

Fargo-Moorhead Regional Housing Needs Analysis and Strategies

Study Purpose

The Fargo-Moorhead Regional Housing Needs Analysis and Strategies intends to create a common grounding on regional housing issues through robust regional housing data that the region and participating cities can use to coordinate on policy and regional strategies.

Goals

- Promote regional coordination for housing strategies.
- Educate city and county staff, elected officials, and residents on key housing challenges facing the region.
- Help current residents stay, grow, and age in the region.
- Accommodate new population and job growth by supporting more housing choice through different tenures and building types.
- Create opportunities for entry-level homeownership.

Needs Assessment Findings

Strong Employment

Since 2010, the region has added nearly 23,000 new jobs, with thousands of jobs remaining unfilled and unemployment below 3% statewide.

Housing Supply Lags Behind a Changing Demand

The majority of new housing supply production is in the southwest of the F-M region, but new housing unit production has not kept pace with job growth.

An Opportunity for Increased Homeownership

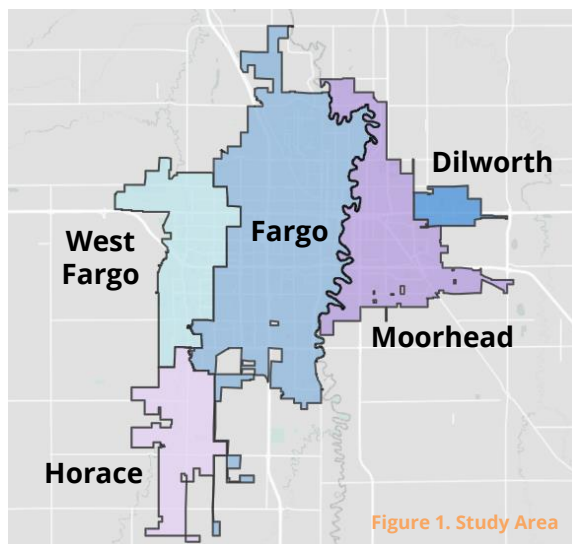
In 2022 the minimum income required to purchase the average-priced home was \$81,000. At this income, less than 20% of renters could purchase a home.

A Lack of Sufficient Affordable Rental Housing

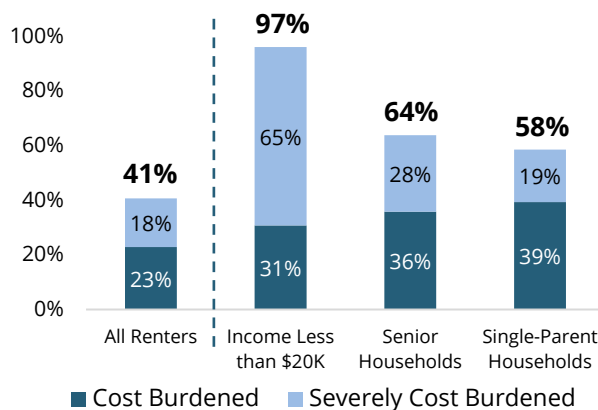
Over 40% of all renters are cost-burdened. The largest share of rental housing need is among the most vulnerable households, families earning less than \$35,000.

Source(s): US Census, 2010-2020

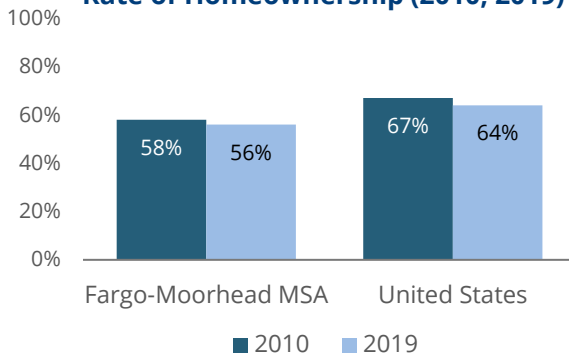
*Cost Burdened is defined as when a household spends greater than 30% of their monthly income on housing costs.



Share of Cost-Burden Renter Households (2020)



Rate of Homeownership (2010, 2019)



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The Fargo-Moorhead Region will need at least 15,900 additional units over the next 10 years. While construction of these units is feasible based on existing levels of production, the cost of these new homes will be out of reach for most residents.

In 2022, new construction homes were already unaffordable for most in the region. 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.

Over the next 10 years, there will be more demand for affordable rental options and housing for residents making less than area median income (AMI).

As housing costs increase across the region for most housing typologies, there is an increased potential for more households to become housing cost burdened.

Municipality	5 City Region	Fargo	Moorhead	West Fargo	Horace	Dilworth
Additional Households Demand	13,700	7,100	3,200	1,400	1,700	300
Renter Households (2030)	6,100	4,130	1,340	530	50	50
Homeowner Households (2030)	7,600	2,970	1,860	870	1,650	250
Additional Units Needed by 2032	15,900	8,300	3,700	1,600	1,900	400

The Fargo-Moorhead Region's families, seniors, and new residents require affordable, family-sized rental housing and entry-level homeownership opportunities. A continued development model that prioritizes single family, detached housing will produce significantly fewer total units with significant new infrastructure costs. Supporting a diversity of housing typologies will create a range of price points available for renters and homebuyers.

	SF-Detached Single Family Home Share of stock: 53%	Townhomes 2-10 units Share of stock: 9%	Low-Rise Apartment 10-49 units Share of stock: 28%	Mid-Rise Apartment 50+ units Share of stock: 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): HR&A Analysis of MetroCOG Population Forecasts; Thomsen Homes; Eagle Ridge Development; Skaff Apartments
***Note:** assuming an additional .07 acre per home, to accommodate roadways, sidewalk, and other infrastructure.

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

Addressing Immediate Housing Needs

Cities	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.
Regional	Employer-Assisted Housing (EAH) Programs	Aid and support for employer-assisted housing programs to meet short-term housing needs for new job openings.

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. In the long term, the region can leverage three types of housing strategies: land use policy changes, funding strategies, and interventions that lay the groundwork for future growth.

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	<ul style="list-style-type: none"> 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) 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Regional Coordination on a Comprehensive Growth Strategy 	<ul style="list-style-type: none"> Establish a Regional Housing Trust Fund Pursue Additional State and Federal Funding 	<ul style="list-style-type: none"> Establish Clear Guidance on Infrastructure Investments Grow National Developer Interest in the FM Region