

Sixty-second
Legislative Assembly
of North Dakota

SENATE BILL NO. 2210

Introduced by

Senators Wardner, Lyson, Krebsbach

Representatives Hawken, Keiser, Winrich

A BILL for an Act to create and enact two new sections to chapter 54-17 ~~and~~, a new subdivision to subsection 2 of section 54-60.1-01, and a new subsection to section 57-35.3-05 of the North Dakota Century Code, relating to ~~an affordable~~ housing incentive fund and a financial institutions tax credit for investments in the fund; and to provide ~~an appropriation~~ a continuing appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 54-17 of the North Dakota Century Code is created and enacted as follows:

~~Affordable housing~~ Housing incentive fund - Appropriation Continuing appropriation.

1. The ~~affordable~~ housing incentive fund is created as a special revolving fund in the state treasury at the Bank of North Dakota. Loans may be made from the fund as directed by the housing finance agency and a continuing appropriation from the fund is provided for that purpose. Loans from the fund may be made in accordance with this section but a loan may not exceed two hundred thousand dollars for a qualifying housing project in this state. Loans may not bear interest, but the Bank of North Dakota may retain an administrative fee not exceeding one-half of one percent.
2. After a public hearing the housing finance agency shall create an annual allocation plan for the distribution of the fund. At least ~~seventy-five~~ twenty-five percent of the fund must be used to ~~benefit households with an annual income at not more than one-~~ hundred percent of the area median income assist developing communities with a population of not more than ten thousand individuals to address an unmet housing need or alleviate a housing shortage. At least fifty percent of the fund must be used to benefit households with incomes at not more than fifty percent of the area median income. The annual allocation plan must give priority to projects that benefit

~~households at not more than thirty percent of the area median income and to~~

~~households with special needs.~~ The agency may collect a reasonable administrative fee from the fund.

~~2.3.~~ The agency shall adopt ~~rules~~ guidelines for the fund so as to address the unmet ~~affordable housing needs through loans, forgivable loans, grants, subsidies, guarantees, and credit enhancements.~~ These forms of assistance may be used solely for:

a. New construction, rehabilitation, or acquisition of ~~an affordable~~ a multifamily ~~or a single-family residence~~ housing project;

b. Gap assistance, matching funds, and accessibility improvements; and

c. ~~Single-family downpayment or gap~~ Gap financing assistance that does not exceed the amount necessary to qualify for a loan using underwriting standards acceptable for secondary market financing. ~~If there is a profit from a sale, either a proportion or the entire amount of single-family downpayment or gap assistance is subject to recapture based on the level of assistance and household income;~~ and

~~d. Rental assistance, emergency assistance, or targeted supportive services designated to prevent homelessness.~~

~~3.4.~~ Eligible recipients include units of local, state, and tribal government; local and tribal housing authorities; community action agencies; regional planning councils; and nonprofit organizations and for-profit developers of ~~affordable~~ multifamily housing. Individuals may not receive direct assistance from the fund.

~~4.5.~~ Any assistance that is repaid or returned ~~within the biennium the assistance was paid~~ must be deposited in the fund and is appropriated ~~for the biennium in which it was repaid or returned and any assistance repaid or returned in a biennium other than that in which the assistance was paid must be deposited with the Bank of North Dakota as~~ earnings on a continuing basis for the purposes of this section.

SECTION 2. A new section to chapter 54-17 of the North Dakota Century Code is created and enacted as follows:

1 **Report.**

2 ~~The~~Upon request, the state housing finance agency shall report to the industrial
3 commission on the activities of the housing incentive fund.

4 **SECTION 3.** A new subdivision to subsection 2 of section 54-60.1-01 of the North Dakota
5 Century Code is created and enacted as follows:

6 Assistance from the state housing finance agency through ~~affordable~~ housing
7 incentive funds.

8 ~~—**SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general-~~
9 ~~fund in the state treasury, not otherwise appropriated, the sum of \$4,000,000, or so much of the~~
10 ~~sum as may be necessary, to the affordable housing fund for the purpose of funding housing-~~
11 ~~needs as provided in section 1 of this Act, for the biennium beginning July 1, 2011, and ending~~
12 ~~June 30, 2013.~~

13 **SECTION 4.** A new subsection to section 57-35.3-05 of the North Dakota Century Code is
14 created and enacted as follows:

15 There is allowed a credit against the tax imposed by sections 57-35.3-01 through
16 57-35.3-12 in an amount equal to fifty percent of the aggregate amount of investments
17 made by the taxpayer during the taxable year in the housing incentive fund. Any
18 unused credit may be carried forward for up to five taxable years. The total amount of
19 credits allowable under this subsection is four million dollars.