

# 5. Housing



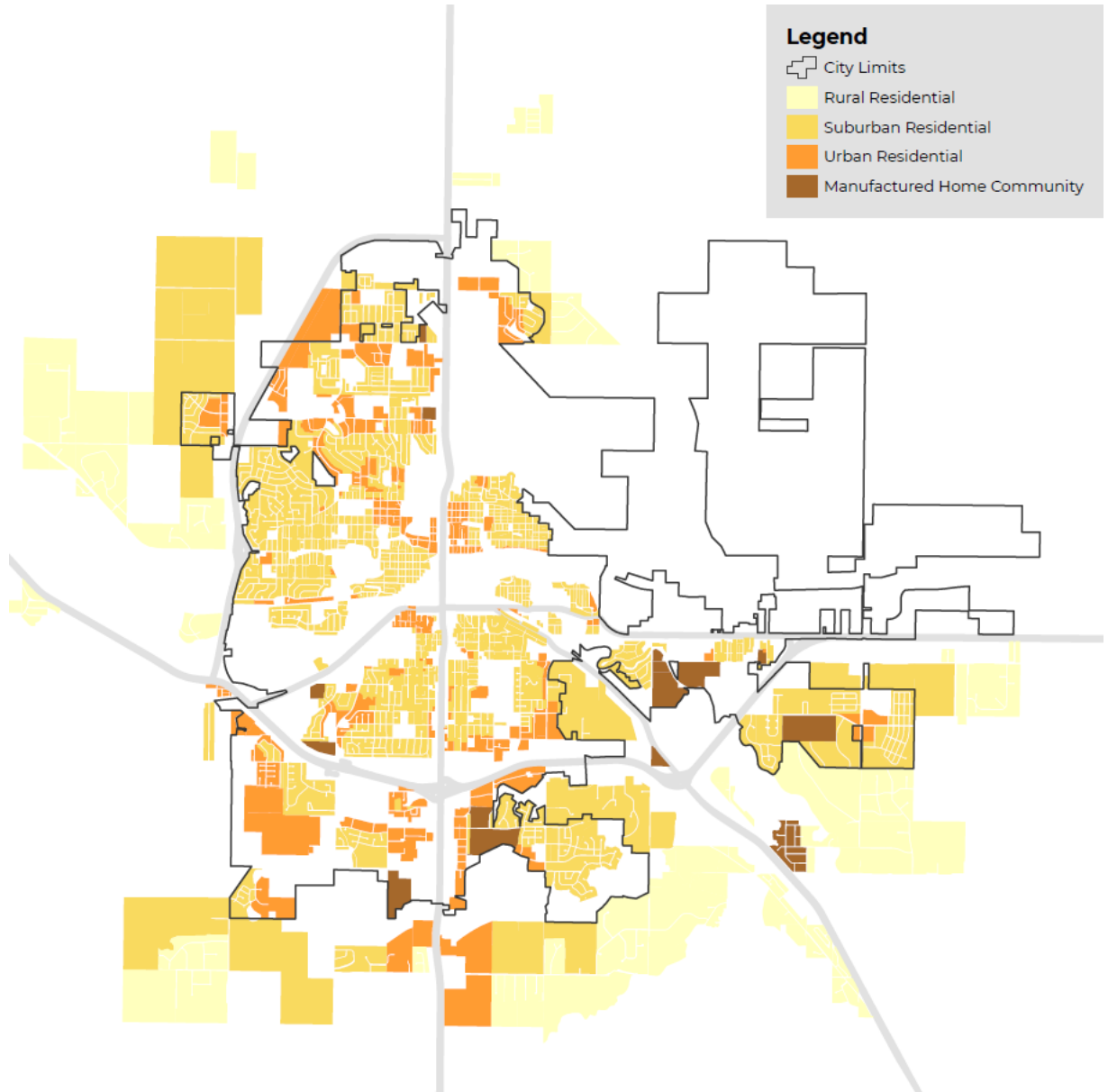


## WHAT'S INSIDE

- Market Trends
- Local Housing Profile
- Growth Potential
- Accessible Housing
- Housing Variety
- Tools and Strategies

### Land Use Connection

Most of the land within Minot's planning area is used for housing. The Future Land Use Map includes several residential categories and mixed-use categories that provide for a variety of housing types. Housing access and affordability is related to land use planning, zoning, and subdivision regulations. Minot's housing market is also tied to other planning topics, including Economic Development and Community Character/Aesthetics.



## OVERVIEW

Housing provides basic shelter, an essential need that shapes our experience for much of the day. As Minot grows, the Comprehensive Plan provides a vision and resources to help Minot reach its housing goals. This chapter identifies housing challenges, tools, and strategies to guide planning and policy for housing in Minot.



H-1: Provide safe, accessible, and diverse housing options to promote housing choice for all.



H-2: Preserve and enhance existing buildings to help meet community housing needs.

## HOUSING AT A GLANCE

Minot's housing stock includes a mix of properties to own or rent in various styles and price points.

### Housing Stock (2020)

21,156 HOUSING UNITS

OWNER-OCCUPIED: 11,743

RENTER-OCCUPIED: 9,413



### Average Household Size

OWNED

2.46

RENTED

1.88



MEDIAN HOME VALUE:

\$211,000

MEDIAN RENTAL COST:

\$882/month

Residents paying more than 30% of their income for housing

HOMES WITH A MORTGAGE 21%

HOMES W/O A MORTGAGE 11%

RENTALS 40%

Source: 2020 American Community Survey (5-Year Estimates)



## NATIONAL TRENDS

### Aging Population

Most residents aged 50 or older want to stay in their homes and communities, according to AARP's Public Policy Institute. As Minot's population ages, more empty-nesters (one- or two-person households) will prioritize housing convenience and affordability.

*Increasing home sizes run counter to the trends of an aging population and declining household size.*

### Smaller Households

Household size is related to aging, fertility, social trends, and economic trends. The average size of American households decreased from 3.1 in 1970 to 2.6 in 2020. In Minot, the average household size is 2.2 and the average size for families (i.e., households with two or more people related by birth, marriage, or adoption) is 3.0. A related trend is an increase in the number of single-parent households. In Minot, 26 percent of families are single-parent households

(2020 ACS). Households with a single income are further stressed by the national housing affordability crisis.

### Future Homeowners

Even as household size has decreased, more than 30 percent of Americans aged 18 to 35 reside with their parents/family. There are several reasons for this shift from the 20<sup>th</sup> Century norm. One is a general lack of entry-level housing options. In addition, young adults face increased financial instability with increased personal debt and a lack of good-paying job opportunities.

## GROWTH POTENTIAL

Three growth scenarios were created for the Plan and vetted with the project Steering Committee; projections and methodology are documented in the City Profile. The preferred population projection for Year 2040 is 66,532, an increase of 14,576 from the 2020 estimate. Using the current household household size (2.2), the forecasted population growth equates to 6,625 households.

A healthy vacancy rate is 5-8 percent. This indicates that the majority of inventory is

stable, but there are units available to rent or purchase. Assuming a vacancy rate of 5 percent, Minot would need 6,974 units for the Year 2040 growth increment. Incorporating the low and high growth projections leads to a range of 5,400 to 8,600 units.

The current vacancy rate is relatively high, particularly for multifamily rentals. The 2020 ACS 5-Year estimates indicate that Minot has 3,239 vacant units (13.3 % vacancy rate), about half of which consists of rental units. This indicates that Minot has some surplus inventory of rental units coming out of the construction boom. This surplus can absorb some of Minot's short-term growth. There appears to be a greater need for owner-occupied units, including single-family homes, as construction slowed during pandemic. The ACS estimated 274 vacant for-sale units in 2020.


## HOUSING THEMES

During creation of the Plan, a focus group provided extensive input on housing challenges and opportunities, while residents provided input via the community survey. Their feedback



shaped the direction of this chapter. Themes include affordability, accessibility, variety, and sustainability.

## ACCESSIBLE HOUSING



Access refers to a resident's ability to obtain and maintain a residence that meets their needs. All residents should be able to find good-quality housing that is affordable to them. Existing housing stock needs to be properly maintained as it ages. Minot's housing supply should match household demographics.

### Housing Affordability

Housing affordability is a national issue, as wages have not kept pace with rising housing costs. This problem has become more acute with recent inflation. Housing-cost-increases disproportionately impact low-income renters, although homebuyers are also feeling the pinch as mortgage interest rates increase. As housing development costs increase, homebuilders have responded with larger for-sale units and fewer rental units. This is less of a problem locally, as Minot saw significant apartment construction during

the previous decade. Still, scaling back the size of new construction is one strategy to address the affordability issue.

A regional housing study from 2017 concluded that:

- Cost-burdened households (both owner and renter occupied) will increase as the population grows
- Low-income households will likely continue to struggle finding an affordable rental or ownership opportunity
- Single-family homes will generally continue to increase in costs

### What is cost burden?

The Department of Housing and Urban Development (HUD) defines cost-burdened families as those “who pay more than 30% of their income for housing” and “may have difficulty affording necessities such as food, clothing, transportation, and medical care.” With housing costs increasing relative to incomes, the reality is that housing can be unaffordable for households earning up to 120% AMI.

## Housing cost increases disproportionately impact low-income renters.

### Fair Market Rent

Fair Market Income (FMR) is based on area median income and is used to facilitate housing voucher programs. The FMR determines the value of vouchers based on geography and unit size. In 2022, the FMR for a 2-bedroom unit in Ward County was \$966/month (rent plus utilities). At this price, a household with gross income of \$38,640 per year or less would be considered cost-burdened; this equates to one full-time job at \$19.82 per hour. In 2020, over 25 percent of Minot's households earned less than \$35,000.

#### Ward County FMR (2022)

Efficiency	\$657
1 bedroom	\$734
2 bedrooms	\$966
3 bedrooms	\$1,372
4 bedrooms	\$1,653

Source: ND Department of Commerce



### *Naturally Occurring Affordable Housing*

Housing that is affordable to the Minot community without the use of subsidy is known as Naturally Occurring Affordable Housing (NOAH). Rental properties may become more affordable over time due to declining property value, lack of modern amenities, or inadequate management. Properties that suffer from age or neglect should be revitalized. Housing rehabilitation can be achieved for lower cost than new development and helps keep residents in the same home or neighborhood. Housing rehabilitation programs can be utilized to help finance improvements.

### *Manufactured Home Communities*

NOAH includes manufactured homes. Approximately 8 percent of Minot's housing stock consists of manufactured homes. Manufactured homes provide an affordable alternative to site-built homes. They have appeal to elderly residents on fixed incomes, aspiring homeowners looking to move up, and other residents who appreciate the sense of community.



Manufactured home communities include mobile homes and manufactured homes. A mobile home is a factory-built home that was constructed prior to June 15, 1976; manufactured homes were built after this date and must adhere to modern fire safety standards. The City encourages replacement of outdated mobile homes to promote public safety and improve housing quality.

The Future Land Use Map (FLUM) includes a category for Manufactured Home Communities, to maintain and improve manufactured homes as an integral component of the housing stock.

### *Minot Housing Authority*

Minot Housing Authority manages the community's HUD properties and voucher program. The rehabilitation of the Milton Young Towers is a recent success story.

HUD's housing choice voucher program (Section 8) is the federal government's primary program for assisting very low-income families, the elderly, and the disabled. The voucher program is structured to support upward mobility and avoid excessive concentration of low-income households. Vouchers can be used at any property where the owner consents to the program and the unit meets program standards for health and safety.



### **Aging in Place**

As the elderly population increases, more one- and two-person households will be looking for units that enable them to age in place. Retired residents have fixed incomes and often look to downsize to more convenient, affordable properties. Elderly residents are also more likely to have disabilities, including mobility challenges, that limit their range of housing options.



### Universal Design and Visitability

Universal design emphasizes equity and flexibility. Everyone should be able to use the building, regardless of age, disability, etc. Designers anticipate the various needs of a building's intended or potential occupants and provide flexible spaces. Universal design ensures that living spaces are intuitive and easy to use, provide a high tolerance for error, and require low physical effort to navigate. Visitability is a related approach to inclusive design that ensures that homes can accommodate short-term occupancy by people with disabilities. Many homebuilders have begun to implement elements of universal design and visibility as standard practice.

### Senior Homes

Senior homes include a variety of independent-living communities, assisted-living, and skilled nursing homes. These communities are classified as commercial use. Minot should monitor capacity and demand and proactively plan for siting new facilities as needed.

Minot Housing Diversity (2020)

1 unit (detached)	1 unit (attached)	2 units	3-4 units	5-9 units	10-19 units	20 + units	Manufactured homes
46%	6%	2%	7%	5%	8%	18%	8%

The Missing Middle

Source: 2020 American Community Survey (5-Year Estimates)

## HOUSING VARIETY

Variety is a hallmark of a healthy housing market. Planning for housing variety can help address housing gaps and increase the likelihood that each household will be able to find a suitable and desirable housing option.

Variety considerations include the cost, location, size, and types of homes that are available in Minot.

Like most communities, Minot's housing stock consists primarily of single-family detached homes and multifamily apartments. In the last decade, two-family attached (twin homes) have expanded to help fill the gap between traditional single-family and multifamily, and mixed-use development has increased as well.

### The Missing Middle

"Missing Middle" refers to medium density housing that traditionally occupied the space between single-family homes and multifamily apartments. This gap exists for several reasons, but not necessarily a lack of demand. Many communities see the Missing Middle as a vital component of affordable, sustainable, and walkable neighborhoods. Missing Middle can also be a great option for infill and redevelopment because it produces some densification without significantly altering neighborhood character. The main reasons that this housing gap exists in nearly every American community are:

**Economics.** Unlike multifamily apartments, smaller attached housing does not provide economies of scale.

**Building Codes.** Development is governed by two model codes, the International Residential Code (IRC) and the International Building Code (IBC). The IRC applies to one- and two-family homes, while the IBC kicks in at three units or more. In most communities, including Minot, all new residential buildings with three or more attached units must include a sprinkler system, which drives up the cost of construction.

**Developer Capacity.** Given the economics of housing construction and the two-tiered framework to building codes, most regional and national developers focus on single-family development or large multifamily/mixed-use projects.

There are ways to overcome these obstacles. Several cities have adopted modified building codes that essentially allow construction of multiplex buildings under IRC regulations, with modified requirements for fire suppression (e.g., 2-hour fire-rated walls). Other communities have initiated grass-roots efforts to fill the gap in developer capacity. There is also increasing momentum for the International Code Council to carve out a niche for missing middle housing.

Mixed-Use Development

Mixed-use development promotes the combination of multiple land use types – such as commercial retail, office, and residential – within one building or development. Historically, cities adopted “Euclidean Zoning” policies, which led to the isolation of homogenous neighborhoods, increased travel demands, and lowered access to amenities and services. Conversely, mixed-use activity centers are walkable, accessible, and unique community spaces.



Minot has expanded the application of mixed-use development, most recently in the Blu on Broadway project. A future project is M by Epic, which will adapt “The Big M” building with modernized commercial and residential space.

Mixed-use can occur within one building (vertical mixed use) or across a development (horizontal mixed use), which typically requires a master plan use of a Planned Unit development (PUD). The FLUM promotes mixed-use within Downtown, the Downtown Fringe, and the Mixed-Use Center category. Mixed-use is also permitted within the C-2 Zoning District.

Lifecycle Housing

Lifecycle housing is a holistic framework for understanding household demand and evaluating variety within the housing market. This recognizes that residents seek different housing throughout their lives as their personal needs change.

Lifecycle Housing Needs	
Young person	Entry-level household
Young couple	Entry-level household
Young family	First-time homebuyer
Mature family	Move-up homebuyer
Group household	Group homes
One-parent family	Affordable homes
Empty-nesters	Potential downsizer
Independent senior	Independent living community
Elderly care	Nursing home



## Design

Variety extends to housing style and design. Newer housing subdivisions often have a monotonous feel. Focused design guidelines can produce more variation in development.

A visual preference activity was conducted at a series of planning workshops in 2022. The residential images included below were preferred, except for the mixed use example at bottom-right, which was not included in the exercise.

### Low Density

### High Density

#### Rural Residential



#### Suburban Residential



#### Urban Residential



*Chapter 9 discusses housing design in more detail.*

## TOOLS AND STRATEGIES

### Housing Data

One key takeaway from the focus groups is that the Community needs better housing data. While good data is available for LMI units through the Minot Housing Authority, there is limited data for market-rate units. One recommendation is to conduct a housing absorption study, which measures supply and demand for different housing types. This information will help community planners and developers understand where housing gaps exist, and the extent to which development is needed.

### Accessory Dwelling Units

Accessory Dwelling Units (ADUs) are secondary housing units that reside on a single-family lot. They may be attached – such as a converted basement or garage – or detached – such as a smaller unit in the back yard. ADUs improve affordability while gradually increasing density and preserving neighborhood character. These units can support aging in place by allowing elderly residents to live near their families. **Minot's zoning regulations allow accessory dwelling units in several zoning districts.**

### Lot Size and Density Requirements

Zoning establishes lot size and density requirements for each residential district. These requirements impact neighborhood character, housing costs, infill and redevelopment opportunities, and other aspects of development. These types of requirements should be regularly examined to ensure they support desired housing opportunities.

### Mixed-Use Development

The Land Development Code enables mixed-use development through the Central Business District (CBD) and the General Mixed-Use District (GMU). The FLUM expands opportunities in future growth areas and priority infill areas. Those areas will need to be rezoned to GMU to permit the desired development.

### Planned Unit Development

A Planned Unit Development (PUD) is a tool that encourages large, multiuse developments that do not fit a single base zoning district. Minot's Land Development Code enables PUDs through an overlay zone. PUDs provide more flexibility to developers. In exchange, the City may negotiate certain aspects of development in their favor. For example, Minot could

use a PUD to require a certain percentage of LMI affordable units within a development. One challenge with PUDs is that they are governed by unique agreements that can be difficult to change. This makes it difficult to modify or adapt PUDs in the future.

### Upzoning

Upzoning is the process of rezoning property to a higher density or intensity – for example, Single Family (R1) to Two-Family (R2). This allows neighborhoods to change over time, increases housing variety and accessibility, and provides flexibility to homeowners and developers. However, it may lead to a NIMBY response, with concerns about neighborhood character. One alternative is to permit the next-highest density by right in each zoning district. This allows for some infill and intensification to occur while limiting the scale of change.

### Rental Inspections

Housing quality is a top priority, especially for rental units, where tenants and property owners have less incentive to maintain their property. Rental inspections are one tool to ensure that residents have access to safe housing.

