

2025 Legislature

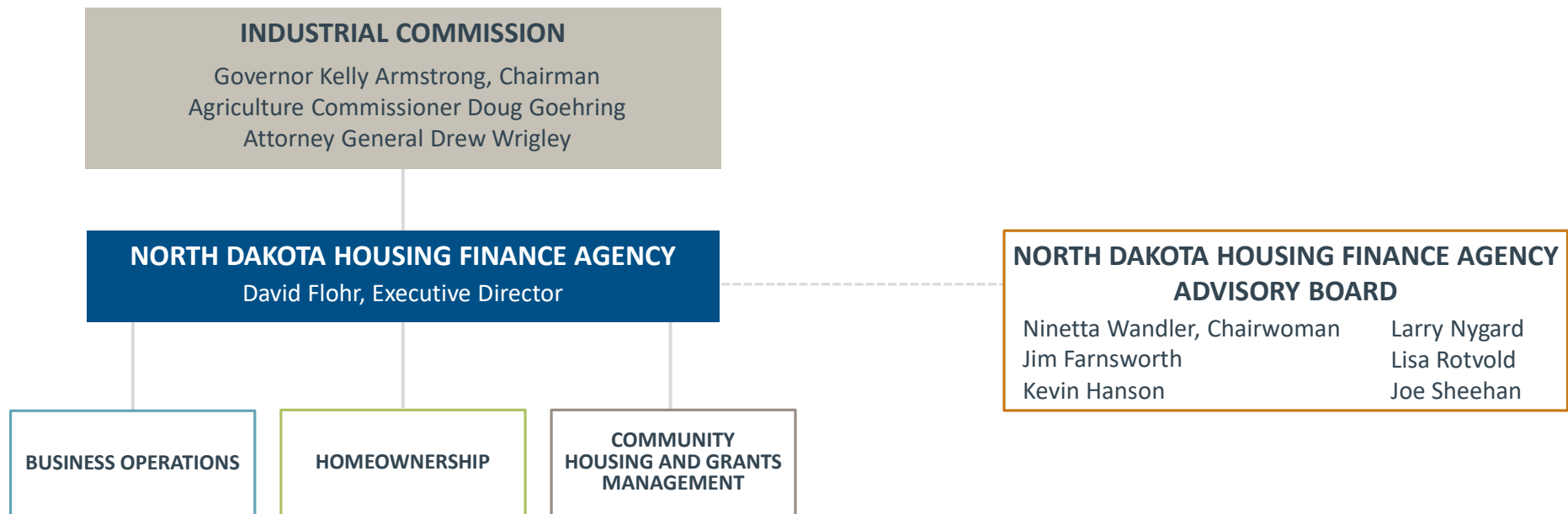
HOUSE APPROPRIATIONS – SB 2014

GOVERNMENT OPERATIONS DIVISION

Dave Flohr
Executive Director
701.328.8060
dflohr@nd.gov
www.ndhfa.org



NORTH DAKOTA HOUSING FINANCE AGENCY – FTE COUNT 54





NDHFA Core Operations

Homeownership

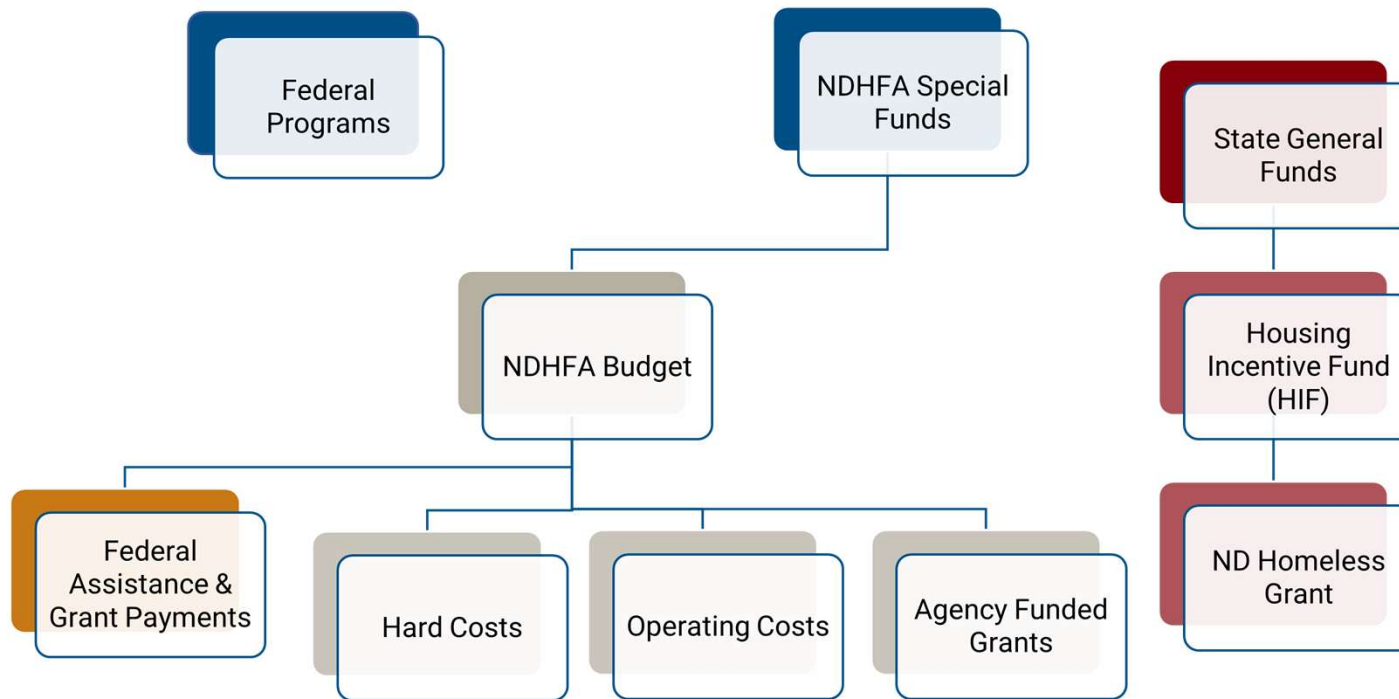
- Acquisition and Loan Servicing

Federal Programs and Grants Management

- Administration and Compliance Monitoring

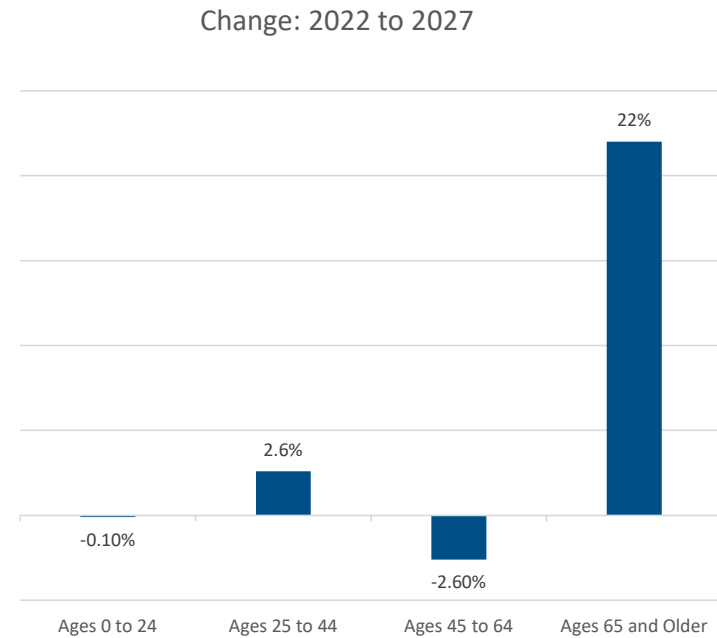
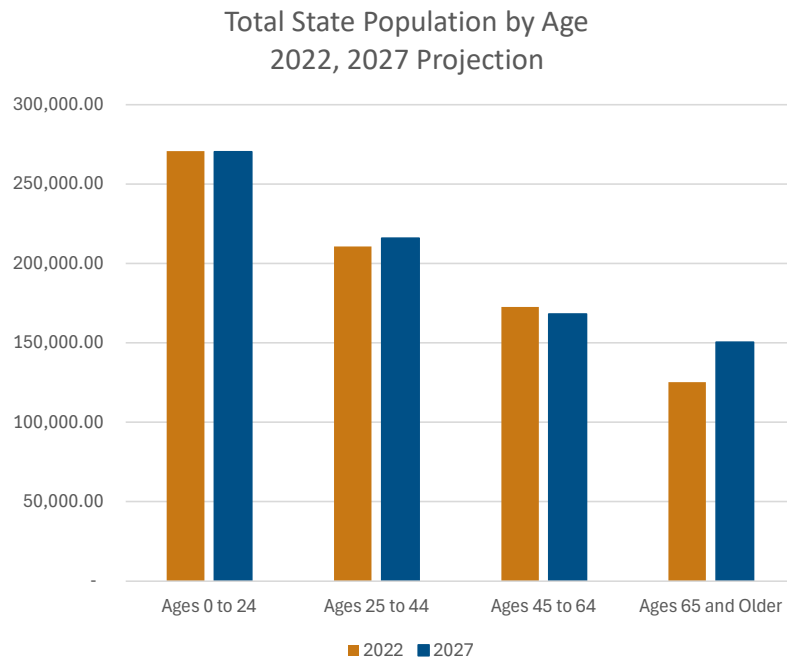
Business Operations

- Support Staff



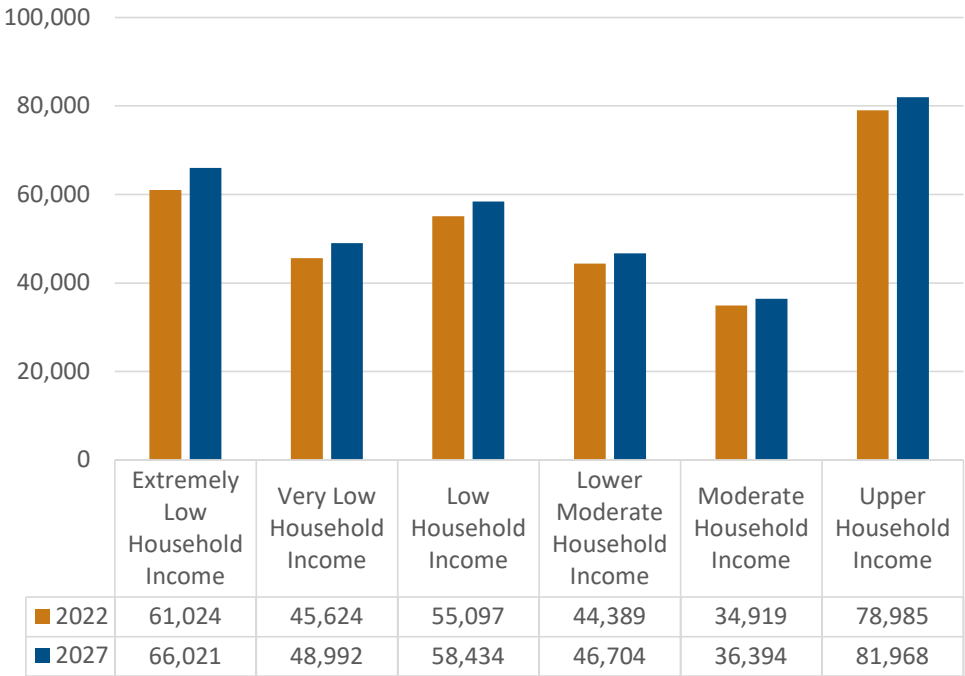
Total state population by age

2022, 2027 projection – and Percent Change from 2022-2027

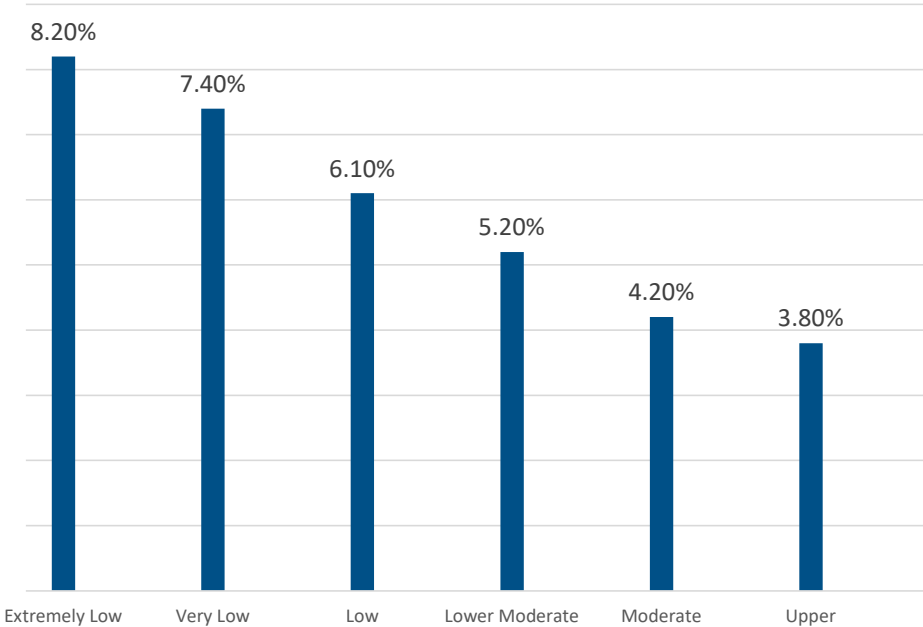


Household income levels in ND

2022 and 2027 Projections



Household Income % Change 2022-2027



Source: U.S. Census Bureau (2023a) and the NDSU Center for Social Research (2024)

Housing Needs Assessment

Housing priorities may need to focus on lower income households.

Large population of households entering homebuying age.

Projections suggest up to 20,000 housing units (single-and multifamily needed by 2027)

Homeownership Process



Mortgage Revenue Bonds

- A type of municipal bond issued by state or local governments to finance affordable housing initiatives
- Funding vehicle for homeownership programs
- Adds additional IRS regulations
 - Income Limits – 100% to 115% of median income (\$103,900-\$128,110)
 - Dependent of family size and County
- Tax exemption allows for lower interest rates

Payment Savings



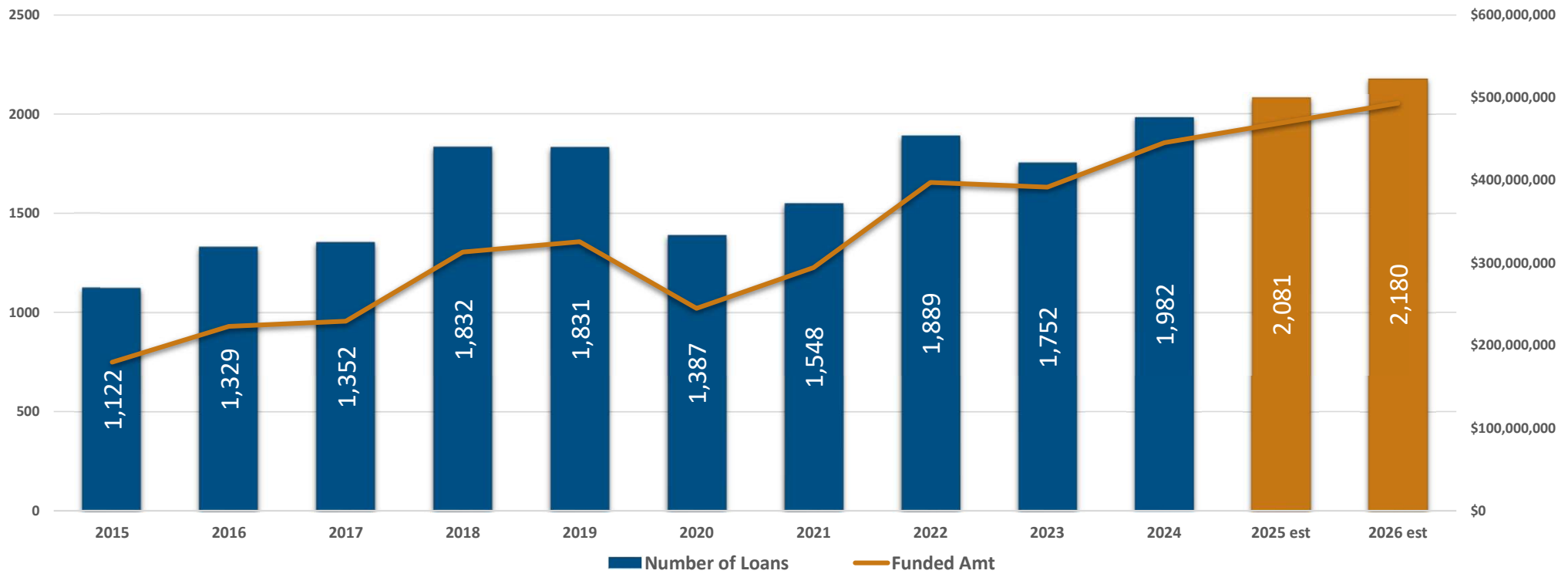
Our average mortgage rate in 2024 averaged 1.25% below market.

- Saves borrowers \$180.00/month or \$2,160 a year.

Loan Acquisition

- Work with network of Participating Lenders
- Provide loan underwriting services
- Compliance and eligibility monitoring

Loan Production




Loan Acquisition Challenges

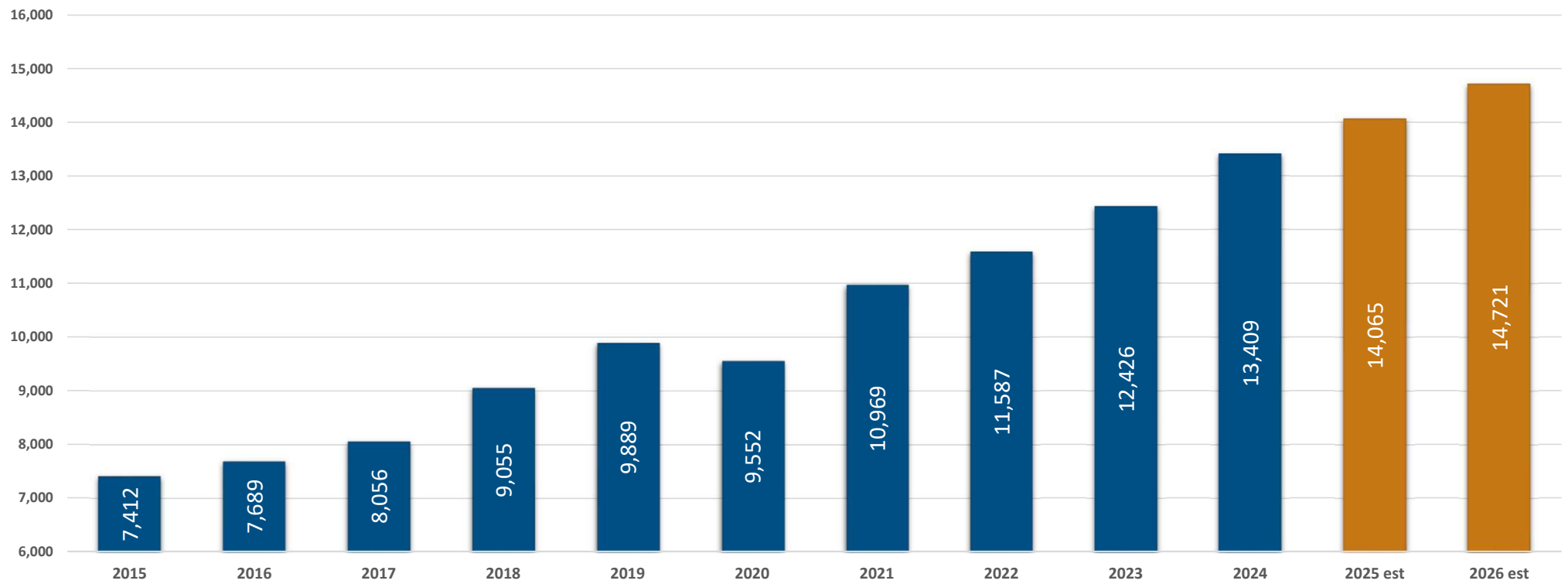
- Compliance reviews prior to loan funding
 - Adequate team members to review files in timely manner
- Underwriting services have increased
 - 32% since 2021
 - 58% since 2023
- Slower loan funding time
 - Issue for borrowers and lenders

Loan Servicing

Key Responsibilities

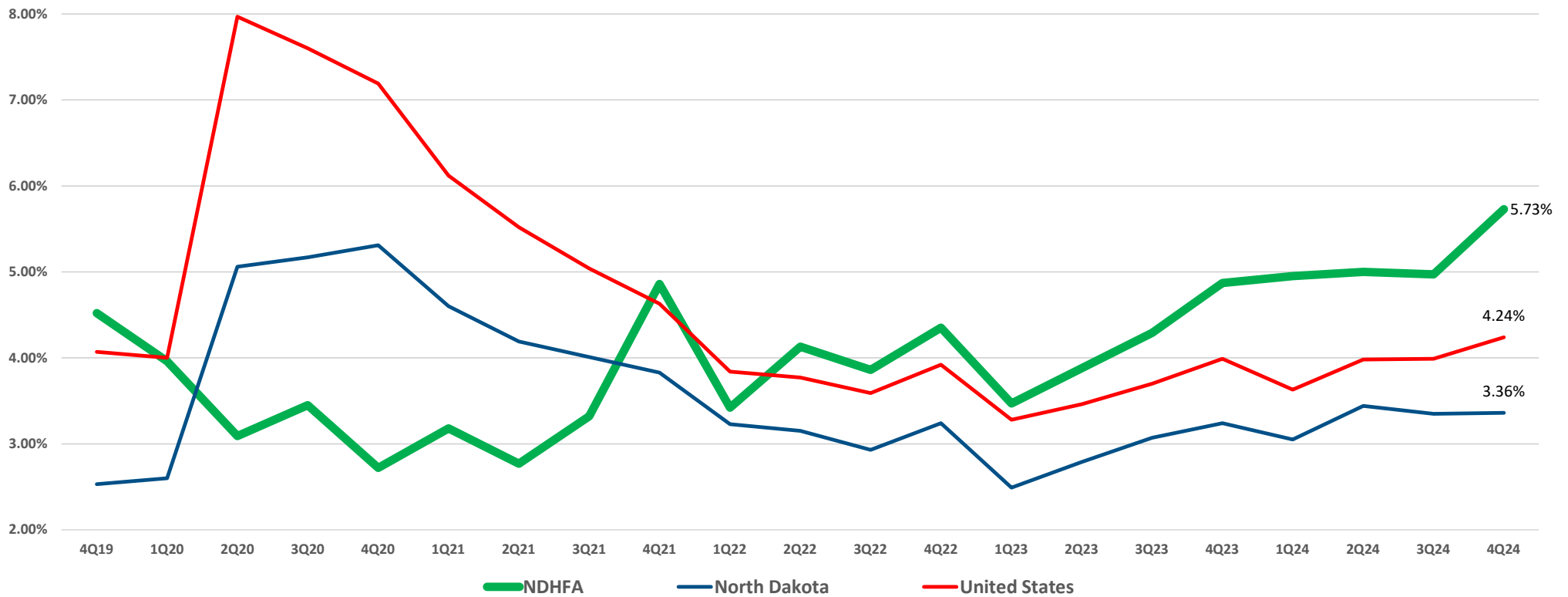
- Payment processing
 - Escrow management
 - Delinquency management
 - Loan record maintenance
 - Customer service
- 

Serviced Loans



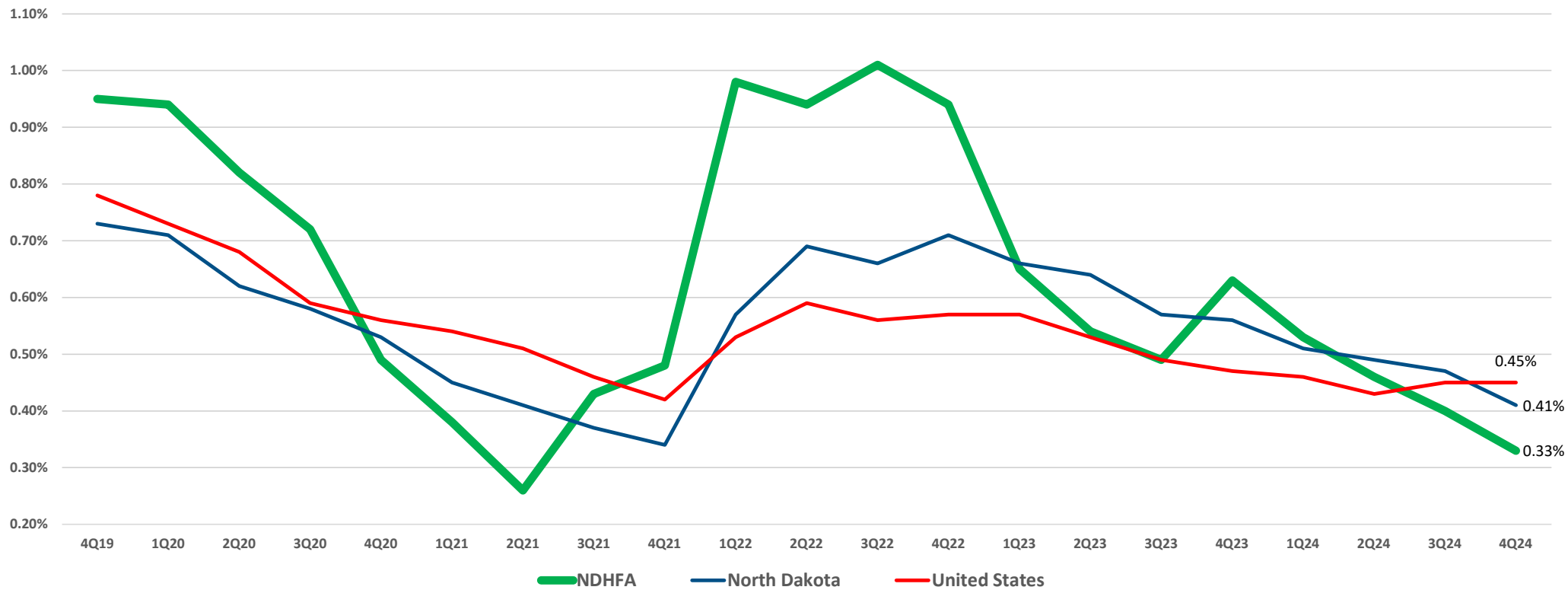
Mortgage Delinquency Rates

Payments 30-90 days late



Mortgage Foreclosure Rates

Payments 120 days or more delinquent



Loan Servicing Challenges

- Continued portfolio growth
- FTE's to effectively manage portfolio
- Bond regulations
- Federal regulations

Loan Servicing FTEs

Mortgage Bankers Association report

- 835 loans per FTE

NDHFA – 1,054/FTE

- Currently short 3 FTEs
- End of the 2027 biennium short 5 FTEs
- Only asking for 2

Both positions funded exclusively with agency earnings, no general fund dollars.



Homeownership FTE Need

Governor's budget listed 2 FTEs

SB2014 approved 2 FTEs

What we need:

- 2 Loan Servicing Specialists
- 1 Senior Bond Accountant
- 1 Business Analyst

All 4 FTEs will be paid exclusively from agency earnings, no general fund dollars.

Effects of no new FTE's

- Reduced access to affordable financing
 - Due to reduction our program availability
- Higher barriers to entry for first-time homebuyers
 - Higher interest rates
 - Lack of down payment assistance
- Reduced economic growth

Economic Impact of Lower Interest Rates

Lower rate in 2024
(1.25% below market)
= \$4.3M

Lower rate since 2020
(1% below market)
= \$14.6M

Economic Impact of Buying a Home in 2024

HOME PURCHASE RELATED =
\$5,460.00/HOME



MULTIPLIER EFFECT =
\$92,300.00/HOME



In 2024, NDHFA's homeownership programs generated a \$183M economic impact for the state of North Dakota.

Community Housing and Grants Management

Multifamily
Development and
Rehabilitation

Multifamily
Compliance

HUD Project Based
Rental Assistance
Contracts

Single-Family
Development

Homeowner
Rehabilitation and
Accessibility

Homeless
Response

Community Housing and Grants Management Process



Develop allocation plans that address the state's housing priorities.

Execute award contracts with top scoring applications.

Reimburse contracts for eligible expenses, construction monitoring and project completion.

Ongoing monitoring for program compliance.

Multifamily Development and Rehabilitation Programs

Low Income Housing Tax Credit

- Federal
- \$3 million

HOME

- Federal
- \$3 million

Housing Trust Fund

- Federal
- \$3 million

Housing Incentive Fund

- State
- Varies



Annually receive 8-20 applications representing (500-1000 units)



Projects are selected competitively based on ability to best address housing priorities and financial feasibility.



Annually 4-6 projects are selected for approval. (250-500 units)



23 projects under various phases of construction (1046 units)

Multifamily Pipeline Demand

Program	# of apps	Request	Available	Unfunded
Low Income Housing Tax Credit (federal)	22	\$20,727,710	\$7,358,172	\$13,369,538
HOME (federal)	17	\$17,027,069	\$4,690,866	\$12,336,203
National Housing Trust Fund (federal)	12	\$18,432,666	\$5,925,166	\$12,507,488
Housing Incentive Fund (state funded)	18	\$20,567,605	\$12,097,994	\$8,469,611

2023-2025 Unfunded Applications =14 Projects/ 522 Units
\$46,682,840

Multifamily Compliance

11,000 Affordable Housing Units

- 1,044 Projects (9,500 Units) Multifamily Development Programs
- 83 Projects (2,400 Units) Project-Based Rental Assistance Contracts

Conduct Onsite Physical Inspections

Review Tenant Eligibility

Ensure Owners/Managers are meeting program obligations and commitments made.

Tenant/Landlord Rights

Homeowner Rehabilitation/Accessibility

Homeowner Rehabilitation Programs

- Funding to support Community Action Agency programs.
- Provide assistance to low-income homeowners.
- Roof replacement, building system replacement.
- Assist on average 100 households per year.

Rehab Accessibility Program

- Provides grant assistance to homeowners or renters for accessibility upgrades to home.
- 50% of funding goes towards bathroom accessibility.
- Average 25 households served per year.
- FY 2025 increased funding level to serve more households.

ND Continuum of Care (ND CoC)

ND CoC public/private organizations that plan and provide a homeless response system dedicated to preventing and ending homelessness in ND.

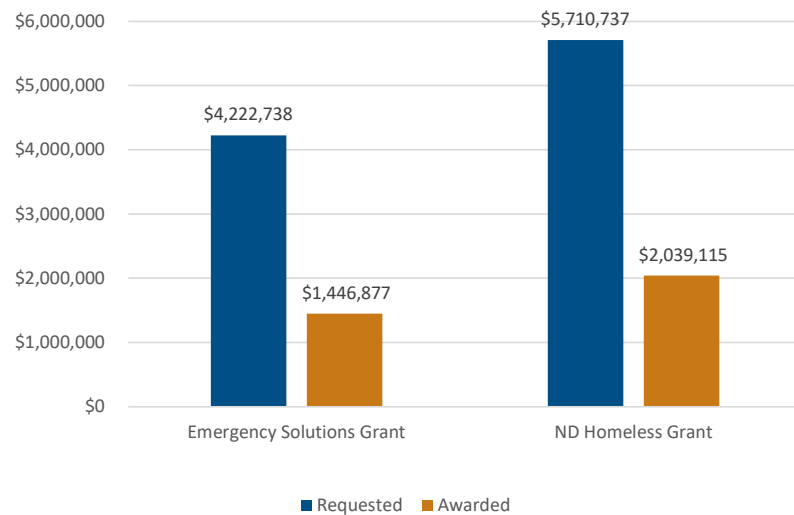


CoC organizations utilize state, federal, local and charitable funds to support operations including, emergency shelter, street outreach, transitional housing, supportive housing, short term rental assistance, housing supports and case management services.

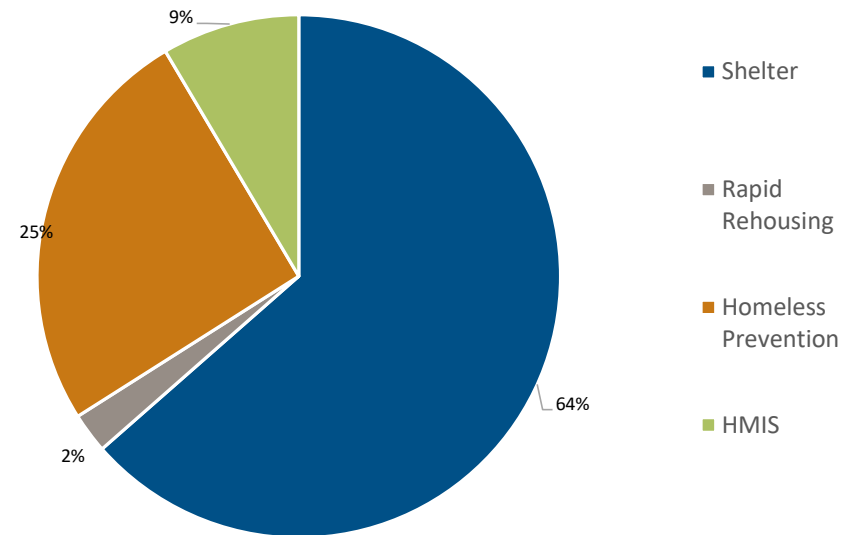
ESG/NDHG Funding

Emergency Solutions Grant (ESG) and North Dakota Homeless Grant (NDHG) provide funding to local non-profit organizations to support individuals and families experiencing homelessness and those who are at-risk of homelessness by funding emergency shelter operations, housing stabilization and case management services, including short term rental assistance.

ND Homeless Grant/ESG Demand 2023-2025
Biennium



Activities Funded 2023-2025 Biennium



Community Housing and Grants Management Division Requests

HIF appropriation \$40 million

North Dakota Homeless Grant \$10 million

Transfer of Homeless Grant to HIF

1 FTE- Homeless Programs

Agency Budget Request

	23-25 Base Budget	Governor Armstrong	Senate Version	Agency Request
Salaries & Wages	11,413,354	14,131,527	14,093,671	14,535,873
Operating	10,903,883	9,470,176	9,470,176	9,470,176
Capital Assets	20,000	20,000	20,000	20,000
Grants	48,805,110	46,105,110	46,105,110	46,105,110
HFA Contingency	100,000	100,000	100,000	100,000
Total Appropriation	71,242,347	69,826,813	69,788,957	70,231,159
Federal	48,076,176	47,333,539	47,333,543	47,333,539
Special	20,666,171	22,493,274	22,455,414	22,897,620
General	2,500,000	-	-	-
Total Funding Sources	71,242,347	69,826,813	69,788,957	70,231,159
FTE	54	56	57	59

Housing Incentive Fund Transfer Request

Housing Incentive Fund	23-25 HIF Transfer	Governor Armstrong	Senate Version	Agency Request
Housing Development	13,750,000	25,000,000	25,000,000	40,000,000
Homeless	-	10,000,000	10,000,000	10,000,000
Total Appropriation	13,750,000	35,000,000	35,000,000	50,000,000

FTE Request

Position	FTE	Senate Version	FTE	Additional Agency Request	Total Special Funds
Homeownership Specialist	1	184,796			184,796
Accountant	1	257,410			257,410
Program Manager - Homeless	1	213,880			213,880
Business Analyst			1	257,408	257,408
Homeownership Specialist			1	184,794	184,794
Additional Agency Request	3	656,086	2	442,202	1,098,288

Salary and Wages Line

	FTE	Governor Armstrong	Senate Version	Agency Request
23-25 Salary and Benefits Base	54	11,413,354	11,413,354	11,413,354
Restore Vacant FTE Pool		465,165	465,165	465,165
Restore New FTE Pool		986,476	986,476	986,476
Health Insurance Increase		336,296	336,296	336,296
Gov Recommended salary adjustments		488,030	488,030	488,030
FTE - Homeownership Specialist	1	184,796	184,796	184,796
FTE - Accountant	1	257,410	257,410	257,410
FTE - Program Manager - Homeless	1		213,880	213,880
FTE - Homeownership Specialists	1			184,794
FTE - Business Analyst	1			257,408
2025-27 new and vacant FTE Pool Vacant			(186,127)	(186,127)
2025-27 new and vacant FTE Pool New			(65,609)	(65,609)
Total Salary and Benefits Line	59	14,131,527	14,093,671	14,535,873
Federal		2,217,048	2,217,052	2,217,048
Special *		11,914,479	11,876,619	12,318,825
General		-	-	-
Total Funding Sources	-	14,131,527	14,093,671	14,535,873

* Agency Revenues

FTE Pool

Combined New FTE / Vacant FTE pool			
	New FTE	Vacant FTE	Total
Appropriation Reduction	986,476	465,165	1,451,641
Pool Reduction	(161,864)	(76,334)	(238,198)
FTE Pool Available	824,612	388,831	1,213,443
Requests:			
July 1, 2023 Vacant		465,165	465,165
New FTE			
Compliance Specialist	203,797		203,797
Business Analyst	228,980		228,980
Business Analyst	180,141		180,141
Budget: Compliance Specialist			
Hire: Homeownership Specialist	106,356		106,356
Budget: Homeownership Specialist			
Hire: Compliance Specialist	29,004		29,004
			-
Total Pool Requests	748,278	465,165	1,213,443
Balance Remaining	76,334	(76,334)	-
Total Pool Requests	748,278	465,165	1,213,443
Balance Remaining	76,334	(76,334)	-

Turnover	
Retirements	7.41%
Voluntary	11.11%
Other	3.70%
Total Turnover	22.22%
Vacancy Rate	1.85%
Average Days Vacant	45
Average Monthly Vacancies	1
Onboarding	
New FTE	5
Vacant FTE	14
Total Onboarded	19

Operating Line

	Governor Armstrong	Senate Version	Agency Request
23-25 Operating Base	10,903,883	10,903,883	10,903,883
IT Rate Adjustment	44,453	44,453	44,453
Required reduction (3% special fund) Operating Line	(460,647)	(460,647)	(460,647)
Base Reallocation (federal to special) Operating Line	(1,017,513)	(1,017,513)	(1,017,513)
Total Operating Line	9,470,176	9,470,176	9,470,176
Federal	461,381	461,381	461,381
Special *	9,008,795	9,008,795	9,008,795
General			
Total Funding Sources	9,470,176	9,470,176	9,470,176

* Agency Revenues

Grants Line

	Governor Armstrong	Senate Version	Agency Request
23-25 Grants Base	48,805,110	48,805,110	48,805,110
Required reduction (3% special fund) Agency Grants	(200,000)	(200,000)	(200,000)
ND Homeless Grant increase	7,500,000	7,500,000	7,500,000
Move ND Homeless Grant to HIF	(10,000,000)	(10,000,000)	(10,000,000)
Total Grants Line	46,105,110	46,105,110	46,105,110
Federal	44,655,110	44,655,110	44,655,110
Special *	1,450,000	1,450,000	1,450,000
SIIF	-	-	-
Total Funding Sources	46,105,110	46,105,110	46,105,110

* Agency Revenues

Housing Incentive Fund

	Governor Armstrong	Senate Version	Agency Request
Housing Incentive Fund			
Transfer to HIF - Multi and Single Family Development	25,000,000	25,000,000	40,000,000
Transfer to HIF - Homeless Programs	10,000,000	10,000,000	10,000,000
Total Housing Incentive Fund Transfer	35,000,000	35,000,000	50,000,000
General	35,000,000	10,000,000	50,000,000
SIFF	-	25,000,000	-
Total Funding Sources	35,000,000	35,000,000	50,000,000

Summary of Agency Requests

- 5 FTEs
- Continuing appropriation language
- HIF appropriation - \$40 million
- ND Homeless Grant - \$10 million
- Transfer of ND Homeless Grant to HIF

Contact Information

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Executive Director

701.328.8060

dflohr@nd.gov

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