

Mike Nowatzki, Published October 11 2011

Officials say permanent flood protection needed to remedy metro housing slump

FARGO – The Fargo-Moorhead area needs to finalize permanent flood protection plans to calm the fears of prospective homebuilders and help the local housing industry recover from its worst slump since 1997, housing officials said Tuesday.

Total housing starts through September were down more than 20 percent compared with the first three quarters of 2010, as permits issued dropped from 569 to 447, according to the F-M Home Builders Association.

That's the second-lowest housing production in the last 20 years, after the major flood year of 1997.

"While our preliminary report is not as dismal as many other places around the country, the flood fights year after year are taking their toll on growth and our housing," HBA president Tyrone Leslie said during a news conference. "We could be doing just so much better."

Concerns about flooding, pending changes to the flood insurance rate map, river setback regulations, increased development costs and the financial uncertainties of buying a home are just a few of the effects of repeated flood fights, said Leslie, co-owner of Heritage Homes.

"Jobs will be lost if permanent flood protection is not decided upon soon," he said. "The homebuilder industry and the numerous industries that benefit from it can't continue to go on this course for much longer."

To hammer home its point, the HBA hosted Elliot Eisenberg, senior economist for the National Association of Home Builders, to present a study on the economic benefits of homebuilding.

The study found that for every 100 new single-family homes built, a total of nearly \$40 million in local income and more than \$6.3 million in local taxes is generated in the first 10 years, along with 235 temporary jobs and 51 permanent jobs.

Residential construction last year accounted for 890 jobs in the metropolitan statistical area of Cass and Clay counties, making it the sixth-largest private employer in the metro area, Eisenberg said.

"It's a large player in the community, and we sometimes don't appreciate that," he said.

The national association has performed more than 650 economic impact analyses with the model used in the F-M study, Eisenberg said. The F-M area was last studied in 2005.

The HBA's third-quarter figures show Fargo's total housing starts down 26 percent and Moorhead's down 43 percent, while West Fargo and Dilworth saw slight increases of two and three housing starts, respectively.

However, Leslie said all four cities rely on and benefit from each other.

“Permanent flood protection, the diversion, needs support and a cohesive backing from every city,” he said.

Leslie said the F-M area has a perception problem in that it’s seen nationally as continuously fighting floods.

In his business, he said prospective customers frequently ask about the status of flood protection, whether they should wait to build a home and where they should build.

“Quite frankly, it is creating a lot of stress on them – not to mention the builders, of course, because we want to make sure the right decision’s made,” he said. “But when you’re dealing with all this uncertainty ... it’s creating a lot of frustration.”

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Housing starts through September

The statistics below for housing starts through the first three quarters of the year include single-family homes, twin homes, row houses, townhouses and duplex units.

2008 2009 2010 2011

Fargo 357 284 275 204

Moorhead 172 146 129 73

West Fargo 105 158 155 157

Dilworth 13 12 10 13

Source: Home Builders Association of Fargo-Moorhead