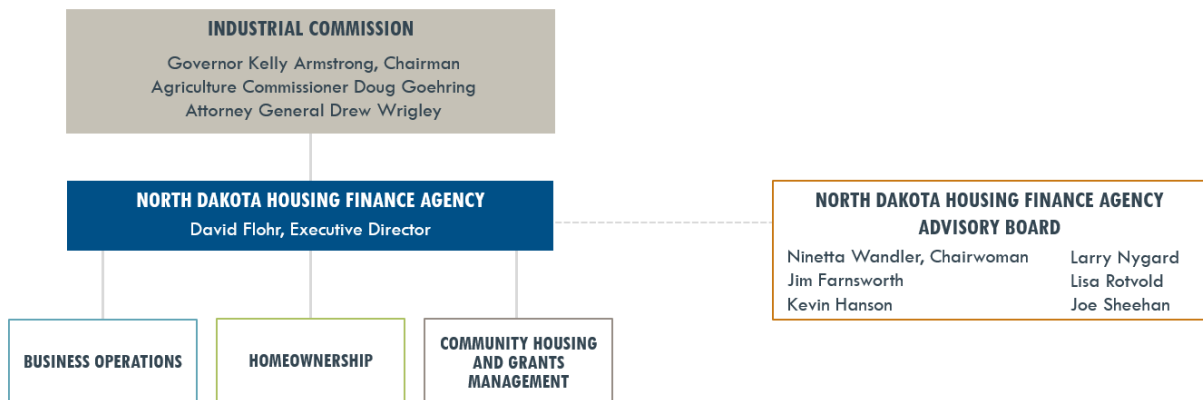


1. NORTH DAKOTA CENTURY CODE CHAPTER(S) ASSOCIATED WITH NDHFA

- [N.D.C.C. 54-17-01](#) Industrial Commission to act as a state housing finance agency
- [54-17-07.3-13](#) Housing finance programs
- [54-17-40](#) Housing Incentive Fund – Continuing Appropriation

NORTH DAKOTA HOUSING FINANCE AGENCY – FTE COUNT 54



Agency Purpose and Overview

North Dakota Housing Finance Agency (NDHFA) is dedicated to making housing affordable for all North Dakotans. NDHFA provides affordable home financing to low- to moderate-income families and helps to ensure the continued availability of suitable rental housing for households of modest means, while focusing on the overall housing needs of our state's growing communities.

NDHFA was created in 1980 by an initiated measure supported by the state’s real estate, homebuilding, and banking associations. NDHFA’s advisory board is made up of representatives of the real estate, lending, homebuilding, and manufactured housing industries, and the public. Business operations are funded by agency generated revenue and federal administrative reimbursement.

NDHFA issues/sells Mortgage Revenue Bonds and Mortgage-Backed Securities to investors and uses the proceeds to purchase from participating private-sector lenders the mortgages of

homebuyers. NDHFA's operating expenses are covered by the spread between what we pay investors and the interest rate on the underlying mortgages. NDHFA also generates revenue by servicing mortgage loans. Over 54,000 homebuyers have utilized NDHFA's homeownership programs since our first bonds were issued in 1982.

NDHFA's multifamily development programs, the federal Low Income Housing Tax Credit, National Housing Trust Fund, HOME Investment Partnerships Program and North Dakota's Housing Incentive Fund (HIF), have supported the development of more than 11,000 affordable rental units since 1986. These programs provide low- to very low-income households with affordable rental options along with supportive services, as needed. Expenses are paid through administrative fees earned under the programs. NDHFA is also a contract administrator for the U.S. Department of Housing and Urban Development (HUD) under their Performance-Based Contract Administration program monitoring 2,500 rent-assisted units.

NDHFA acts as the Collaborative Applicant for the state's Homeless Continuum of Care (CoC). The CoC's geographic area encompasses all 53 of North Dakota's counties, its cities, towns, and unincorporated areas, as well as the 5 federally recognized tribes. NDHFA also administers the HUD Emergency Solutions Grant program and the North Dakota Homeless Grant on behalf of the state.

In 2024, in conjunction with the NDSU's Center for Social Research, NDHFA conducted an update of the Statewide Housing Needs Assessment. The most significant assessment highlights follow, all of which indicate a growing need for our programs.

- The state has a large population of young people entering the home buying stage of their life over the next decade.
- Population projections show the largest increases by income will be in extremely low-income to moderate-income households.
- The state's aging housing stock will present issues that will impact the quality of our housing inventory in the future.

The results of the Assessment helped NDHFA to focus as we prepared our budget request. Based on these expected trends and looking to the future, we request the following:

- FTE flexibility to meet investor, bond, and regulatory requirements and ensure quality service to citizens.
- Adequate compensation for existing staff and new hires.
- Increase funding for the North Dakota Homeless Grant to \$10 million and move into HIF for accountability.

- Increase funding for HIF to \$40 million to be used for single-family and multifamily development.

Homeownership

NDHFA helps North Dakotans achieve successful homeownership with homebuyer education, down payment and closing cost assistance, and affordable mortgage loans. More than 54,000 North Dakota households have achieved their homeownership dreams with NDHFA's support. The agency also manages the loans it acquires and currently services 13,409 mortgage loans, ensuring continued support for homeowners across the state.

Community Housing and Grants Management

NDHFA is charged with addressing the state's changing housing needs, including addressing a shortage of housing for the workforce and low- to moderate-income households, and providing technical assistance to communities struggling to address their housing needs. NDHFA's community housing and grants management division is committed to providing financing for affordable rental housing development and the preservation of the state's existing housing stock by supporting property improvements and extensions of rental assistance.

Compliance Monitoring

NDHFA provides regulatory oversight of privately-owned properties for thousands of individuals and families designed to offer modestly priced housing opportunities for low-income families, seniors, and individuals with disabilities. Working closely with federal agencies, NDHFA ensures that these rental housing options are safe, clean, and accessible.

Homeless Programs

The CoC is comprised of representatives of public and private organizations that come together to plan for and provide a homeless response system that is dedicated to preventing and ending homelessness in the state of North Dakota. Emergency Solutions Grant and North Dakota Homeless Grant provide funding to CoC 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. These programs support North Dakota Health and Human Services (HHS) in meeting the requirements of the Department of Justice settlement. NDHFA-funded programs also support the work of HHS's Free through Recovery and Community Connect programs and help the Department of Corrections and Rehabilitation reestablish justice-involved individuals.

2. FINANCIAL AUDIT FINDINGS

There were no findings in NDHFA's audit of financial statements for the years ended June 30, 2023, and 2024.

3. CURRENT BIENNIUM ACCOMPLISHMENTS, CHALLENGES AND NEXT BIENNIUM GOALS AND PLANS

MAJOR ACCOMPLISHMENTS

- The homeownership portfolio grew 15.7%.
- New programs - transferred Commerce's Emergency Solutions Grant and North Dakota Homeless Grant programs to NDHFA improving efficiency of program delivery for homeless service providers.
- Oversaw completion of 368 new/rehabilitated affordable multifamily units.
- Statewide Housing Needs Assessment updated.

NEXT BIENNIUM GOALS AND PLANS

Findings in the 2024 Statewide Housing Needs Assessment update indicate:

- The state has a large population of young people entering the home buying stage of their life over the next decade.
- Projections show the largest population increases by income will be in extremely low-income to moderate-income households.
- Aging housing stock and the cost of new construction presents issues with quality housing inventory in the future.
- The population 65 and older will grow more than any other population segment.
- The Assessment update indicates up to 20,000 new homes could be needed to meet statewide demand through 2027.

Based on the Assessment forecast and NDHFA's Strategic Plan our goals and plans follow:

- Homeownership programs and multifamily and single-family development - continuing quality service to North Dakota citizens while working to meet investor, bond/agency rating, and federal regulatory guidelines. Having adequate staff and flexibility to accomplish this is vital.
- FTEs, Compensation, and Succession Planning – properly compensate staff to continue our mission. Continue succession planning to address upcoming retirements of key personnel.

- HIF – with adequate funding, HIF can be utilized to fill gaps that federal housing programs cannot support, assisting community efforts to provide housing that support workforce recruitment efforts and preserving existing affordable housing particularly in rural communities. If \$40 million were allocated this is an estimate of possible housing production:

Housing Type	Amount	Purpose
Single-family	\$10 million	60-70 homes, create 1-2 homes in each of 30 to 70 communities, addresses appraisal gaps and supply, revolving funds
Multifamily	\$30 million	Rehab and new construction of MF, create or preserve approximately 200 units – used to leverage other funds

- Increase funding and transfer the North Dakota Homeless Grant allocated funding to HIF to provide efficient administration, accountability, and transparency. NDHFA is required to provide a biannual program activity report to the Legislature and a separate annual financial audit.

4. COMPARE NDHFA’S REQUEST/RECOMMENDATION TOTALS, INCLUDING FTE POSITIONS FOR THE NEXT BIENNIUM COMPARED TO THE CURRENT BIENNIUM

	Base Budget	Agency				Total Agency Request
		Base Adjustments	Additional FTE Request	ND Homeless Grant	NDHG to HIF	
Salaries & Wages	11,413,354	1,451,641	1,098,284			13,963,279
Operating	10,903,883	(1,433,707)				9,470,176
Capital Assets	20,000	-				20,000
Grants	48,805,110	(200,000)		7,500,000	(10,000,000)	46,105,110
HFA Contingency	100,000	-				100,000
Total Appropriation	71,242,347	(182,066)	1,098,284	7,500,000	(10,000,000)	69,658,565
Federal	48,076,176	(876,807)				47,199,369
Special	20,666,171	694,741	1,098,284			22,459,196
General	2,500,000	-		7,500,000	(10,000,000)	-
Total Funding Sources	71,242,347	(182,066)	1,098,284	7,500,000	(10,000,000)	69,658,565
FTE	54		5			59

	23-25 HIF		25-27 HIF	
	Transfer	Request	Transfer Request	NDHG to HIF
Housing Incentive Fund	13,750,000	40,000,000	10,000,000	50,000,000
Total Appropriation	13,750,000	40,000,000	11,098,289	65,000,000
Federal	-	-	-	-
Special	-	-	-	-
General	13,750,000	40,000,000	10,000,000	50,000,000
Total Funding Sources	13,750,000	40,000,000	10,000,000	50,000,000

5. NEW POSITIONS ADDED IN 2023

New FTE Pool			
New FTE Pool Calculation	Budget Reduction	Amount in NDHFA Pool	Appropriation Reduction
90% of new FTE	986,476	824,612	161,864
Position	Budget Amount	New FTE Pool Request	Position filled date
Business Analyst	233,296	228,980	Oct-23
Business Analyst	233,296	180,141	Jan-24
Compliance Specialist	218,908	203,797	Jul-23
Budget: Compliance Specialist			
Hire: Homeownership Specialist	218,908	106,356	Apr-24
Budget: Homeownership Specialist			
Hire: Compliance Specialist	82,068	49,966	Jan-25 <i>pending</i>
<i>Reduction: FTE Pool limit</i>		(20,962)	
Total	986,476	748,278	226,695

6. EMPLOYEE TURNOVER AND VACANT POSITIONS

Vacant FTE Pool			
Position	Budget Amount	New FTE Pool Request	Position filled date
Compliance Accountant	261,502	248,079	Jul-23
Agency Accountant	244,076	220,227	Jul-23
<i>Reduction: Vacant FTE limit</i>		(3,141)	
Total	505,578	465,165	90,276

Vacant FTE Pool Calculation	Budget Reduction	Amount in NDHFA Pool	Appropriation Reduction
75% of vacant FTE	465,165	388,831	76,334

	Percentage of Salary Base	Vacant FTE per Month	Authorized FTE
Vacancy Rate Assigned	4.50%	2.43	
23-25 Biennium Vacancy Rate Estimate	1.85%	1	54
21-23 Biennium Vacancy Rate Actual	1.28%	0.625	49

Turnover - 23-25 Biennium to Date	
Retirements	7.41%
Voluntary	11.11%
Involuntary / Other	3.70%
Total Turnover	22.22%

Vacancy Savings Reported to OMB	
Estimate through June 2025	394,347

Vacancy Savings Used:

Salary Increases (workload adjustments, new hire adjustments)	47,557
Reclassifications (changes in duties / structure)	34,763
Temp Salaries	252,736
New FTE - Pool Shortage	20,962
Vacancy Pool Shortage	3,141
Total Used	359,159

Remaining Balance	35,188
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Percentage of Salary Base for Vacant Pool Calculation	0.340%
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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
Compliance / Homeownership Specialist	106,356		106,356
Homeownership / Compliance Specialist	29,004		29,004
			-
Total Pool Requests	748,278	465,165	1,213,443
Balance Remaining	76,334	(76,334)	-

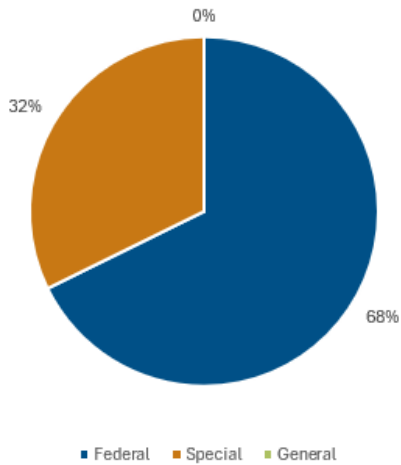
7. FUNDING INCLUDED IN EACH PROGRAM/LINE ITEM

A. AMOUNTS INCLUDED IN THE BASE BUDGET AND THEIR PURPOSE AND USE.

NDHFA's special fund base budget is funded with mortgage program revenues and administrative fees that cover the costs associated with NDHFA operations and the administration of programs.

NDHFA receives federal funding from HUD. The funding received is used for rental assistance payments, multifamily development, homeless services, and administrative costs incurred by NDHFA.

2025-27 Agency Request Funding Source



2025-27 Agency Request	
Federal	47,181,588
Special	22,476,977
General	-
Total Funding Sources	69,658,565

B. AMOUNTS INCLUDED IN THE EXECUTIVE BUDGET AND JUSTIFICATION FOR THE CHANGE FROM THE BASE BUDGET. DISCUSS CHANGES RELATING TO:

(1) SALARIES AND WAGES

	Total	FTE Positions	General Fund	Special *	Federal
23-25 Salary and Benefits Base	11,413,354	54	-	8,532,841	2,880,513
Restore FTE Pool	1,451,641			1,342,052	109,589
Base Reallocation (federal to special) Salary Line	-			907,224	(907,224)
Health Insurance Increase	-			-	-
Gov Recommended salary adjustments	-			-	-
FTE - Homeownership Specialists	369,588	2		369,588	-
FTE - Business Analyst	257,408	1		257,408	-
FTE - Accountant	257,408	1		257,408	-
FTE - Program Manger - Homeless	213,880	1		213,880	-
Total Additional	2,549,925	5	-	3,347,560	(797,635)
Total Agency Request	13,963,279	59	-	11,880,401	2,082,878

* Agency Revenues

The change related to salary and wages is due to our request for an additional FTE, restoring the amount removed for the FTE pool. No increase is included for the Governor’s compensation package or for a health insurance cost increase due to the time of the Governor’s budget release.

NDHFA currently has 1 vacant FTE position and has already made one attempt to fill the position and intends to fill it before the biennium end. NDHFA budget request includes 5 FTEs. Without adequate staffing for our homeownership programs and business operations, NDHFA may need to limit the number of mortgages purchased from our lending partners and will struggle to accomplish the following:

- Meet investor, bond rating, and federal regulatory guidelines.
- Maintain quality service to citizens and our housing partners.
- Manage future housing market growth and address succession planning needs.
- Provide NDHFA-funded programs.

The entire cost of the additional FTEs will be paid exclusively by agency revenues.

(2) OPERATING EXPENSES

	Total	General Fund	Special *	Federal
Operating Base	10,903,883	-	10,363,330	540,553
IT Rate Adjustment	44,453		31,117	13,336
Required reduction (3% special fund) Operating Line	(460,647)		(460,647)	-
Base Reallocation (federal to special) Operating Line	(1,017,513)		(907,224)	(110,289)
Total Additional	(1,433,707)	-	(1,336,754)	(96,953)
Total Agency Request	9,470,176	-	9,026,576	443,600
Loan Servicing Direct Operating Costs	Total			
SRP	6,658,566			
Loan Loss - Agency Loans / Foreclosures GNMA / Guarantee	200,000			
Misc Loan Loss	40,000			
Reinstatement Fees	20,000			
Service / Commitment Fees	33,300			
Total	6,951,866			
Remaining Agency Operating Cost	2,518,310			

Agency operating decrease was required per Governor Burgum mandate. The largest portion of the Agency’s direct operating costs is mortgage loan servicing.

(3) GRANTS

	Total	General Fund	Special *	Federal
Grants Base	48,805,110	2,500,000	1,650,000	44,655,110
Required reduction (3% special fund) Agency Grants	(200,000)	-	(200,000)	-
ND Homeless Grant increase	7,500,000	7,500,000	-	-
Move ND Homeless Grant to HIF	(10,000,000)	(10,000,000)	-	-
Total Additional	(2,700,000)	(2,500,000)	(200,000)	-
Total Agency Request	46,105,110	-	1,450,000	44,655,110

* Agency Revenues

Agency Grant decrease was required per Governor Burgum mandate. The other changes relate to increase of funding for the NDHG and moving the funding to HIF.

(4) FTE

NDHFA is requesting 5 new FTEs. The additional FTEs will increase the base budget by \$1,098,284 which will be funded exclusively with agency revenue.

Homeownership Programs – Loan Specialist 2 FTEs

In the private market, the standard employee-to-loan servicing ratio is 1:835. By comparison, NDHFA currently manages 1,031 loans per FTE. Over the next two years, NDHFA expects loan servicing to grow by 4% annually, contingent on market conditions. By 2026, the agency projects servicing 14,721 loans with 13 employees in its servicing department, equating to 1,132 loans per FTE. This represents a workload 35% higher per FTE than the private market standard.

Accounting – Accountant 1 FTE

With the addition of the North Dakota Homeless Grant and Emergency Solutions Grant over the last biennium along with the increase in the pipeline for new loans to be serviced and the serviced mortgage portfolio, the workload can no longer be managed with the current staff level. This is necessary to ensure the agency can meet its obligations when it comes to auditors, bond investors and other regulatory requirements.

Technology –Business Analyst 1 FTE

The NDHFA-serviced mortgage portfolio and trust accounting operate using internally developed software specific to a servicing company. Given the increase in the mortgage portfolio serviced over the last several years, the current workload can no longer be managed with the current staff level. This position will help to accommodate the demand for mortgages among low-to-moderate-income homebuyers statewide by allowing NDHFA to continue to build the serviced mortgage portfolio.

North Dakota Homeless Grant – Housing Program Administrator 1 FTE

North Dakota Homeless grant provides funding to non-profit organizations on a reimbursement basis. The program provides funding for emergency shelter operations, homeless prevention and rapid rehousing assistance to individuals experiencing homelessness or who are at risk of homelessness. To provide appropriate oversight and monitor the expenditure of funds, an additional FTE is needed if funding is increased to the proposed level.

8. PURPOSE AND USE OF ANY ONE-TIME FUNDING ITEMS FOR THE CURRENT BIENNIUM

During the 68th North Dakota Legislative Session, \$13.75 million was allocated for HIF. The program provides gap assistance and matching funds to address unmet housing needs in the state. Allowable projects include new construction, rehabilitation, and acquisition of multifamily and single-family housing. Eligible recipients include local, state, and tribal governments and housing authorities, community action agencies, regional planning councils, community land trusts and multifamily housing developers. **The entire \$13.75 million has been awarded to projects.**

For more information about HIF visit: www.ndhfa.org/index.php/ndhif/.

9. IDENTIFY AND JUSTIFY THE NEED FOR ANY ONE-TIME FUNDING BEING REQUESTED/RECOMMENDED

	Total	General Fund	Special	Federal
Agency Request or HIF	40,000,000	40,000,000	-	-
Move ND Homeless Grant to HIF	10,000,000	10,000,000	-	-
25-27 Agency Request	50,000,000	50,000,000	-	-

The agency recommends that \$40 million be approved for HIF to meet the demand for single-family and multi-family projects and \$10 million for the North Dakota Homeless Grant.

10. NDHFA FEES

NDHFA charges fees that are based on standard housing industry practices or are limited by federal regulation. These fees are used in the administration of housing programs.

11. FEDERAL AND STATE FISCAL RELIEF FUNDS

NDHFA received no federal or state fiscal relief funds to be spent by December 2026.

12. NEED FOR OTHER SECTIONS INCLUDED IN NDHFA'S APPROPRIATION BILL

NDHFA requests the approval of the following Sections to SB 2014:

Section 4. APPROPRIATION. In addition to the amount appropriated to the housing finance agency in subdivision 4 of section 1 of this Act, there is appropriated any additional income or unanticipated income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2023, and ending June 30, 2025.

Continuing this provision during the upcoming biennium will provide NDHFA with the flexibility to capitalize on new funding opportunities and continue to meet the state's housing challenges.

SECTION 6. APPROPRIATION - TRANSFER - HOUSING INCENTIVE FUND - ONE-TIME FUNDING.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$40,000,000 which the office of management and budget shall transfer to the Housing Incentive Fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$10,000,000 for the North Dakota Homeless Grant which the office of management and budget shall transfer to the housing incentive fund and will be specified for use pursuant to NDCC 54-17-40.3(e) during the biennium beginning July 1, 2025, and ending June 30, 2027.

Item 2 is a transfer of the North Dakota Homeless Grant from the Agency's budget to the Housing Incentive Fund to create efficient administration, accountability, and transparency. The Agency is required to provide a biannual report to the Legislature and have an independent financial audit performed on the Housing Incentive Fund that will provide an accounting of the Agency's administration of state funding.

13. OTHER BILLS BEING CONSIDERED AND POTENTIAL BUDGETARY IMPACT

SB 2030 – This bill was created by the Interim Government Services Committee in response to their study of homelessness per HCR 3030. Budgetary impact is an appropriation of \$211,550,000. This bill would provide \$10 million for the North Dakota Homeless Grant, \$50,000 for a homeless study, \$1 million to the Department of Public Instruction for public school homeless student liaisons, and \$200 million for the Housing Incentive Fund over a four-year period ending on June 30, 2029.

14. ITEMIZED LIST OF CHANGES NDHFA IS REQUESTING TO THE EXECUTIVE BUDGET RECOMMENDATION

	FTE Positions	General Fund	Total Other Funds	Total
2025-27 Biennium Base Level	54	2,500,000	68,742,347	71,242,347
Restore FTE Pool			1,451,641	1,451,641
IT Rate Adjustment			44,453	44,453
Required reduction (3% special fund) Operating Line			(460,647)	(460,647)
Required reduction (3% special fund) Agency Grants			(200,000)	(200,000)
Base Reallocation (federal to special) Salary Line			-	-
Base Reallocation (federal to special) Operating Line			(1,017,513)	(1,017,513)
Health Insurance Increase			-	-
Gov Recommended salary adjustments			-	-
FTE - Homeownership Specialists	2		369,588	369,588
FTE - Business Analyst	1		257,408	257,408
FTE - Accountant	1		257,408	257,408
FTE - Program Manger - Homeless	1		213,880	213,880
ND Homeless Grant increase		7,500,000	-	7,500,000
Move ND Homeless Grant to HIF		(10,000,000)	-	(10,000,000)
Total Changes to Base	5	(2,500,000)	916,218	(1,583,782)
Total Agency Request	59	-	69,658,565	69,658,565

Governor Burgum's budget removed 3 positions. We need our original request to ensure we meet our business needs.

15. ADDITIONAL INFORMATION

North Dakota Housing Finance Agency website, www.ndhfa.org/.

Housing Incentive Fund, www.ndhfa.org/index.php/ndhif/.

Statewide Housing Needs Assessment

- 2020-2025 Statewide Housing Needs Assessment – [Condensed Version](#)
- [Statewide Housing Needs Assessment Presentation](#) by Dr. Nancy Hodur for the 2022 Statewide Housing Forum
- 2020-2025 Statewide Housing Needs Assessment – [Population and Housing Forecast](#)
- 2020-2025 Statewide Housing Needs Assessment – [Housing Profiles](#)
- 2020-2025 Statewide Housing Needs Assessment – [Detailed Tables](#)
- 2020-2025 Statewide Housing Needs Assessment – [Combined Report \(Forecast, Housing Profiles and Detailed Tables\)](#)

Contact Information about this testimony:

David A. Flohr
 Executive Director
dflohr@nd.gov
 701.328.8060