

# ***McKenzie Co. Job Development Authority***

## **Housing shortage public input meeting**

**January 29, 2025 12pm CT, McKenzie County Courthouse**



### ***TODAY'S AGENDA***

- I. Background and review of prior JDA housing programs*
- II. Factors already identified regarding why we aren't seeing more housing construction in McKenzie County*
- III. Potential program idea to mitigate challenges*
- IV. Feedback*

In addition to sharing at today's meeting, attendees can also submit comments to [jsuter@co.mckenzie.nd.us](mailto:jsuter@co.mckenzie.nd.us) until Feb 4, 2025

OVERVIEW OF HOUSING PROGRAMS	2018	2019	2020	2021	2022	2023	2024	SUM
<b>Housing Development Subsidy</b> <i>(in effect 2019-2022)</i> Provided up to \$50k subsidy for buyers who purchased newly-built house; total used: \$2 million		8	25	12				45
<b>Shovel-Ready Lot</b> <i>(in effect 2020-2028)</i> Provided funds for buildout of infrastructure on 134 lots with cap on sale price for lot and promise to get houses constructed on them; total used: \$5 million			4	11	1	0	2	18
<b>Home Builder Construction Loan</b> <i>(in effect 2023-2024?)</i> Provided lower interest loan to builders for new house construction; total used: \$757,439 (loan)							4	4
<b>Watford City Housing Authority Pathway to Purchase</b> <i>(in effect 2024- ~2027)</i> Provided funding for Watford City Housing Authority to administer a rent-to-own program; total used: \$3.6 million (loan)							9	9
<b>Total houses as part of programs listed above</b>	0	8	29	23	1	0	15	76
<b>Single family housing permits issued County-wide</b>	10	25	67	64	26	29	39	260

About 30% of new housing built in McKenzie Co from 2019-2024 is attributable to these programs; at an average of \$420k/house these programs impacted the building of nearly \$32 million in housing for 76+ families.

# Why housing?

- Consistently cited as one of our top impediments to economic growth
- The housing shortage is a national issue, but it is amplified in the Bakken due to the availability of materials and labor and our population growth

*From 1976 through 1979, 418,000 entry-level single-family houses/year were built, 34% of all new homes constructed. In the 1980s, the number fell to 314,000/year, still 33% of all new homes built. In the 1990s it shrank to just 207,000/year, and in the 2010s about 150,000/year. During the just completed 2010s, starter homes averaged just 55,000/year, or just 7% of new residential construction. Yikes!*

*-Elliot F. Eisenberg, Ph.D. Economist*

- State and Federal housing programs have been inadequate to meet McKenzie County's unique needs to address the issue



***Draft only***

## *Down Payment Assistance Program*

### **Summary**

*The purpose of the Down Payment Assistance Program is to encourage the construction and purchase of homes in McKenzie County by providing down payment financial assistance to homebuyers in McKenzie County who will make the purchased home their primary residence for at least five years. Program funding amount follows these parameters:*

- *5% Down Payment Assistance on existing homes not to exceed \$15,000 (no more than 40% of program dollars can go to this)*
- *10% Down Payment Assistance on newly-constructed homes not to exceed \$40,000*

### **Homebuyer Financing Specifications**

- Proof of qualification provided by the lender must be submitted as part of the application process to the program. Funding assistance will be provided on the borrower's behalf at the time of closing.
- Financing must be through a lending institution that is licensed in North Dakota.
- There is no purchase price limit or income verification, however the down payment incentive is limited to a percentage of the appraised value of the home as outlined by the program. These funds may not be used for 'gap financing' in the event the home does not appraise for the sales price.
- Property must be owner-occupied for 5 years or funding may be clawed back, up to the assistance amount. A 5-year declaration of lien interest toward the property will be filed upon closing.
- Funding amount is calculated on appraised value or purchase price of home—whichever is lower.
- An applicant is eligible to be part of this program one time within a 5-year period.

### **Property Specifications**

- New homes must be located in McKenzie County and be 'stick' built in place, modular build or a manufactured home affixed to a lot with a permanent foundation. Existing houses, condominiums or townhouses are eligible if all program guidelines are met.
- A homeowner-constructed home does not qualify for this program, but a homeowner using a general contractor for new construction would.
- This program applies for new purchases only (no refinancing). Replacement homes are not eligible.
- Newly-constructed homes are those that have had no previous occupants (renters or owners).

- This program may be used in conjunction with other programs utilized by the North Dakota Lending Institution to assist the borrower in mortgage qualification. These programs are typically accessed in partnership between the lender and the ND Housing Finance Agency.
- Down Payment Assistance Funds will be provided at the time of closing and released to the title company/lending institution on behalf of the applicant and must only be used for down payments.
- This program cannot be combined with the Watford City Housing Authority's Pathway to Purchase Program.
- This program can be combined with lots that were created as a part of the JDA Shovel Ready Lot Program of 2020.
- The McKenzie County Job Development Authority cannot advise the parties of potential tax implications the program may create. It is ultimately the responsibility for the parties involved in the transaction to understand any income tax implications that may arise out of the program.

#### **Additional Specifications for Manufactured Homes**

- Applicants acquiring a manufactured home through this program must provide an Affidavit of Affixation and proof that the axle and wheels have been removed from the structure prior to closing. Homes must be first-set only.
- Existing manufactured homes are eligible if the structure is HUD approved. Homes built after 1978 typically have a HUD certificate. A copy of the HUD certificate must be provided prior to closing. Financing must be done through a lender licensed in North Dakota that offers a lending product for a Manufactured home and all city or county building codes must be met, depending on permitting jurisdiction.

#### **Successful timeline of events**

##### **Program duration**

The program will run until \_\_\_\_\_ or until all allocated funds are expended whichever is sooner.

**For More Information** Contact Daniel Stenberg at [dstenberg@co.mckenzie.nd.us](mailto:dstenberg@co.mckenzie.nd.us) | 701-444-8856 | or visit: <https://econdev.mckenziecounty.net/why-mckenzie-county/housing/>



**For more information and to submit  
written comments by February 5**

<https://econdev.mckenziecounty.net/housing-mtg/>

Email: [Jsuter@co.mckenzie.nd.us](mailto:Jsuter@co.mckenzie.nd.us)

