

2023 HOUSE APPROPRIATIONS

HB 1496

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

HB 1496
1/30/2023

A BILL for an Act to provide an appropriation to the department of commerce for rural workforce housing grants.

9:17 AM Chairman Nathe opened the meeting.

Members present: Chairman Nathe, Vice Chairman Swiontek, Representatives: Martinson, Richter, Sanford, Schatz, Hanson.

Discussion Topics:

- Rural housing in ND
- Construction providers
- ROI

Representative Mitskog testified in favor for of HB 1496 testimony #17908, #17912.

Shawn Kessel, Deputy Commissioner of Commerce spoke in favor of HB 1496.

Aaron Birst, Association of Counties, spoke in favor of HB 1496

Dana Hager Economic Development Association of North Dakota, testified in favor of HB 1496, testimony #17911

Additional Written Testimony:

Nathan Falk, President Hankinson Community Development Corporation, # 17526

9:50 AM Chairman Nathe adjourned the meeting.

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

HB 1496
2/13/2023

A BILL for an Act to provide an appropriation to the department of commerce for rural workforce housing grants.

9:36 AM Chairman Nathe opened the meeting.

Members present: Chairman Nathe, Vice Chairman Swiontek,
Representatives: Martinson, Richter, Sanford, Schatz, Hanson.

Discussion Topics:

- Committee Action

Representative Martinson moved a do not pass on HB 1496.

Representative Schatz seconded.

Roll call vote:

Representatives	Vote
Representative Mike Nathe	Y
Representative Steve Swiontek	Y
Representative Karla Rose Hanson	Y
Representative Bob Martinson	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y

7-0-0 Motion carries. Representative Nathe will carry the bill.

9:38 AM Chairman Nathe adjourned the meeting.

Donna Lynn Knutson, Committee Clerk

2023 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1496
2/16/2023

BILL for an Act to provide an appropriation to the department of commerce for rural workforce housing grants.

5:30 PM Chairman Vigesaa- Meeting was called to order and roll call was taken:

Members present; Chairman Vigesaa, Representative B. Anderson, Representative Bellew, Representative Brandenburg, Representative Hanson, Representative Kreidt, Representative Martinson, Representative Mitskog, Representative Meier, Representative Mock, Representative Monson, Representative Nathe, Representative J. Nelson, Representative O'Brien, Representative Pyle, Representative Richter, Representative Sanford, Representative Schatz, Representative Schobinger, Representative Strinden, Representative G. Stemen and Representative Swiontek.

Members not Present- Representative Kempenich

Discussion Topics:

- Rural Workforce Housing
- Commence Bill

Representative Mitskog- Explains the intentions of the bill.

Representative Nathe- Move for a Do Not Pass

Representative Schatz Seconds the motion.

Committee discussion Roll call vote.

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	A
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Mike Brandenburg	Y
Representative Karla Rose Hanson	N
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	N
Representative Corey Mock	N
Representative David Monson	Y
Representative Mike Nathe	Y

Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy Pyle	N
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Randy A. Schobinger	Y
Representative Greg Stemen	Y
Representative Michelle Strinden	Y
Representative Steve Swiontek	Y

Motion Carries 18-4-1 Representative Nathe will carry the bill.

5:37 PM Chairman Vigesaa Closed the meeting for HB 1496

Risa Berube, Committee Clerk

REPORT OF STANDING COMMITTEE

HB 1496: Appropriations Committee (Rep. Vigesaa, Chairman) recommends **DO NOT PASS** (18 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). HB 1496 was placed on the Eleventh order on the calendar.

TESTIMONY

HB 1496

Hankinson Community Development Corporation, Incorporated
PO Box 250, Hankinson, ND 58041-0250

House Appropriations
Education and Environment Division Committee
HB 1496
January 30, 2023

Chairman Nathan and committee members:

Our community speaks in support of HB 1496 and encourage the Committee to fund it at a higher level.

Hankinson completed a new 39-lot residential addition to the City in 2018 utilizing Bank of North Dakota's Infrastructure Loan Fund. Today, 11 new homes are in the Prairie Pines Addition and one under construction. This Addition provides only a partial solution to the housing shortage.

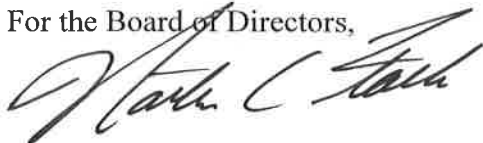
HB 1496 provides resources for communities to address blighted and dilapidated properties that most often come back to them due to delinquent property taxes. The city or county is then faced with cost of environmental remediation and demolition.

HB 1496 would enable revitalization within small communities like ours, creating new housing opportunities for families that cannot afford special assessments for new infrastructure that follow new residential additions such as Prairie Pines.

HB 1496 specifically funds the pillars of Governor Burgum's main street initiative – smart efficient infrastructure (using existing infrastructure) that provides affordable housing for a 21st Century workforce leading to healthy, vibrant communities.

Neighboring cities face the same challenges we do, we strongly encourage support of HB 1496 with increased funding to enable the maximum impact possible across the state.

For the Board of Directors,



Nathan C. Falk
President

Rural Workforce Housing Proposal

Dept. of Commerce – Community Development Division

Rural Workforce Housing Need

Rural communities face multiple unique workforce housing challenges. The lack of housing options, age of housing stock, construction costs, lack of builders and contractors, limited financing capabilities, and lower appraisal values negatively impact local economies.

Outreach efforts between the Dept. of Commerce, communities across the state and a rural housing taskforce have verified the need for a state-funded, flexible program that can bolster housing development, community revitalization and economic development.

The Rural Workforce Housing Proposal is a solution to effectively re-use existing infrastructure while engaging the private sector. When communities have affordable and attractive housing options, individuals and families can relocate to rural communities which will increase workforce numbers and support long-term sustainability of communities.

How It Will Work

This grant program targets workforce housing for the displaced, blight and unsafe properties and the effective reuse of existing infrastructure for in-fill housing development. The cost to construct is lower by eliminating lot acquisition and demolition costs and utilities are in place. Any housing type from tiny homes, single family homes to 8-plexes and mixed-use properties are eligible.

Businesses located on properties that are part of the program will be eligible for an additional grant award of up to \$10,000 if they are "workforce friendly". Workforce-friendly businesses may include childcare facilities and restaurants.

Step One: The city, with grant assistance, conducts a housing study with a focus on workforce housing needs while identifying all blighted property and vacant lots in the community. The requirement to conduct a housing study is waived in our smallest communities.

Step Two: The city also must identify private sector partner(s) who are willing to build on the parcels.

Step Three: City prioritizes the type of housing and prioritizes the parcels on the blighted list that are best suited to build the prioritized housing or to best accommodate the identified need.

Step Four: Grant funds acquire the property (if needed), remediate any hazards, remove the blighted structure, unless it has historical significance to the community. If there is historical significance, the adaptive reuse of the structure will be reviewed.

Step Five: Land is gifted to the private sector partner to build housing prioritized by the city to sell/rent at a not-to-exceed price OR gifted to a person who does not currently live in ND and is willing to build a home and work full-time in the community or within 30 miles of the community.

No more than 10% of the properties included in the blighted properties list can be razed and a bare lot created, even if the lot is not of sufficient size to build upon. Those lots provide the community the ability to meet a need such as community gardens, pocket parks, veterans memorial or other community betterment need. The cost to construct is lower because acquisition and demolition costs are alleviated, and utilities/infrastructure are already on-site.

Statewide Community and Workforce Benefits

1. Provide targeted, much needed workforce housing in rural communities
2. Eliminate blight and hazardous buildings in communities
3. Utilize existing infrastructure
4. Provide jobs in rural ND communities, such as plumbers and electricians
5. Drive local consumer purchasing
6. Increase vibrancy with such things as parks or other public spaces
7. Public/Private Partnership
 - a. State Government – Commerce, Housing Finance, Bank of ND, Health Dept.
 - b. Local Government
 - c. Private Sector
8. Preserve Historical Structures
9. Focus on underserved areas with current or potential economic vitality
10. Property value increase in communities
 - a. Increase in local government property tax collections
 - b. Potential reduction in appraisal gaps for participating cities
11. Incentivizes workforce friendly businesses such as daycares and restaurants

Program Implementation and ROI

According to the ND League of Cities there are 356 cities in ND. The target would be to try and provide grants in over 50 of these cities, spread all across ND.



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**Testimony of Dana Hager
Economic Development Association of North Dakota
In Support of HB 1496
Jan. 30, 2023**

Chairman Nathe and members of the House Appropriations Education and Environment Division:

My name is Dana Hager, executive director of the Economic Development Association of North Dakota (EDND). I am here to express support for HB 1496 to provide rural housing opportunities throughout North Dakota communities.

The North Dakota Department of Commerce has been an important partner for economic development organizations throughout the state. EDND, individual communities and economic development organizations have a robust and collaborative relationship with the department and its staff, which makes a Commerce-based Rural Workforce Housing Grant exciting.

EDND understands that North Dakota businesses can only maximize the state's economy to the extent of their capacity to attract and retain a workforce. Rural communities are all unique, so strategies for rural workforce housing will vary greatly. This bill's approach will help leaders identify their region's unique strengths, challenges, and assets. Communities will be able to:

1. *Conduct a housing study in the city to identify workforce housing needs, blighted property, and vacant lots within the city;*
2. *Purchase blighted properties or vacant lots;*
3. *Remove hazards or structures from blighted properties or vacant lots; and*
4. *Provide up to \$10,000 per business for repairs or improvements if the business is located in a mixed-use property that will be used for rural workforce housing.*

Sustaining and maintaining support for rural development is critical as we face the challenges of workforce development and aging main streets in the coming years. During a time when we need every tool to help keep rural communities open for business, please consider a Do Pass for HB 1496.

23.0866.01001
Title.

Prepared by the Legislative Council staff for
Representative Mitskog
January 30, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1496

Page 1, line 13, replace "5,000" with "10,000"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment changes the qualification criteria for rural workforce housing grants increasing the population threshold from 5,000 to 10,000.