



City of Moorhead 2010 Housing Report

This report reviews Moorhead's housing market for 2010 and compares progress to prior years' statistics. This 2010 Housing Report can be found at <http://www.cityofmoorhead.com/housing/index.asp>. Questions or requests for further information can be directed to Kristie Leshovsky, City Planner, 299-5332 or Kristie.Leshovsky@cityofmoorhead.com.

Executive Summary

Property values continue to hold steady in Moorhead. Mortgage foreclosures in Moorhead continue to be significantly below other areas of Minnesota and the nation, but are trending high for Moorhead. There were 45 home foreclosure sales in Moorhead in 2010.

Home sales are below 2009 levels throughout the FM Metro area. Median home sales prices for Moorhead, Fargo and West Fargo exceeded 2009 levels. Like many metro areas around the country, Moorhead saw a surge in new housing permits mid-decade. Housing permits – both single family and multi family – saw a decline in 2009 and 2010. No permits were issued for multi family housing units in Moorhead in 2010. Estimates for production of new housing priced at \$150,000 or less in the *Regional Workforce Housing Profile for the Fargo-Moorhead Metro Area* (Profile) for the period 2005 - 2010 have been met, according to estimates based on the reported building permit value.

The City of Moorhead purchased 49 properties in low-lying riverfront neighborhoods after the 2009 flood using \$9.3 million of combined federal, state and local funding for flood mitigation projects. The purchase of flood prone homes continued through a 2010 state appropriation, allowing for the acquisition of another 51 homes in 2010 and the first quarter of 2011. In total, 101 properties have been acquired (one property transferred from the State). These additional homes were acquired specifically for flood mitigation projects.

State-Funded Property Tax Abatement Program Extended Through 2011

The 2010 Minnesota Property Tax Bill extended a two-year, state-paid property tax abatement on newly constructed homes and apartments as follows:

- Single family homes: \$200,000 of building value (two-year value approximately \$5,200)
- Multi family apartments: \$20,000 value per unit (two-year value approximately \$600/unit)
- Citywide in Moorhead and Dilworth
- No income or first-time buyer restrictions

Housing Sales Market (New and Existing Homes)

Home sales are down throughout the FM Metro area, although median sales prices have increased from 2009.

Table 1 – FM Metro Closed Housing Sales

	Closed Sales 2006*	Median Sales Price 2006	Closed Sales 2007*	Median Sales Price 2007	Closed Sales 2008*	Median Sales Price 2008	Closed Sales 2009*	Median Sales Price 2009	Closed Sales 2010*	Median Sales Price 2010
Fargo	1,431	\$135,000	1,443	\$140,000	1,255	\$141,000	1,379	\$136,700	1,247	\$142,000
Moorhead	593	\$130,708	635	\$138,000	548	\$138,000	557	\$138,000	473	\$141,000
West Fargo	544	\$142,850	543	\$144,700	448	\$149,900	504	\$154,960	460	\$162,000
Dilworth	87	\$136,150	75	\$136,675	52	\$145,250	66	\$139,900	41	\$133,000
Total	2,655		2,696		2,303		2,506		2,221	

Source: FMAAR – Data gathered on January 12, 2011

Closed Sales Represents Single Family, Townhomes and Condos

*Full Year Data (January 1 – December 31)

Note: not all closed home sales may be represented as realtors may input sales data at a later date

Infrastructure Expansion and Residential Housing Development Activity

- Approximately 3,200 single family residential lots were platted in Moorhead between 2001 and 2010.
- For those lots, approximately 1,975 building permits have been issued.
- Of the remaining 1,225 platted lots with no building permit issued, approximately 625 represent fully-serviced buildable lots and are located in various subdivisions throughout Moorhead. The remaining 600 lots, although platted, have not been serviced with local streets and utilities.
- Three large subdivisions, Johnson Farms (platted in 2005), Stonemill Estates (platted in 2006), and Village Green 6th Addition (platted in 2006), represent approximately one-third of the new lots platted since 2001. Local streets and utilities to these three subdivisions are being completed in phases.

Table 2 – Partially Serviced Subdivisions

Subdivision	Total Lots	Serviced	Not serviced	Building Permits Issued
Johnson Farms	368	201	167	110
Stonemill Estates	194	77	117	16
Village Green 6 th	423	107	316	82
TOTAL LOTS	985	385	600	208

Status of Special Assessments for Johnson Farms, Stonemill Estates and Village Green 6th subdivisions:

- Johnson Farms: Some delinquency. Special Assessment bond payments are currently covered by a Letter of Credit.
- Stonemill Estates: Substantial delinquency. Special Assessment bond payments are being covered by an existing cash balance in a Special Assessment Fund. There is no Letter of Credit.
- Village Green 6th: No delinquency.

Lot Absorption Rates

The average number of single family attached and detached building permits issued from 2000 through 2010 was 210 permits.

Assuming the City's current inventory of approximately 625 fully-serviced single family attached and detached buildable lots:

- If 300 building permits are issued per year, it would take approximately 2 years to absorb existing lots.
- If 200 building permits are issued per year, it would take approximately 3 years to absorb existing lots.
- If 100 building permits are issued per year, it would take approximately 6 years to absorb existing lots.

New Housing Construction Activity

Permits for single family attached and detached homes are down compared to previous years and no permits for multifamily units were issued in 2010.

Table 3 - Building Permits Issued in Moorhead, MN (2000 –2010)						
YEAR	Single Family Detached Units	Single Family Attached Units	SF Attached & Detached Units	Two, Three & Four Units*	Five or More Units*	MOORHEAD TOTAL UNITS
2010	112	48	160	0	0	160
2009	143	32	175	0	124	299
2008	153	37	190	5	217	412
2007	161	64	225	38	68	331
2006	163	166	329	8	145	482
2005	190	130	320	62	132	514
2004	176	117	293	4	178	475
2003	113	82	195	4	160	359
2002	90	110	200	38	124	362
2001	74	32	106	6	36	148
2000	69	24	93	44	0	137

*Represents number of total units, not number of permits issued
 Source: City of Moorhead Building Codes Office (excludes permits issued in Oakport)

Chart 1 - Total Number of Residential Housing Units (Single Family and Multi Family) Constructed in Moorhead, MN (2000 – 2010)

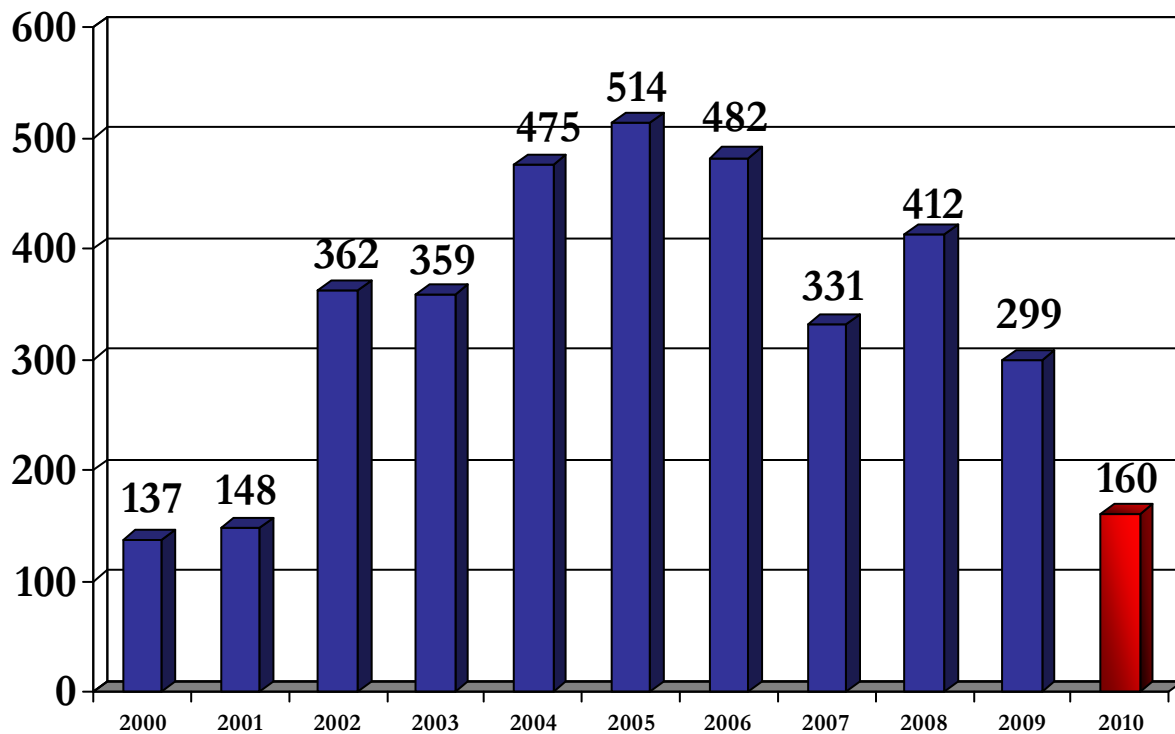


Chart 2 – Single Family Residential Permit Valuation in Moorhead, MN (2000 – 2010)

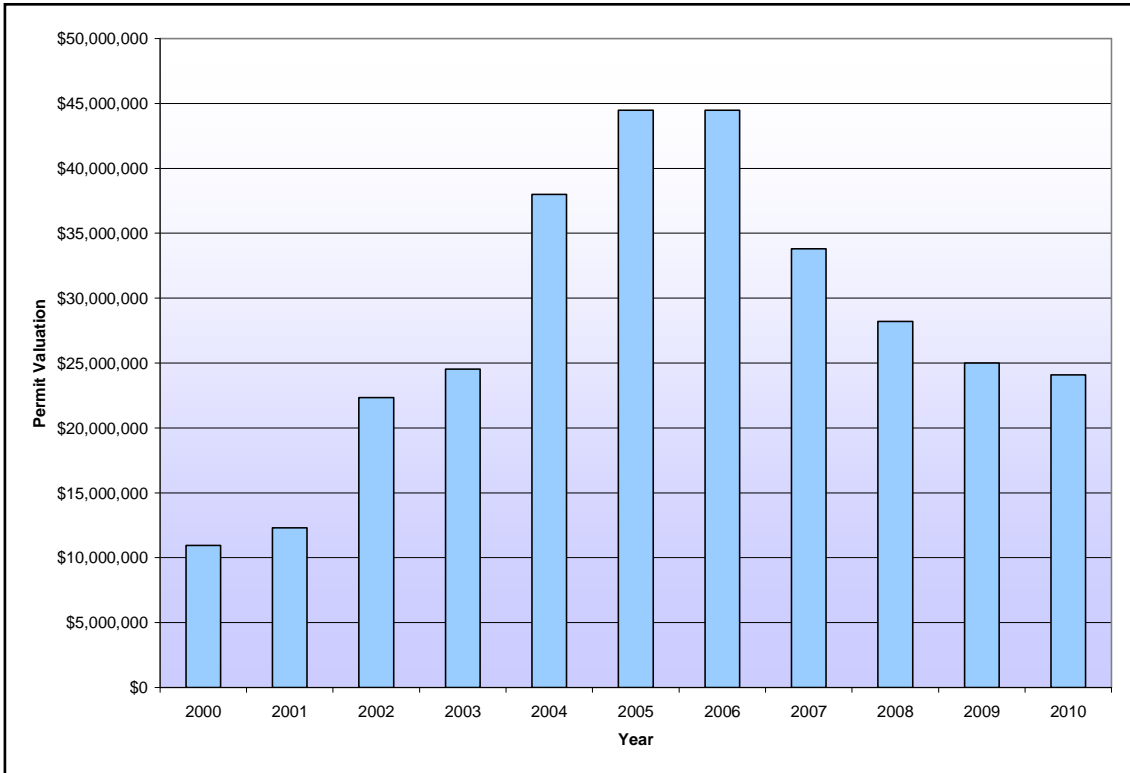
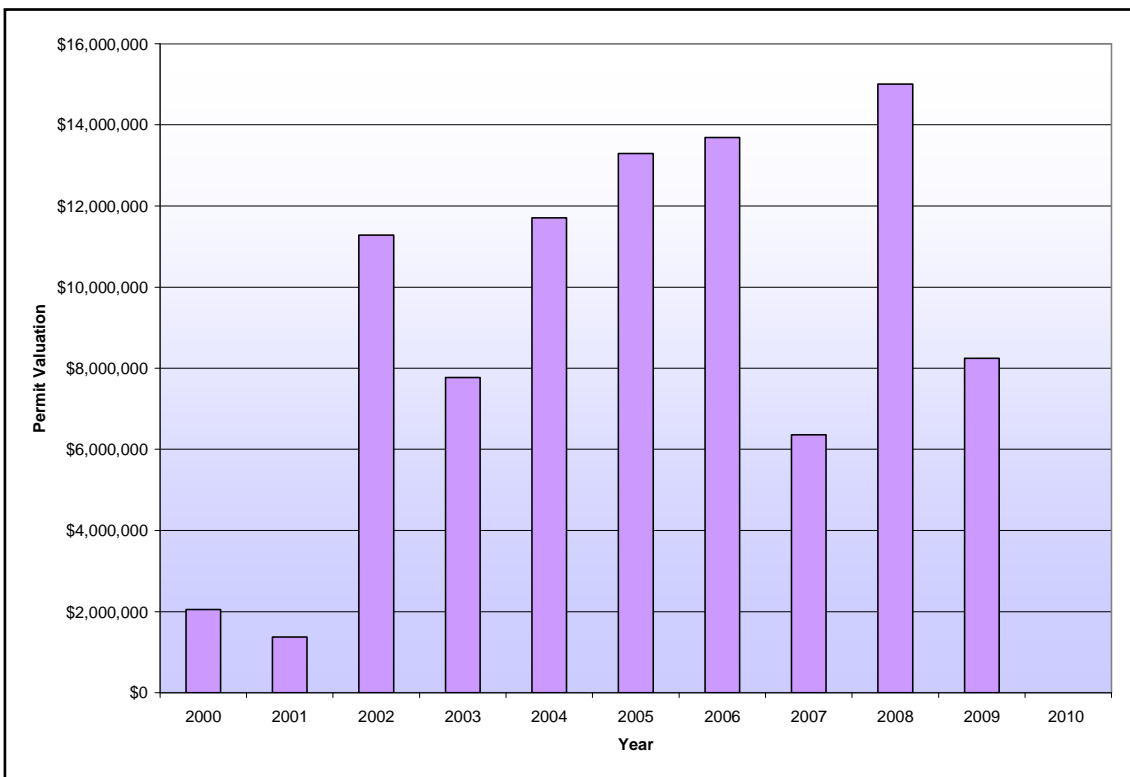


Chart 3 – Multifamily Residential Permit Valuation in Moorhead, MN (2000 – 2010)



Workforce Housing

→ The *Regional Workforce Housing Profile for the Fargo-Moorhead Metro Area* (Profile) estimated that, between 2005 and 2010, Moorhead could support a projected demand of an additional 1,050 newly constructed for-sale units within the following price range:

Below \$150,000.....	300 Units	29%
\$150,000-\$199,999	425 Units	40%
\$200,000-\$299,999	250 Units	24%
\$300,000 and higher	75 Units	7%

→ Moorhead issued 1,393 single family attached and detached building permits from 2005 through the 2010¹ and the permit data indicates that Moorhead is providing the number and type of housing units suggested in the Profile.

Table 4 Estimated Cost* of Attached and Detached Homes (2005 – 2010)						
	<\$110,000	\$110-149,999	\$150-199,999	\$200-299,999	>\$300,000	Totals
2010	22	43	49	28	13	155¹
2009	38	53	42	25	17	175
2008	32	45	71	29	13	190
2007	45	57	70	34	19	225
2006	125	58	74	55	16	328
2005	109	75	69	49	18	320
Totals	371	331	375	220	96	1,393

¹Permits issued for "Foundation Only" for house moving permits have been deleted, as they represent the estimated cost of the foundation only
 *Building Permit Value less than \$125,000: add 14% to account for lot price and special assessments
 *Building Permit Value between \$125,000 and \$175,000: add 17% to account for lot price and special assessments
 *Building Permit Value above \$175,000: add 20% to account for lot price and special assessments
 **These percentages are estimates and were based on average lot prices and special assessments for new homes constructed from 2005-2006

Foreclosure Sales In Moorhead (2005 to 2010)

Moorhead’s residential foreclosure rate is not at a significant level when compared with other urban areas in Minnesota and across the country. At the time this issue became problematic nationwide, foreclosures in Moorhead did increase but the overall number remains low and foreclosed properties have not been shown to have a measurable market impact.

Table 5 Foreclosures Sales 2005 - 2010	
2005	16
2006	20
2007	42
2008	37
2009	38
2010	45

Voluntary Flood Acquisitions

The City of Moorhead purchased 49 properties in low-lying riverfront neighborhoods after the 2009 flood using \$9.3 million of combined federal, state and local funding for flood mitigation projects. The city partnered with FEMA and Minnesota DNR to purchase homes that were catastrophically damaged during this one flood event or repeatedly damaged over several years.

The purchase of flood prone homes continued through a 2010 state appropriation, allowing for the acquisition of another 51 homes in 2010 and the first quarter of 2011. In total, 101 properties have been acquired (one property transferred from the State). These additional homes were acquired specifically for flood mitigation projects. The City’s objective has been to prioritize the buyouts based on each property’s critical elevation to the new 100-year flood elevation. All buyout participation has been voluntary and will continue to remain so. Once homes are purchased, they are moved or demolished to make way for flood mitigation projects.