

Minot Affordable Housing Plan

Scope of Services and Estimated Fee

Introduction

The supply of affordable housing in northern North Dakota was constrained before the summer of 2011. Rising construction costs and rapidly increasing housing prices for both renters and home buyers had begun to price many families out of the housing market. The lack of affordable housing has made it difficult to find employees and to retain critical public servants including teachers, police officers, and healthcare workers. And then the 2011 floods came, damaging approximately 4,100 homes. There were 2,376 homes identified with extensive damage that may be renovated if the owners have the available financial resources.

According to data released by the Minneapolis Federal Reserve Bank, simple trailer homes were selling last winter for over \$100,000 and rent for a two-bedroom apartment could exceed \$2,000 per month in some areas of northern North Dakota. Demand for housing is driving up costs at a time when 1,300 families are still residing in temporary FEMA housing. The near-term affordable housing problem is complicated by concerns many lenders have about the shifting population that can result from a change in oil prices or a decline in drilling. There are no easy answers; however the need for affordable housing in Minot is well documented.

The purpose of this project is to develop an Affordable Housing Plan and Action Strategy for Minot. Information from the four major tasks outlined in this plan can be used in applications by the City of Minot to secure additional funding to facilitate the development and preservation of affordable housing in Minot. CDM Smith recognizes the significant work effort that has already been completed to research to document the affordable housing issues in Minot, and will build on this existing information as well our team's research and analysis, input from public meetings, interviews, discussions with stakeholders, and the August 14th Affordable Housing meeting.

Task 1: Project Administration

Task 1 will establish the procedural and administrative expectations during the preparation of the Affordable Housing Plan.

1.1: Develop a Project Coordination Plan and finalize the Work Plan

CDM Smith will provide ongoing management, administration, and coordination of this plan and ensure the Minot team is informed of the project status for the entire duration of the project contract. CDM Smith will ensure open and regular communication with Minot staff to keep the team fully aware of work progress, major issues, and any potential problems and their resolution.

Within two weeks following the issuance of a Notice to Proceed, the CDM Smith team will develop and deliver a detailed draft work plan and will schedule a meeting with Minot staff to discuss and finalize the work plan. This discussion will lead to an improved work plan that will confirm

all part

deliverable timeframes and clarify how the project team will accomplish the project's objectives. The CDM Smith team project manager will prepare a draft project coordination plan defining internal and external communication protocols and contacts for both teams.

1.2: Conduct Kick-off Meeting

Within two weeks following the issuance of the Notice to Proceed, Melissa Ziegler, the CDM Smith team project manager, will lead a kick-off meeting to confirm the project's objectives, and discuss data resources, mechanisms for coordination with the City of Minot, and other appropriate issues. CDM Smith will provide a draft agenda and an outline of discussion items in advance of the meeting.

1.3: Public Involvement Plan

CDM Smith will develop a plan for engaging the public in the development of this Affordable Housing Plan, working with the Minot team. In addition to public and stakeholder meetings, the CDM Smith team will utilize community surveys and interviews, interviews with local and regional organizations, agencies and businesses engaged in housing activities, interviews with state and federal housing agencies, and discussions with other organizations and businesses to prepare a detailed affordable housing plan for Minot.

Public and stakeholder meetings are included in each of the plan tasks outlined below. The Public Involvement Plan will provide additional detail regarding these meetings, meeting notices, locations, and other information related to engaging the public in this planning process.

Task 1 Deliverables

- Develop a Project Coordination Plan and finalize the Work Plan
- Conduct the Plan kick-off Meeting
- Follow-up draft and final meeting notes
- Present, discuss, and finalize the Public Involvement Plan for the Affordable Housing Plan

Task 1 Schedule

Project coordination, work plan management, communication with Minot staff, and public involvement will be on-going activities throughout this project.

Task 2: Quantifying Affordable Housing Needs in Minot

Quantifying the affordable housing needs in Minot will be complicated. It is necessary to assess both the demand for affordable housing as well as the existing supply of affordable housing in order to quantify this need and develop a cost framework that can support the preservation and development of an adequate supply of affordable housing in Minot given these extraordinary circumstances. The presence of inadequate or substandard housing resulting from the flooding, the dramatic increase in housing costs, and the households that lack the resources to repair their homes after the flood damage all contribute to a volatile and challenging affordable housing market and makes the limited availability of affordable housing even more critical.

Understanding the demand for affordable housing today is complicated by the relocations that were precipitated by the flood. Other factors that are impacting this demand are being driven by the oil boom and privatization of housing for the Air Force Base. Some residents are living in FEMA temporary housing units (THU), with family members, or friends in the area, but some have been forced out of the area until they can repair their homes or find other suitable housing. Some residents may have made the repairs they can afford, but their homes still require additional repairs to meet the requirements of safe, decent, livable housing. To determine the existing affordable housing needs in Minot this plan must assess the demand for affordable housing and the supply of available, repairable, and new affordable housing developments in the pipeline in the community.

The demand for affordable housing is generated by the number of households who live in the area plus those households expected to reside in the community as a result of new household formations or in-migration. Demand is also created by the need to replace housing due to the flood damage, deterioration, and obsolescence. The need for affordable housing is a function of income and the ability of residents to either purchase or rent housing that meets housing standards and is available in Minot.

Task 2.1: Review of Existing Studies, Data, and Related Research

The CDM Smith Team will conduct a comprehensive search to identify and review existing studies, data, findings, and related affordable housing and household research. Our team will utilize this existing research and analysis as the foundation of our work.

Task 2.2: Analysis of Affordable Housing Demand

This task will assess the demand for affordable housing for residents of Minot with incomes at or below 80 percent of the median household income. These residents will include permanent residents, military personnel and students who live in the community while in school or assigned to the airbase, and residents who have located in Minot while working in the region.

The CDM Smith team will build on the existing population and demographic research conducted prior to and subsequent to the flood and any recent available data from local, regional, state, federal resources, the University, the Military, and the City of Minot. The team will utilize Woods & Poole Economic Research, 2010 U.S. Census data, American Community Survey data, employment data, housing permit information, and other reliable data sources to begin to more

accurately quantify the demand for affordable housing. Particular attention will be given to the housing needs of special populations in the community including:

- Residents in FEMA THUs
- Elderly homeowners (over 62 years of age)
- Elderly renters (over 62 years of age)
- Residents in independent living or assisted living
- Households with Disabilities
- Low and very low income residents
- Minot State University Students and Personnel
- Military Members and Veterans

CDM Smith will review the existing data sources and identify gaps and deficiencies in the available affordable housing demand data. To the extent practical, surveys and interviews of Minot residents, interviews with housing and social service agencies, and other primary research may be used to further clarify the demand for affordable housing in Minot. This assessment will also include the need for affordable housing to address housing needs at the University, housing needs of the military, and workforce housing particularly focused on the current workforce housing needs in Minot.

CDM Smith will develop an affordable housing demand matrix utilizing this data in order to prepare a detailed estimate of the number of households by tenure (homeowner or renter); elderly or non-elderly; by income levels to the extent possible; and will, to the extent possible, develop an estimate of these households within the flood damaged areas and in the balance of the city. Surveys, interviews, existing mapping and other data sources may be used to develop a GIS database to estimate the prior location of affordable housing and specific research will be conducted focusing on those families still residing in temporary FEMA housing.

Task 2.3: Analysis of Affordable Housing Supply

Affordable housing supply is a function of two factors: the adequacy of the housing, does it meet the criteria of safe and decent housing, and are the rents or housing cost at or below 30 percent of household incomes, a generally accepted measure of housing affordability. This study will characterize the existing affordable housing supply in Minot for housing units including:

- Any publically owned housing
- Section 8 housing still covered by existing Section 8 contract
- Characterize the volatility of remaining Section 8 housing contracts
- Housing units that have been converted from Section 8 in the past 2 years

- Rental Housing in the Private Market
- Owner Occupied Affordable Housing
- Potential use of FEMA THUs

The CDM Smith Team will utilize data from the American Housing Survey, the North Dakota Board of Realtors, the Federal Reserve Bank, recent housing sales, surveys, and interviews to estimate the proportion of housing units that are affordable and meet the basic requirements for adequate housing condition. The team will utilize the best available data to estimate the pre-flood and post-flood housing characteristics including number of units, household incomes based on census tract data, rental or homeownership characteristics, estimate existing affordable housing vacancy rate, and the percentage of housing built prior to 1980.

We will utilize visual inspections and other available data to determine total occupied affordable housing units in the flood damaged areas and identify units that will be repaired, units that could be repaired if financial resources were available, and units that have been or must be demolished. An effort will be made to determine the number of affordable housing units that have been demolished and the number of lots that could be utilized for future affordable housing infill development and the number of affordable housing units that have been demolished and cannot be rebuilt due to new flood control policies.

As a part of this analysis the CDM Smith team will develop an Existing Housing Inventory Profile that will include:

- Homeownership - Types of Structures, Housing Units, Housing Conditions
- Rental Market -
- Pricing of Available Housing Units

The analysis will provide the necessary data to develop an inventory of Affordability of Existing Housing that will include:

1. Existing Inventory - Homeowner and Rental
2. Conversion of inventory in past 5-years
3. Growth of Affordable Housing Development in the past five years or projects in the development pipeline.
4. Planned future developments

The affordable housing needs of special populations will require additional analysis. The demand for special needs housing will be conducted in Task 2.2, the available supply of housing for special needs populations will be included in this task. The availability of supportive housing to meet the needs of these groups will be analyzed and documented.

Task 2.4: Characterizing the Affordable Housing Supply and Demand in Minot and Defining Funding Requirements

Based on the affordable housing supply and demand analysis, the CDM Smith Team will assess the shortage of affordable housing in Minot. The gap in affordable housing will provide important information that will be used to identify the number of households spending more than 30 percent of their family income for housing and the number of available safe and decent housing units that are affordable within the community.

Based upon the affordable housing supply and demand analysis and an evaluation of the housing cost factors in northern North Dakota, the CDM Smith team will identify estimated funding required to address short-term and longer-term affordable housing issues in Minot. Careful consideration will be given to the housing tenure (homeownership vs. rental) that existed prior to the floods and other considerations that may cause a shift in housing tenure in the future.

The CDM Smith team will develop a detailed Summary Report presenting the information and findings from the supply and demand analysis and review of cost factors.

Task 2 Deliverables

- Analysis of affordable housing demand and supply in Minot
- Conduct two Open House meetings to discuss affordable housing demand and supply issues and develop an Affordable Housing Vision for Minot with area residents. Utilize small group exercises and other activities to facilitate productive discussions.
- Estimation of affordable housing funding needs based upon supply and demand analysis
- Task 2 Summary Report: The CDM Smith team will present the information and findings from the research, analysis, and public and stakeholder input developed in Task 2 in a draft summary report for the City of Minot. The CDM Smith team will revise the draft summary report after receiving comments from the City and will provide a final Task 2 Summary Report.
- Preparation of a presentation of the findings from Task 2 documenting the affordable housing needs in Minot. The CDM Smith team will develop a powerpoint presentation of findings that can be used in meetings with elected officials, stakeholders, and other groups to document the current affordable housing need in Minot

Task 2 Schedule

An initial data analysis, summary report, and presentation of findings for Task 2 will be completed by November 20, 2012 (assuming a Sept. 4, 2012 start date) to provide information to the City of Minot to support their continued efforts to secure additional grants and other resources and legislative initiatives to obtain additional funding for affordable housing in Minot. The draft Affordable Housing Supply and Demand Analysis and Cost Factors Report will be

provided to Minot by Dec. 20. After receiving the City's comments, the CDM Smith team will finalize this report within 10 business days.

Task 3: Defining the Challenges and Barriers to Improving the Supply of Affordable Housing in Minot

There are a number of barriers that affect efforts to expand and improve the supply of affordable housing in Minot. The purpose of this task is to identify critical factors that inhibit the preservation or development of an adequate supply of safe, decent, affordable housing. It is important to develop a clear, current understanding of these challenges and barriers in order to develop a realistic and practical action plan for expanding the supply of quality affordable housing. Resolving the affordable housing challenge in Minot will not happen over the course of two or three years, it will require a longer-term, consistent commitment. Successful solutions strategies must be developed given a thorough understanding of the obstacles and challenges, coupled with an action plan for implementation.

The CDM Smith Team will review existing studies to identify barriers to the preservation and development of affordable housing in Minot. The team may also interview local and state housing resources including representatives from the construction industry, mortgage banking industry, the North Dakota Housing Finance Agency, the North Dakota Housing Authority, the Board of Realtors, and other to develop an understanding of various barriers. The team will review findings from this research with Minot Staff and other stakeholders.

Task 3 Deliverables:

- Review existing code and zoning provisions that could restrict types of housing or innovative construction practices
- Assess the capacity of local agencies to oversee new development, enforce policies, etc.
- Task 3 Summary Report – The CDM Smith Team will prepare a report summarizing the barrier and obstacles to the preservation and development of affordable housing in Minot. The report will assess the variety of barriers that continue to hinder efforts to increase the supply and quality of affordable housing in the community

Task 3 Schedule:

We anticipate work on this task to begin after the completion of Task 2. Work on Task 3 and Task 4 would begin in January in accordance with a mutually acceptable schedule to be developed in concert with Minot.

Task 4: Affordable Housing Action Plan for Minot

The availability of quality, affordable housing is important to Minot's quality of life and economic competitiveness. Housing costs are becoming a critical consideration in many decisions for

businesses, families, and the future of the community. It is within this context that a new vision for affordable housing must be development for Minot. Building on the community's advantages and acknowledging the challenges and barriers that affect the affordable housing supply; the CDM Smith team will lead a process drawing on compelling information from Task 2 and 3 to develop an Affordable Housing Action Plan. A successful Action Plan must be bold and specific but is also must recognize small and intermediate steps that can generate near term benefits or improvements that are also important. Particularly given the immediate needs for new affordable housing, the action plan will initially focus on actions to produce near term results.

Task 4.1: Strategies for Addressing Affordable Housing Post-Disaster

The housing market in Minot is influenced by a variety of market factors that must be carefully considered in developing the most practical strategies for developing and preserving affordable housing. These market factors along with the supply and demand analysis will be important in identifying a set of strategies to foster the redevelopment, preservation, and development of affordable housing in the near term and ensure that the availability of affordable housing is adequate in the future.

It is crucial to identify strategies that will speed the preservation, redevelopment, and development of a sufficient supply of affordable housing in Minot. In this task, the CDM Smith Team will develop an "Affordable Housing Toolbox" detailing specific programs, policies, regulations, funding and financing resources, and other tools that could be applied in Minot to expand the supply of affordable housing. The team will identify "best practices" from earlier disaster recovery efforts and develop key lessons learned in these recoveries to inform reasonable expectations for the preservation, redevelopment, and development of affordable housing recognizing that the most immediate needs must be directed to meet the needs of the displaced families.

In developing this toolbox, the team will meet with contractors, developers, realtors, members of the banking community, public agencies, and other key organizations to discuss various programs, policies, and initiatives and to use this input to refine the "tools in the toolbox". The toolbox will focus on identifying and assessing best practices, innovative construction methods, financing options, zoning and land-use strategies, design principles, and other programs and practices for increasing the supply of affordable housing and to identify options to expedite the delivery schedule.

The CDM Smith team will evaluate programs, technologies, and policies strategies from around the country that have contributed to the supply of affordable housing to determine which of these strategies could best meet the supply needs in Minot and help address the long term needs for affordable housing in the community.

Given the serious affordable housing challenging facing Minot, the toolbox will incorporate the expertise of the CDM Smith Team and the team will also reach out to other experts in affordable housing development to help identify innovative and practical solution strategies that can be used to address these issues. The CDM Smith Team will convene a meeting of national experts in affordable housing development. The team will provide advance materials to meeting participants and facilitate this meeting to engage these national experts in a "brainstorming discussion" to identify potential solutions strategies for affordable housing in Minot based upon their own knowledge and experience.

The CDM Smith Team Project Manager has worked with many of these national affordable housing experts over the past 20 years.

Task 4 Deliverables:

- CDM Smith Team will develop an "Affordable Housing Toolbox" detailing specific programs, policies, regulations, funding and financing resources, and other tools
- Identify "best practices" from earlier disaster recovery efforts
- Vet programs, policies, and initiatives with appropriate agencies, organizations, and businesses and to use this input to refine the "tools in the toolbox".
- Convene a meeting of national experts in affordable housing development
- Draft an Affordable Housing Action Plan for Minot

Task 4 Schedule:

We anticipate work on this task to begin after the completion of Task 2. Work on Task 4 would begin in February/March timeframe in accordance with a mutually acceptable schedule to be developed in concert with Minot with the Plan being complete in June 2013.

Affordable Housing Plan Professional Fee Estimate

Job Description	Principal	Project Manager	Senior Advisor	Senior Planner	Planner III	Planner II	Admin	Total Hours	Total Cost, \$
Task 1: Project Administration Labor Hours	40	80	40		40	80	80	360	
Task 1: Fee (at \$135/hr blended Rate)									\$48,600
Task 2: Quantify Affordable Housing Needs	80	260	120	260	232	300	240	1,492	
Task 2: Fee (at \$135/hr blended Rate)									\$201,420
Task 3: Define Challenges and Barriers to Affordable Housing Supply	20	80	40	40	200	80	40	500	
Task 3: Fee (at \$135/hr blended Rate)									\$67,500
Task 4: Affordable Housing Action Plan for Minot	40	160	100	140	360	300	160	1,260	
Task 4: Fee (at \$135/hr blended Rate)									\$170,100
Project Total									\$487,620