

Written Testimony pursuant to House Bill 1380
House Appropriations
House Standing Committee
Chairman: Jeff Delzer
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As you are aware, there are multiple bills being presented to fund the Housing Incentive Program (HIF) under section 54-17-40. This should be an indication of the continued need for the program. I am not here to tell you how to fund the program but to express the continued need for it and let you know the good job that North Dakota Housing Finance Agency has done in the past in putting the dollars that have been available to good use. The portion of HB 1380 that responds to HIF is Section 5, m. page 5 which suggests funding this program at 3% of this appropriation.

Over the time that the HIF program has been funded, it has become gap financing for other Federal programs such as Low-Income Housing Tax Credits, Housing Trust Fund, Neighborhood Stabilization Program, HOME and Community Development Block Grant (CDBG). In the projects that have used HIF dollars, most or all these funding sources have been needed to develop affordable housing. Affordable housing means the tenant does not pay more than 30% of their income for rent. With the rent requirements on these programs to keep them affordable, there is not sufficient cash flow to support debt service.

Burleigh County Housing Authority has been fortunate enough to have received HIF funds on a couple projects. The first being a 4-plex in North Bismarck that houses special needs tenants. The tenants have services available to them 24/7 that are provided by HIT, inc., Pride, Inc., Enable and Support Systems.

Also, BCHA has partnered with Beyond Shelter, Inc. in Fargo to develop a permanent supporting housing project for the homeless in Bismarck called Edwinton Place. It is located at 1121 S. 11th Street, Bismarck just south of Cash Wise on Expressway. This project has 40 – one bedroom apartment. Eight of the units are handicap assessable and was developed using the Federal Housing First model. The intent is to get these homeless individuals housed and in a stable environment. Most of these tenants, coming from homeless situations, are dealing with mental illness and/or drug/alcohol addictions and need supportive services. Under the housing first model the tenants are not required to participate in supportive services, but they are available to them. The tenants have more success if they make the decision themselves to participate in supportive services than be required to.

Edwinton Place has been open for just over one year. We have served 45 individuals during that time. 67% of the individuals are age 45 or older with 83% White, 12 % American Indian/Alaska Native and 5% Black. Persons identifying as having a disabling condition due to mental health is 74% an alcohol and drug abuse is 76%. Over half the individuals identified as having 3 or more disabling conditions. 100% came from emergency shelters or unsafe housing environments. 56% identified as having no income at move in. All individuals have extremely low income which means an annual income of less than \$20,200 which would make the maximum a tenant portion for rent would be \$505 per month.

Our first tenant at Edwinton Place that moved in was a Veteran and he moved in on Veterans Day 2019. Another tenant has been able to reconnect with her daughters because she has been clean and sober for several months and living in a stable environment.

Without HIF these two projects would not exist.

In past legislative sessions, we have expressed the additional need for affordable housing. At BCHA our 289 units were built 40 to 50 years ago. Some of them are functionally obsolete which means due to the design it is not cost effective to do modernization work. It would be more cost effective to replace the units so they will continue to be affordable and become assessable.

Besides BCHA's owned units we also administer the HUD Voucher Program where the tenants can find their own apartment and they will pay 30% of their income if the apartment meets certain criteria. We currently assist 780 families, but we also have 475 on our waiting list. It takes a year to a year and one half for their name to come up on the top of that list.

We have two major projects that we are needing funding for:

First, we have 17 – two-bedroom public housing units that are functionally obsolete and not assessable. Our intent is to demolish the 17 units and replace them with 14 – two-bedroom units and build 20 additional one-bedroom units that would house elderly and homeless.

We also manage a nonprofit corporation that has four buildings made up of 96 multi-family units in south Bismarck called Washington Court. We have one building that we have done modernization work on. The other three buildings are still in need of modernization work. The building that we have completed modernization is fully occupied but we continue to have vacancy issues in the other three buildings. It would be our intent to pursue the ability to convert one of the buildings for family homeless units as our school district is monitoring close to 300 students that are being tracked due to either currently homeless or was recently in a homeless situation. We are also not allowed to house certain felons and sex offenders.

North Dakota Housing Finance Agency has additional information on their web site for the HIF program. It is located at <https://www.ndhfa.org/index.php/ndhif/>. You will find some additional information regarding the HIF program and our Edwinton Place project.

The limited money from the Federal programs due to North Dakota's population, restricts the number of projects that can be funded annually. Historically it has been on an average of 5 projects per year. The issue is always the number of applications for these funds which is around 10 to 15 projects per year.

There has also been an increased push to provide permanent supportive affordable housing with community-based services provided in a private residence. This does not mean "Group Homes, nursing facilities, boarding homes, basic care, residential care facilities or assisted living as they do not meet the definition of Permanent Supportive Housing." A Settlement Agreement between the United States of America and the State of North Dakota signed by Governor Burgum on December 11, 2020 and Rebecca Bond, Chief, US Department of Justice, et al, on December 14, 2020 was the culmination of five years of investigation by the US DOJ into "alleged violations of Title II of the ADA." DOJ said the complainant

adults with physical disabilities were capable of, and did not oppose, living in integrated, community settings with the types of community-based services and were forced to enter, or were at serious risk of entering, nursing facilities to receive necessary services.

Section VII. F. of the Agreement discusses Permanent Supported Housing: "In the event that the State provides Housing Supports but does not identify any viable housing opportunity, the State will note the lack of accessible, affordable housing is a barrier to receiving Community-Based Services in the member's Person-Centered Plan. Based on the aggregate need for Permanent Supported Housing as identified through Person Centered Plans, the State will provide Permanent Supported Housing to such members by: (1) utilizing existing affordable housing and housing subsidized by any local, state, or federal funding source; (2) sustaining existing State funding for rental assistance as developed by the State's Money Follows the Person program; and (3) reasonably expanding existing capacity by funding and providing rental subsidies for use as Permanent Supported Housing slots in an amount such that the member's rent does not exceed 30% of their monthly adjusted income.

The Housing Incentive Fund, in addition to the retention of existing affordable housing and the development of supportive assessable housing, under Section 3.d of 54-17-40, can provide "Rental assistance, emergency assistance, barrier mitigation, or targeted supportive services..." that will support the Settlement Agreement.

This is where the partnership of Housing Authorities and Developers of affordable, assessable housing in the State can work with the Housing Finance Agency using the Housing Incentive Fund to provide Assessable Permanent Supportive Housing. It is our mission to work with the special need populations and the elderly. Without the tools such as HIF, we will not be able to continue addressing the needs of this type of housing.

I respectfully request that you see fit to fund the HIF program as an investment in the future infrastructure of the much needed affordable and assessable housing in our State.