

**FIRST ENGROSSMENT  
with House Amendments  
ENGROSSED SENATE BILL NO. 2271**

Introduced by

Senators Kreun, Osland, Vedaa

Representatives Blum, Mock, Vetter

1 A BILL for an Act to amend and reenact section 54-17-40 of the North Dakota Century Code,  
2 relating to the housing incentive fund; to provide a transfer; and to provide an appropriation.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **54-17-40. Housing incentive fund - Continuing appropriation - Report to budget**  
7 **section.**

- 8 1. The housing incentive fund is created as a special revolving fund at the Bank of North  
9 Dakota. The housing finance agency may direct disbursements from the fund and a  
10 continuing appropriation from the fund is provided for that purpose.
- 11 2. a. After a public hearing, the housing finance agency shall create an annual  
12 allocation plan for the distribution of the fund. At least ~~twenty-five~~fifteen percent of  
13 the fund must be used to assist developing communities to address an unmet  
14 housing need or alleviate a housing shortage.
- 15 b. The annual allocation plan must give first priority through its scoring and ranking  
16 process to housing for essential service workers. For purposes of this subsection,  
17 "essential service workers" means individuals employed by a city, county, school  
18 district, medical or long-term care facility, the state of North Dakota, or others as  
19 determined by the housing finance agency who fulfill an essential public service.
- 20 c. The second priority in the annual allocation plan must be to provide housing for  
21 individuals and families of low or moderate income. For purposes of this ~~second-~~  
22 priority, eligible income limits are determined as a percentage of median family  
23 income as published in the most recent federal register notice. Under this ~~second-~~  
24 priority, the annual allocation plan must give preference to projects that benefit

households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

3. The housing finance agency shall adopt guidelines for the fund so as to address unmet housing needs in this state. Assistance from the fund may be used solely for:
  - a. New construction, rehabilitation, or acquisition of a multifamily housing project;
  - b. Gap assistance, matching funds, and accessibility improvements;
  - c. Assistance that does not exceed the amount necessary to qualify for a loan using underwriting standards acceptable for secondary market financing or to make the project feasible; and
  - d. Rental assistance, emergency assistance, or targeted supportive services designated to prevent homelessness.
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 multifamily housing. Individuals may not receive direct assistance from the fund.
5. Except for subdivision d of subsection 3, assistance is subject to repayment or recapture under the guidelines adopted by the housing finance agency. Any assistance that is repaid or recaptured must be deposited in the fund and is appropriated on a continuing basis for the purposes of this section.
6. The agency may collect a reasonable administrative fee from the fund, project developers, applicants, or grant recipients. The origination fee assessed to grant recipients may not exceed five percent of the project award.
7. The housing finance agency shall maintain a register reflecting the number of housing units owned or master leased by cities, counties, school districts, or other employers of essential service workers. This register must also reflect those entities that are providing rent subsidies for their essential workers.
8. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.

- 1           9.   At least once per biennium, the housing finance agency shall provide a report to the  
2               budget section of the legislative management regarding the activities of the housing  
3               incentive fund. The report must include the following:
- 4               a.   The overall number of units owned, master leased, or subsidized by political  
5                    subdivisions or other employers of essential service workers; and
- 6               b.   A listing of projects approved and the number of units within those projects that  
7                    provide housing for essential service workers.

8           **SECTION 2. APPROPRIATION - TRANSFER - GENERAL FUND TO HOUSING**

9   **INCENTIVE FUND.** There is appropriated out of any moneys in the general fund in the state  
10 treasury, not otherwise appropriated, the sum of \$40,000,000, or so much of the sum as may be  
11 necessary, which the office of management and budget shall transfer to the housing incentive  
12 fund, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funding provided  
13 in this section is considered a one-time funding item.