

Senate Bill 2014

North Dakota Housing Finance Agency  
Division of the State Industrial Commission

March 18, 2021

North Dakota Housing Finance Agency (NDHFA) is a self-supporting and mission driven state agency, dedicated to providing affordable housing opportunities for North Dakotans. The agency provides home financing to low- to moderate-income individuals and families and helps to ensure the continued availability of suitable rental housing for households of modest means, while focusing on the overall changing housing needs of communities.

NDHFA does not receive any general fund dollars and is self-funded through revenue generation and sound financial investments in addition to administration of federal housing programs. I ask that all of the components outlined in the engrossed Senate Bill 2014 pertaining to the NDHFA's budget receive a DO PASS.

**Section 1. Appropriation. Subdivision 3. Housing Finance Agency Budget.**

**SUPPORT:** All Senate Adjustments or Enhancements to the Base Level

- Salaries and wages
  - Increase in 5 FTEs (see below) and reclassification of one FTE
- Operating expenses
  - Program transfers from Dept. of Commerce and BND
  - Statewide Housing Needs Assessment
- Capital assets
  - Software purchase and maintenance for multifamily division
- Grants
  - \$7.7 million HOME Program transfer from Dept. of Commerce
  - \$1.8 million federal increase for Contract Admin Rent Supplements
- HFA contingencies – Standard request each biennium
- FTE – 5 total
  - 2 FTEs transferred from Dept. of Commerce for the federal HOME Program administration
  - 2 FTEs additional to manage the increased workload from BND's transfer of loan servicing
  - 1 FTE additional to meet the demand from BND's exit from the residential mortgage purchase market

#### **Section 4. Appropriation – Additional Income**

**SUPPORT:** Provides NDHFA with a continuing appropriation to be able to accept additional income or unanticipated income from federal or other funds.

- Standard operating procedure.

#### **Section 5. Appropriation-General Fund-Transfer to Housing Incentive Fund**

**SUPPORT:** \$15 million appropriation for the July 1, 2021 and ending June 30, 2023

- Department of Justice Settlement Agreement —HIF is a long-term, cost-effective solution to address the need for accessible, safe, and affordable housing for individuals transitioning out of nursing facilities.
- Very low-income, the elderly, and low-wage earners cannot afford market rate rents. Approximately 84,000 households earn less than \$35,000 and many of them are housing cost-burdened, which impacts their housing stability and ability to afford other basic needs.
- HIF is the only flexible, gap financing options communities have to address affordable housing needs. Accessing federal tax credits is challenging for small projects in rural communities.
- HIF is a solution to preserve older, affordable multifamily properties by financing rehabilitation and ensuring affordable rents for an additional 15 years. NDHFA, housing partners and communities have identified a project pipeline across the state.
  - 43 percent of counties, for a total of 23 counties, have identified either a need for rehabilitation of 1,314 affordable multifamily housing units or are at risk of losing 1,317 units due to expiring affordability requirements.

#### **Section 25. Subsections 7 and 8 of section 54-17-07.3 of the North Dakota Century Code are created and enacted as follows**

**SUPPORT:** NDHFA will be able to administer residential mortgage program; and may purchase, service and sell residential real estate loans. NDHFA will fill a void from BND exiting the residential mortgage purchase market and loan servicing.

- NDHFA is currently in the process of assuming these responsibilities from BND.
- 3 additional FTEs are needed to manage the workload and to meet the demands of the private housing market.

#### **Section 26. Amendment 54-17-40. Housing incentive fund - Continuing appropriation - Report to budget section**

**SUPPORT:** Modifications to the Housing Incentive Fund regulations pertaining to developing communities, homelessness prevention and housing barrier mitigation.

- Modifications will provide more flexibility to house the state's most vulnerable populations.