG, Municipalities if interested to implement on the local level

Next Steps

- Identify partners who can serve as potential advocates for this fund.
- Convene stakeholder groups to identify the main issues for maintain unsubsidized affordable housing.
- Allocate pilot funding for the preservation of targeted NOAH units.

Goals Alignment

Accommodate New Populations and Job Growth, House Existing Residents

Primary Beneficiaries

Low- to moderate-income renters, particularly existing renters in high-appreciation markets

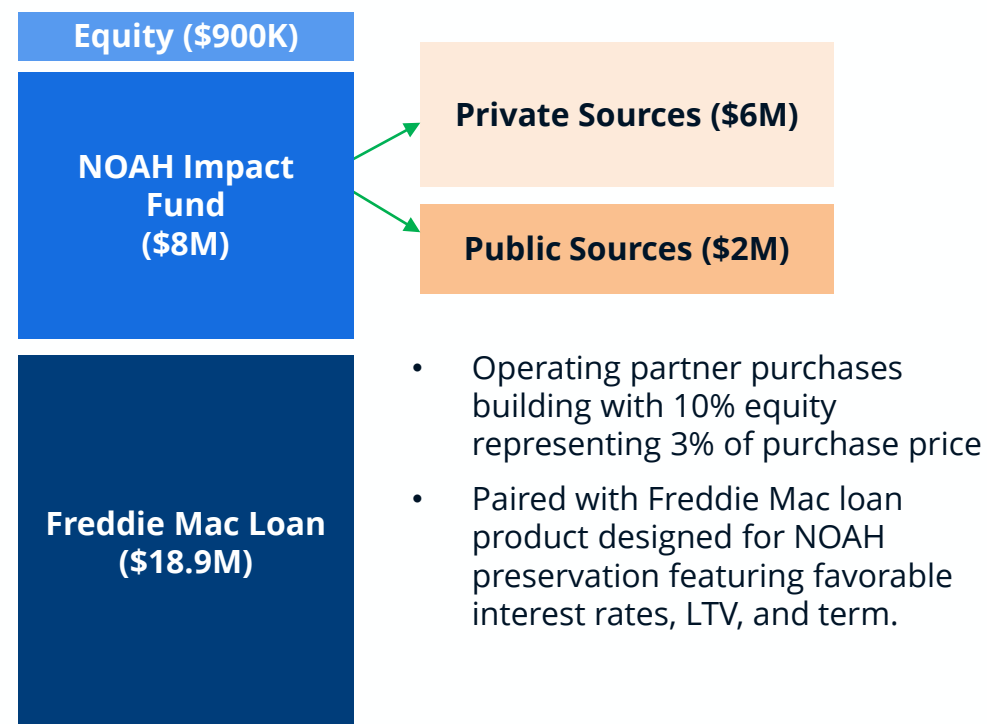
Funding | NOAH Preservation Fund Case Study

The NOAH Impact Fund provides equity investment to developers to support the preservation of existing affordable rental units in the Twin Cities.

In Bloomington and Brooklyn Center Minnesota, two tax credit projects were expiring. When they were on the market, the developer and fund were able to purchase the building within sixty days and retain affordability. Of the \$8 million fund investment, only \$2 million came from the public sector, a public subsidy per unit of \$8,400. While preserving affordability is the goal of the Fund, by investing in each property as equity, the Fund is repaid by rents at the property and has a vested interest in ensuring rents are stable or increase.

Unlike properties preserved with the Low-Income Housing Tax Credit, buildings purchased through the Fund typically do not feature extensive or costly rehabilitations. The affordability restriction on the property targets affordability at 60% AMI, however rents are not set in stone. With Fund approval through an annual business planning process, rents at the property can float up to cover the costs to operate the property or cover the cost of improvements.

BLOOMINGTON & BROOKLYN CENTER CAPITAL STACK



Market existing land to transfer to developers in exchange for affordable housing development.

Strategies Explanation

Context

- Public landowners in the Fargo-Moorhead region, such as local school districts or the City of West Fargo, have property and land that can support the regions' housing goals.
- Public land is a limited resource, so its use should directly align with concrete benefits for the region. Public landowners can achieve targeted community benefits by selling the land at a discount and requiring the development of housing that meets local needs.
- Public land can also be used to attract national developers, through a national RFP process. This can create opportunities for increasing local affordable housing development capacity or increasing competition in housing development.

Recommendations

- Publicize and market development opportunities in the region and leverage economic growth to attract national developers and increase local development capacity.
- Identify and monitor for potential sites includes both vacant land and underutilized public facilities that may be suitable for housing development, such as unused surface parking, obsolete public buildings, or brownfield sites.

Implementation

Lead Organizations

- Regional municipalities with large tracts of unused or underutilized public land.

Next Steps

- Assess available public land and facilities inventory.
- Partner with public property owners to discuss shared needs and housing development goals.
- Develop a policy for disposition of public property that aligns with long term growth strategies.
- Leverage the opportunity to release an RFP and attract national developers.

Goals Alignment

Accommodate New Populations and Job Growth, House Existing Residents

Primary Beneficiaries

All residents

Funding | **Maintain and Increase Investments to Services for Low-Income and Homeless Residents**

Until additional deeply affordable housing is added to the housing stock in the FM Region, continued investment in wrap-around supportive services will be critical.

Strategies Explanation	Implementation
Context - According to the Point-in-Time Count for the Fargo-Moorhead region, over 950 people experienced homelessness on any given night in 2021. - Applicants on the waitlist for Housing Choice Vouchers can expect to wait at least 2 years to receive vouchers. - The Downtown Engagement Center in Fargo, ND helps residents access preventative healthcare, mental health services, and assistance with housing and job applications. The center services over 70 area residents daily. Recommendations - Identify permanent philanthropic, state or local funding sources to maintain existing services and improve outcomes. - Pursue the creation of additional deeply affordable housing or permanent supportive housing to support future amounts of residents.	Supporting Partners - FM Coalition to End Homelessness, United Way, YCWA, New Life Center, Gladys Ray Womans Shelter, Churches United, Veterans Services Next Steps - Develop a comprehensive funding strategy to maintain existing services if federal funding is longer available - Work with existing partners to increase capacity and streamline service provision.

Goals Alignment	Accommodate New Populations and Job Growth, House Existing Residents
Primary Beneficiaries	Extremely Low Income (ELI) Residents and Residents experiencing housing insecurity.

Source(s): ND Point-in-Time County Survey, The 2022 State of Homelessness in the Fargo Moorhead Metro Area

Funding | Establish Housing Trust Funds at the County or Local Level

Establish new funding sources, focusing on programs that will have the greatest impact on addressing affordability for residents of the highest need.

Strategies Explanation

Context

- The F-M Region lacks permanent funding for creating and preserving affordable rental and homeownership products. As federal funding for housing programs has declined nationally, Housing Trust Funds have expanded to fill funding gaps across the country.
- A Housing Trust Fund (HTF) allows local jurisdictions to dedicate money towards a range of housing programs through a transparent, competitive process. Common funding sources include real estate transfer taxes, property taxes, development linkage fees, or proceeds from property sales. Uses could include affordable housing development gap funding, NOAH preservation, and down payment and rehab assistance.

Recommendations

- Local governments should form HTFs on the City or County level, and work to coordinate investments on a regional basis
- Determine potential funding sources and establish priority uses these funds.

Implementation

Lead Organization

- Local Municipality or County, dependent on the scale of the fund.

Next Steps

- Establish a working group with representatives from cities, counties, philanthropies, and community stakeholders to develop a set of recommendations to implement a local HTF
- Identify potential funding sources and dedicate funds to a HTF following a public process
- Establish a priority set of housing programs to be supported by the fund that support the region's housing goals

Goals Alignment

Regional Coordination, Staff and Electeds Education, House Existing Residents

Primary Beneficiaries

Dependent on the goals of the Fund. Potential benefit for both homeowners and renters.

Funding | Establish Housing Trust Funds at the County or Local Level

Funds should fill existing funding gaps by focusing on areas that existing funding does not cover, or where a small investment can leverage significant state or federal funding.

Regions should look to answer the following questions when developing a Fund:

- Housing Trust Funds need both seed and permanent funding. What LOCAL funding sources could be dedicated towards affordable housing?
- What are the highest priorities for the Fund?
- Would a regional or city-based fund function for F-M Region?
- What are future funding gaps if Federal or State funding expires?
- Are there philanthropic sources that can be leveraged for larger impact?

Example Sources



Seed Funding
(Short Term)

Use seed funding to demonstrate the importance of the Fund and build support for permanent funding sources. Seed funding may originate from a one-time City Council appropriation, sale of public land, or a one-time federal funding source.



Permanent Funding
(Long Term)

After demonstrating the impact of the HTF, seek new partnership or voter-approved funds to increase Fund revenue. Potential sources include a real estate transfer taxes, local general obligation bonds, development linkage fees, or proceeds from property sales.

Example Housing Trust Fund Uses

**Affordable
Multifamily Gap
Financing**

**Owner-Occupied
Rehab**

**Down Payment
Assistance**

**NOAH
Preservation**

**Services for
Unhoused Residents**

Funding | Establish Housing Trust Funds at the County or Local Level

There are over 13 regional, county-based, or local Housing Trust Funds in Minnesota alone. Examples of these funds and their sources and uses are included in the table below.

Location	Sources	Uses
Rochester, MN	- Private Donations - City/County Contributions	To create deeper affordability (50% AMI) in LIHTC Projects
Red Wing, MN	- Housing Redevelopment Authority (HRA) Levy 25 Year Tax Increment Financing (TIF)	- Single family home down payment assistance - Financing for multifamily projects - Low-income owner-occupied housing rehabilitation
Bloomington, MN	- Payment of fees in lieu of opportunity housing units per the city's inclusionary zoning ordinance - Individual donations - Tax Increment Financing (TIF) pooling	- New construction - Preservation of at-risk naturally occurring affordable housing (NOAH) - Revolving Loan Fund - Housing Stabilization Fund

Source(s): Minnesota Housing Partnership State Policy Agenda, Local Housing Trust Funds in Minnesota: 2020 Update

Reduce the cost of homeownership for low-and-moderate-income households.

Strategies Explanation

Context

- Community Land Trusts (CLTs) are mechanisms to preserve the long-term affordability of homes and provide access to wealth creation for low- and moderate-income residents. They separate ownership of the land from ownership of the home to control resale value and ensure homeownership affordability in perpetuity.
- The recently established Cass Clay Community Land Trust has developed 6 single-family for-sale homes as of Fall 2022. Organization leaders cite lack of size, capacity, and funding as limitations to having a large-scale impact in the MSA but see the opportunity to grow with time.

Recommendations

- Grow and increase the scale of investments made by the Cass Clay CLT by providing tax foreclosed properties for free or significant discount
 - Offer title clearances for these properties to help streamline the process for the CLT
- Upon forming a regional Housing Trust Fund, dedicate funding streams towards the Cass Clay CLT to support its growth.
- Provide ad hoc support for Cass Clay Community Land Trust, as successful CLTs often require a strong network of community support.

Implementation

Lead Organization

- Cass Clay Community Land Trust

Supporting Partners

- Local Municipalities, Metro COG

Next Steps

- Partner with Cass Clay Community Land Trust to identify current capital and capacity needs.
- Collaborate with the Cass Clay CLT to identify potential future CLT sites.
- Continue process of establishing local Housing Trust Funds to provide additional funding to the Cass Clay CLT.

Goals Alignment

Regional Coordination, Staff and Electeds Education, House Existing Residents

Primary Beneficiaries

Low-and-moderate income households.

Support local jurisdictions in accessing state and federal funding sources.

Strategies Explanation

Context

- Regional coordination for statewide advocacy in both Minnesota and North Dakota will be needed to implement strategies to address existing housing shortages.
- North Dakota's short legislative window requires coordinated and efficient advocacy for increased infrastructure or housing funding to support future growth in Cass County.
- Under Minnesota's existing Qualified Allocation Plan (QAP), only a small portion of Clay County is competitive for 9% LIHTC allocations.

Recommendations

- Coordinate among cities, counties and partner nonprofits to advocate for state level funding additions. Consider advocacy for changes to the QAP in Minnesota, to make LIHTC projects in Clay County more competitive.
- Advocate for housing bonds, which are tools that can finance the construction of apartments at rents affordable to lower-income families.
- The availability of such state resources is largely dependent on general advocacy from cities and counties in both states.

Implementation

Lead Organization

- FM Metro COG, County Staff

Supporting Partners

- Regional Municipalities

Next Steps

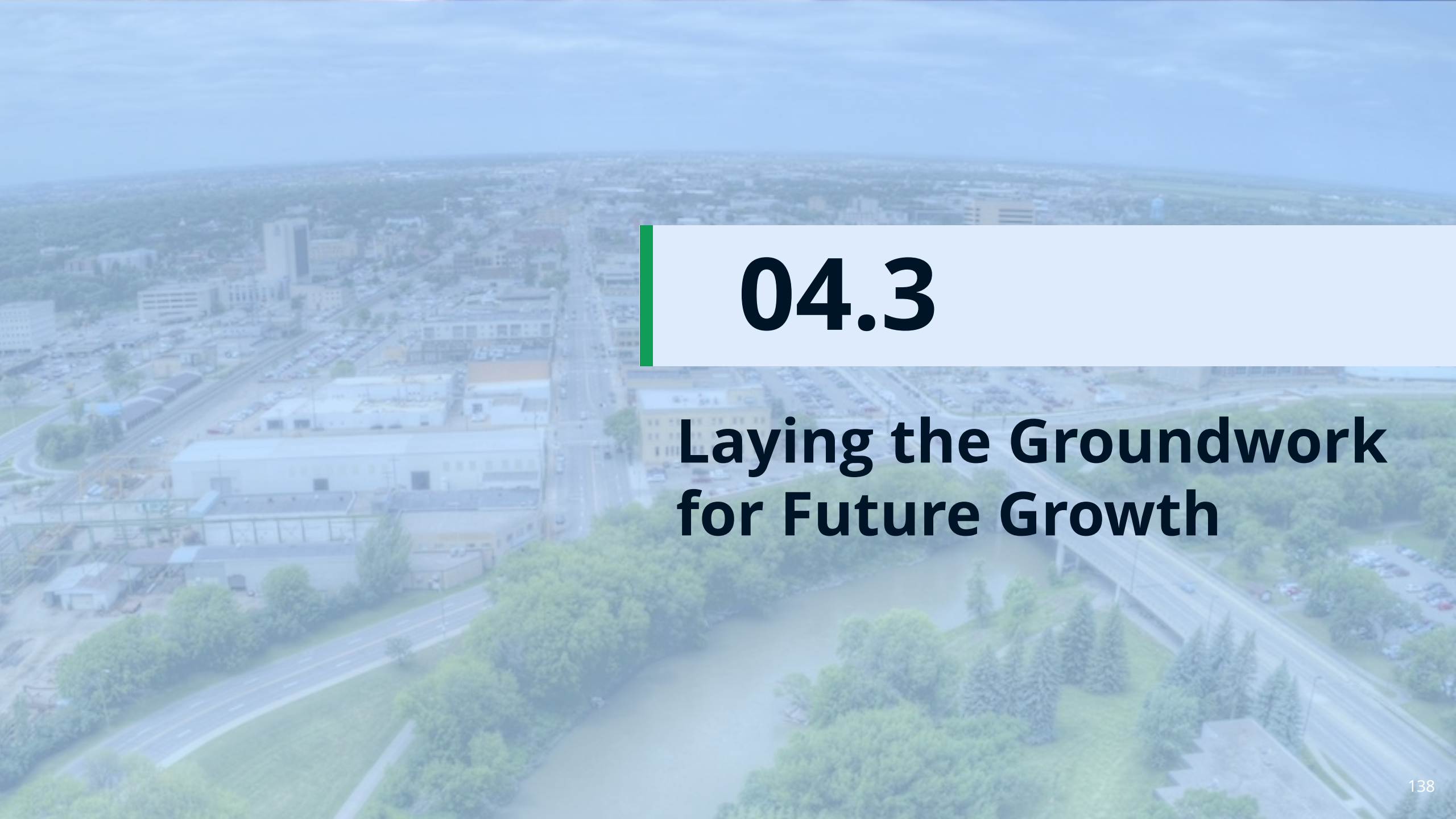
- Publicize housing needs analysis findings to increase state level awareness of existing and future housing needs for the region.
- In North Dakota, advocate for infrastructure funding to support the necessary housing development over the next 10 years.
- In Minnesota, work with existing affordable housing developers to identify barriers to accessing state or federal funding sources.

Goals Alignment

Regional Coordination, Staff and Elected Education, House Existing Residents

Primary Beneficiaries

All residents

An aerial photograph of a city, likely St. Paul, Minnesota, showing a river (St. Paul River) flowing through the urban landscape. A multi-lane highway (I-94) runs along the right side of the river. The city is densely packed with buildings, including industrial structures and commercial buildings. The sky is overcast with grey clouds.

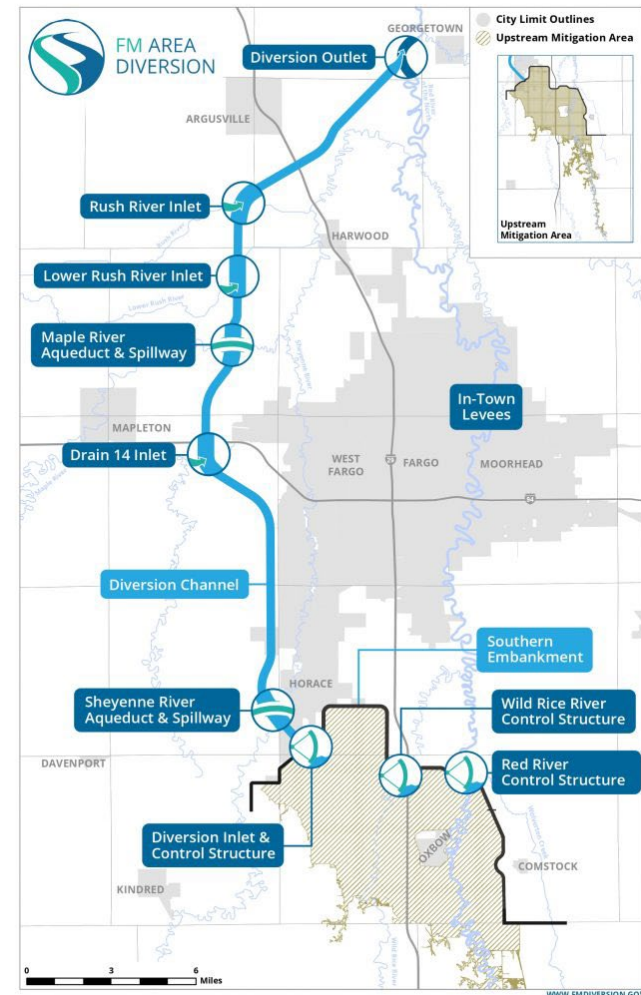
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Laying the Groundwork for Future Growth

Laying the Groundwork for Future Growth | Overview

To maintain economic growth and house new and existing residents, the region will need to prepare for sustained growth.

- Over the next 10 years, Cass and Clay Counties are anticipated to need at least 16,400 additional units.
- Sustained employment growth is anticipated over the next 10 years.
- In addition, the completion of the F-M Diversion project is expected to spike development at the end of the decade.
- As previously stated, developers anticipate the added flood protection will reduce costs for new and existing homeowners in the region in the form of potential reduced construction costs and reduced flood insurance requirements.



Source(s): FM Area Diversion Authority, HR&A Analysis of Regional Population Trends, Stakeholder Interviews

Laying the Groundwork for Future Growth | **Overview**

To prepare for future growth, the region should establish clear policy and investment strategies, starting with the formation of a regional housing committee.

Establish a Regional Housing Committee

Grow National Developer Interest in the FM Region

Educate Staff and Coordinate Planning Efforts among Municipalities

Establish Clear Guidance on Future Infrastructure Investments

Invest in transportation, childcare and education to meet the needs of future and current residents

Implementation:  City  Regional

Align goals and coordinate strategies for addressing regional housing issues.

Strategies Explanation

Context

- The housing challenges in the Fargo-Moorhead region are not limited to a single municipality or state. They are regional in nature, and the need for affordable rental housing and accessible entry-level homeownership opportunities exists across multiple municipalities and state boundaries.
- Therefore, a regional body is needed to implement study findings and collaborate on future policies and investments implemented across local municipalities.
- There are existing barriers to regional collaboration, including:
 - Existing policies such as new construction tax incentives, placed municipalities in competition.
 - Differing laws and policies across state lines incentivize development on the North Dakota side of the region.

Recommendations

- The Fargo-Moorhead region can formalize existing coordination efforts and ensure successful implementation of programs towards regional goals.
- Municipalities in the FM Region, Cass County, and Clay County should establish a Regional Housing Committee to ensure regional coordination for housing policies, investments, and strategies to meet the housing needs brought on by economic growth.
- In addition, municipal planning organizations should develop a housing coordination process in alignment with the Bipartisan Infrastructure Law.

Implementation

Lead Organization

- FM Metro COG

Supporting Partners

- Planning Departments, County staff, City Housing and Economic Development Departments, School District Representatives.

Next Steps

- Identify representatives from governing bodies across the region. Meet regularly to strategize implementation and provide updates.
- Convene quarterly to strategize implementation and provide updates on specific city/group initiatives.
- Identify ways to align policies and coordinate public assets.

Goals Alignment	Regional Coordination, Staff and Elected Education
Primary Beneficiaries	All residents

Future Growth | **Grow National Developer Interest in the FM Region**

Attract additional development capacity to increase positive competition and creativity on achieving regional housing goals.

Strategies Explanation

Context

- Historically, developers from outside of the region have had difficulty penetrating the Fargo-Moorhead market, resulting in limited competition amongst existing developers.
- Increasing the number of developers working in the region can help to bring new development design and typologies, new lending, and new creativity to rehabilitation and new construction within the region.

Recommendations

- Publicize market analysis findings to demonstrate strength of demand for housing as a result of significant job growth and development economics for new and rehab construction within the region.
- Publicize/market development opportunities and available land via websites.
- Create publicly accessible database of development opportunities.
- Market publicly-owned land in municipalities where it is available.
- Send RFPs for available sites to broad set of developers.
- Send EDC representatives to national conferences like the Urban Land Institute and the National Multifamily Housing Council to grow interest in region.

Implementation

Lead Entity

- Metro COG

Supporting Partners

- Housing Steering Committee, Regional Municipalities

Next Steps

- Work in partnership with neighboring municipalities with public land to determine potential for public disposition of large sites, that could attract national attention.
- Partner with GFMEDC to publicize residential sites and the FM Area.

Goals Alignment	Accommodate New Population Growth, House Existing Residents
Primary Beneficiaries	All residents

Future Growth | **Grow National Developer Interest in the FM Region**

Attract additional development capacity to increase positive competition and creativity on achieving regional housing goals.

Mount Morris, New York

In Mount Morris, New York, a downtown development program gave private developers an inventory of buildings downtown. This data inventory included information to encourage private investment, such as buildings' physical characteristics, rental rates, ownership, and identification of tax-delinquent properties and those near foreclosure. Through this downtown development program, Mount Morris helped reorient existing underutilized sites and increase density.



Mount Morris Downtown, Source: Livingston County Economic Development

Future Growth | Educate Staff and Coordinate Planning Efforts within the 5-City Region

Investment in planning staff collaboration and increased staff capacity and education, to improve coordination on land use policies and incentives.

Strategies Explanation

Context

- Historically, limited coordination between major cities in the region has led to competing policies, such as competing incentive structures for new single-family construction.
- As the region has rapidly grown, staff capacity within some municipalities has not followed suit.

Recommendations

- Promote and engage in information sharing for land use and policies at the staff level.
- Ensure local planning/zoning officials can coordinate on regional growth and infrastructure planning, which will be critical for future regional development.
- Align staff capacity with the level of programming and future housing development, to ensure that the region is adequately staffed and funded to administer policies, programs, and permitting.

Implementation

Partners

- Planning and Engineering staff from regional municipalities, Metro COG as a convener.

Next Steps

- Meet quarterly to share policy updates, workshop shared challenges, and coordinate incentives.
- Identify areas of collaboration for regional infrastructure planning.
- Begin development of a comprehensive growth strategy, in conjunction with Fargo's current growth planning efforts.

Goals Alignment

Regional Coordination, Staff and Elected Education

Primary Beneficiaries

All residents

Future Growth | Establish Clear Guidance on Future Infrastructure Investments and Planning

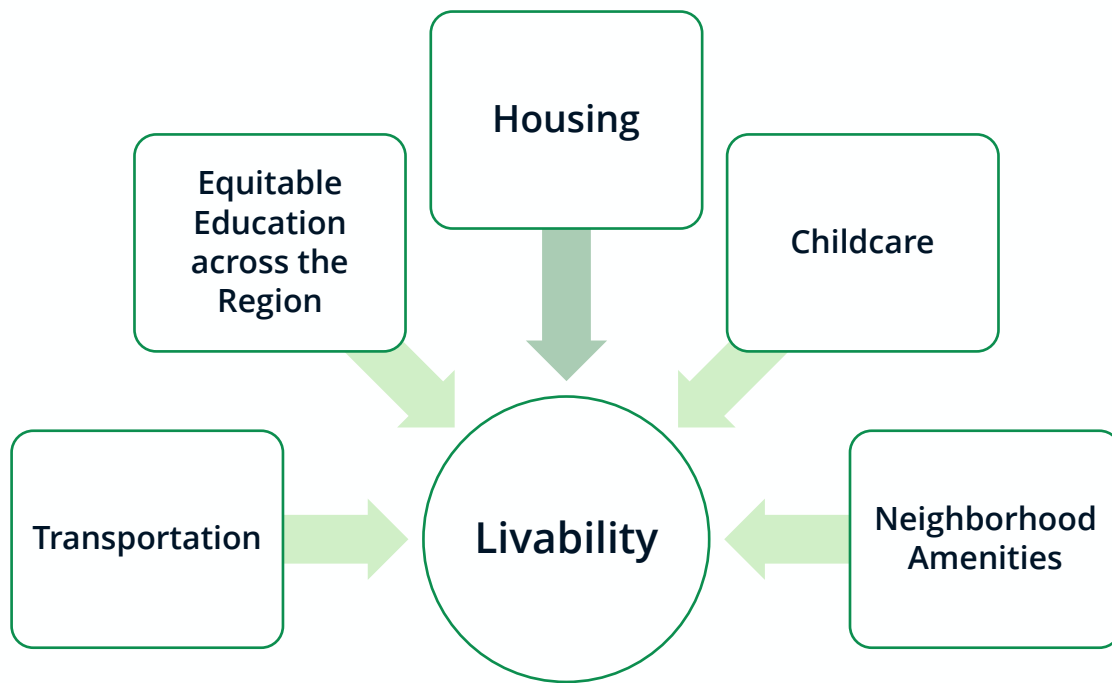
Prepare for future growth following the completion of the FM Diversion by identifying targeted areas of growth and existing sewer capacity.

Strategies Explanation		Implementation	
Context - Infrastructure capacity will constrain denser development throughout the region, but in particular in Moorhead, Dilworth, and Horace. - As regional growth pressures drive developers to existing available sites, there is increasing pressure for expansion of municipal sewer and water services. This may not align with existing capacity or available funding.		Lead Entity Fargo, Moorhead, and West Fargo	
Recommendations - Establish clear guidance on plans for future infrastructure will incentivize development around priority areas with existing sewer capacity. - Identify potential future state and national funding sources to support new infrastructure investment.		Supporting Partners Surrounding municipalities and counties	
		Next Steps - Work in partnership with neighboring municipalities to identify future need. - Coordinate statewide advocacy to secure further investments.	
Goals Alignment		Regional Coordination, Staff and Elected Education	
Primary Beneficiaries		All residents	

Future Growth | Additional Investment Areas

Creating adequate housing in a vacuum will not solve long term challenges. Regional municipalities must also consider other investments to ensure long term livability.

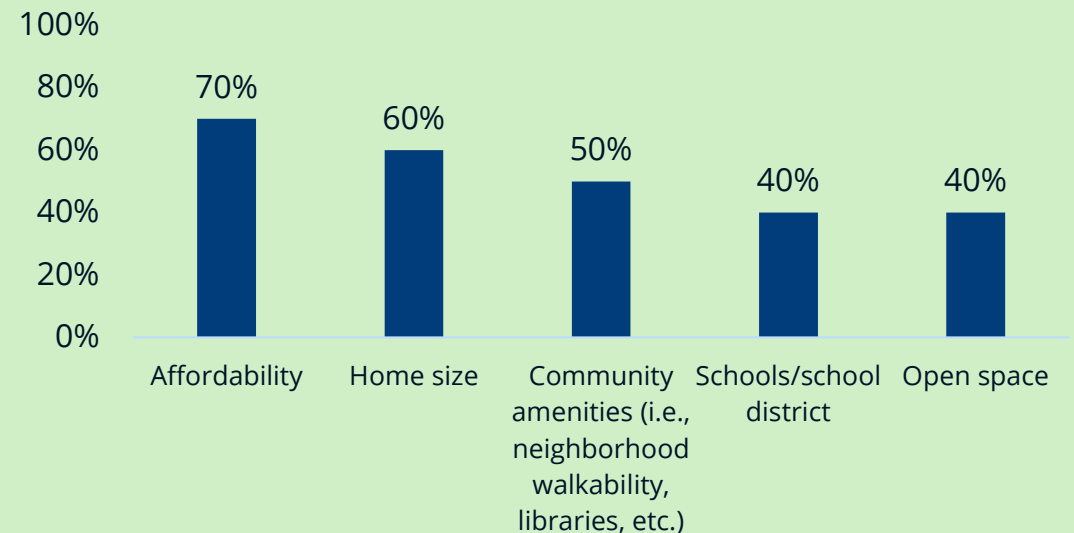
Investments for Long Term Regional Affordability and Livability



Source(s): Fargo-Moorhead Regional Housing Survey

2022 Survey Results

Respondents from the Fargo Moorhead Regional Housing Survey identified community amenities and schools among top priorities for choosing a home.



An aerial photograph of a city, likely St. Paul, Minnesota, showing a river (St. Paul River) flowing through the urban landscape. A multi-lane highway (I-94) runs along the right side of the river. The city is densely packed with buildings, including industrial structures and commercial buildings. The sky is overcast with grey clouds.

05

Implementation

Implementation

Successful implementation of the stated housing strategies requires a holistic, regionally-backed approach.

Addressing housing needs across the Fargo-Moorhead region will demand both capacity and capital commitment from each City in the MSA.

Solving these challenges requires deep collaboration across jurisdictions, along with the creation of strong regional programs and initiatives.



Implementation

Land use tools leverage local regulations to increase supply of housing in the region, and will often be unique to specific municipalities in the F-M area

Immediate Interventions <1 Year		Short Term Interventions 1-2 Years	Long Term Interventions 2-5 Years
Land Use	Regional Coordination on a Comprehensive Growth Strategy <i>Metro COG act as a support partner to convene cities around consensus building and information sharing.</i> <i>Support and advance outcomes of the Fargo Growth Planning processes, anticipated to begin in 2023.</i> <i>Promote communication and standards for infrastructure planning.</i>	Support and Reduce Barriers for Multifamily within Regional Employment Nodes <i>Metro COG to convene a working group across cities, to share research, lessons learned, and best practices.</i>	Increase and Support Transit-Oriented Development <i>Review future land use maps and proposed transit system improvements to identify areas suitable for increased density.</i>
		Allow and incentivize the construction of Accessory Dwelling Units (ADUs) in single-family neighborhoods <i>Establish a taskforce of planners and relevant stakeholders from various municipalities to identify existing barriers to ADU development and ease any zoning hurdles that may currently exist.</i>	Allow for and Reduce Barriers to Soft Density (2-9 Unit structures) <i>Metro COG to convene a working group across cities, to share research, lessons learned, and best practices.</i>

Implementation

To maintain housing affordability for all residents of the Fargo-Moorhead Region, counties and municipalities should dedicate more funding and leverage state and federal resources to make long-term investments in housing.

	Immediate Interventions <1 Year	Short Term Interventions 1-2 Years	Long Term Interventions 2-5 Years
Funding	Establish Permanent Funding for Services for Low-Income and Homeless Residents - Develop a comprehensive funding strategy to maintain existing services if federal funding is no longer available. - Work with existing partners to increase capacity and streamline service provision. Support local jurisdictions in accessing state and federal funding sources - In North Dakota, advocate for infrastructure funding to support the necessary housing development. - In Minnesota, work with existing affordable housing developers to identify barriers to accessing state or federal funding sources.	Establish a Housing Trust Fund - Establish a working group to develop recs. to implement a local Housing Trust Fund. - Identify potential funding sources and dedicate City and County funding to a Housing Trust Fund following a public process. - Confirm priority set of housing programs to be supported by the fund. Expand Capacity / Aid Growth of the Cass Clay CLT - Partner with Cass Clay Community Land Trust to identify current capital and capacity needs. Low-Income Housing Tax Credit Gap Financing - Consider availability and potential sources of funding. Identify if any public land is available. - Identify funding priorities and potential funding partners, such as corporate or philanthropic sources.	Market Publicly-Owned Land Nationally - Assess available public land and facilities inventory. - Partner with public property owners to discuss shared needs and housing development goals. Create a Naturally Occurring Affordable Housing (NOAH) Preservation Strategy - Identify partners who can serve as potential advocates for this fund. - Convene stakeholder groups to identify the main issues for maintain unsubsidized affordable housing. - Allocate pilot funding for the preservation of targeted NOAH units.

Implementation

To prepare for future growth, the region should establish clear policy and investment strategies, starting with the formation of a regional housing committee.

	Immediate Interventions <1 Year	Short Term Interventions 1-2 Years	Long Term Interventions 2-5 Years
Future Growth	Establish a Regional Housing Committee - Identify representatives from governing bodies across the region. Meet quarterly to strategize implementation and provide updates. - Convene quarterly to strategize implementation and provide updates on specific city/group initiatives. - Identify ways to align policies and coordinate public assets. Continue investment in transportation, childcare and education to meet the needs of future and current residents	Educate Staff and Coordinate Planning Efforts among Municipalities - Meet quarterly to share policy updates, and coordinate incentives. - Identify areas of collaboration for regional infrastructure planning. - Begin development of a comprehensive growth strategy, in conjunction with Fargo's current growth planning efforts. Grow National Developer Interest in the FM Region - Work in partnership with neighboring municipalities with public land to determine potential for public disposition of large sites, that could attract national attention. - Partner with GFMEDC to publicize sites and the FM Area	Invest in Regional Infrastructure Coordination and Planning - Work in partnership with neighboring municipalities to identify future need. - Coordinate statewide advocacy to secure further investments.



METROCOG
FM REGIONAL TRANSPORTATION PLANNING ORGANIZATION

Fargo-Moorhead Regional Housing Needs Analysis and Strategies

July 2023



HR&A SRF



METROCOG
FM REGIONAL TRANSPORTATION PLANNING ORGANIZATION



Appendix

July 2023

HR&A SRF

Accessible Dwelling Units (ADUs): additional living quarters located on single-family lots, with the living spaces independent from the primary home. Can be attached to the primary structure or detached.

Affordable Housing: When housing costs are 30% or less of a household's gross income.

Area Median Income (AMI): Household income for the median household in a region

Community Land Trust (CLT): A community-based organization that makes an upfront investment of funds to "buy" the affordability of homes in perpetuity for low- to moderate-income residents.

Cost Burden: When a household spends more than 30% of their income on housing

Housing Trust Fund (HTF): method for local jurisdictions to support housing in their community, by dedicating money towards a range of housing programs through a transparent, competitive process.

Natural Vacancy Rate: Percentage of all available units that would be unoccupied if balance supply and demand were in balance.

Naturally Occurring Affordable Housing (NOAH): Market-rate housing (for rent or purchase) that is priced at levels affordable to low- or moderate-income residents without public subsidy.

Missing Middle: 2–9-unit housing structures that are contextual within single-family neighborhoods. Typically includes townhomes, duplexes, triplexes, and quadruplexes (quads).

Senior Housing: Housing units suitable for households aged 65 and over.

Severe Cost Burden: When a household spends more than 50% of their income on housing

Transit-Oriented Development (TOD): A development model that prioritizes housing in accessible regions, improving access to employment, recreation, retail, and other community amenities.

Apartment Vacancy Rate: Percentage of all available rental units that are unoccupied.

Appendix | What is “affordable” in the Fargo-Moorhead Region?

According to the Department of Housing & Urban Development, housing is “affordable” when housing costs are less than 30% of a household’s income. *This means different things for different households in the Fargo-Moorhead Region based on their income.*

Affordability by Income Group in the Fargo-Moorhead Region for a 4-Person Household

Income Group	40% of Area Median Income	60% of Area Median Income	80% of Area Median Income
Annual Income	\$40,200	\$60,300	\$80,400
Monthly Income	\$3,350	\$5,025	\$67,000
Affordable Rent (30% of income)	\$1,000	\$1,500	\$2,000

Source(s): The AMI limits described above are based on the 2022 Department of Housing and Urban Development (HUD) standard for Cass and Clay Counties. Each year HUD provides updated Fair Market Rents and AMI Calculations nationally.