

2025 Legislature

SENATE APPROPRIATIONS – SB 2014

ENVIRONMENT AND EDUCATION DIVISION

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NORTH DAKOTA
housing
FINANCE AGENCY



NORTH DAKOTA HOUSING FINANCE AGENCY – FTE COUNT 54

INDUSTRIAL COMMISSION

Governor Kelly Armstrong, Chairman
Agriculture Commissioner Doug Goehring
Attorney General Drew Wrigley

NORTH DAKOTA HOUSING FINANCE AGENCY

David Flohr, Executive Director

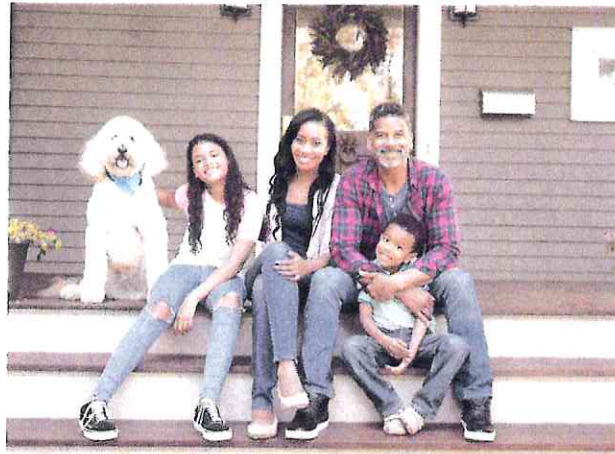
NORTH DAKOTA HOUSING FINANCE AGENCY ADVISORY BOARD

| | |
|-----------------------------|--------------|
| Ninetta Wandler, Chairwoman | Larry Nygard |
| Jim Farnsworth | Lisa Rotvold |
| Kevin Hanson | Joe Sheehan |

BUSINESS OPERATIONS

HOMEOWNERSHIP

COMMUNITY
HOUSING AND GRANTS
MANAGEMENT



NDHFA Core Operations

Homeownership

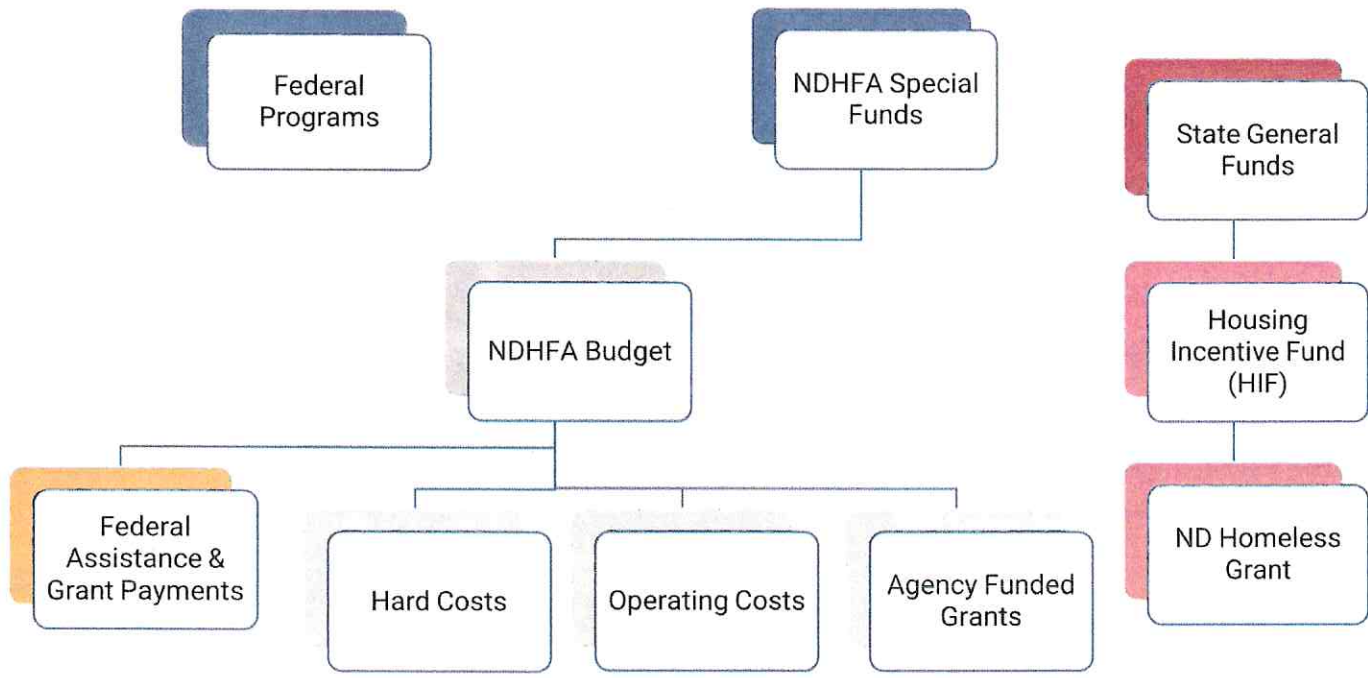
- Acquisition and Loan Servicing

Grants Management

- Administration and Compliance Monitoring

Business Operations

- Support Staff



Homeownership Process


Mortgage
Revenue
Bonds

Loan
Acquisition


Loan Servicing



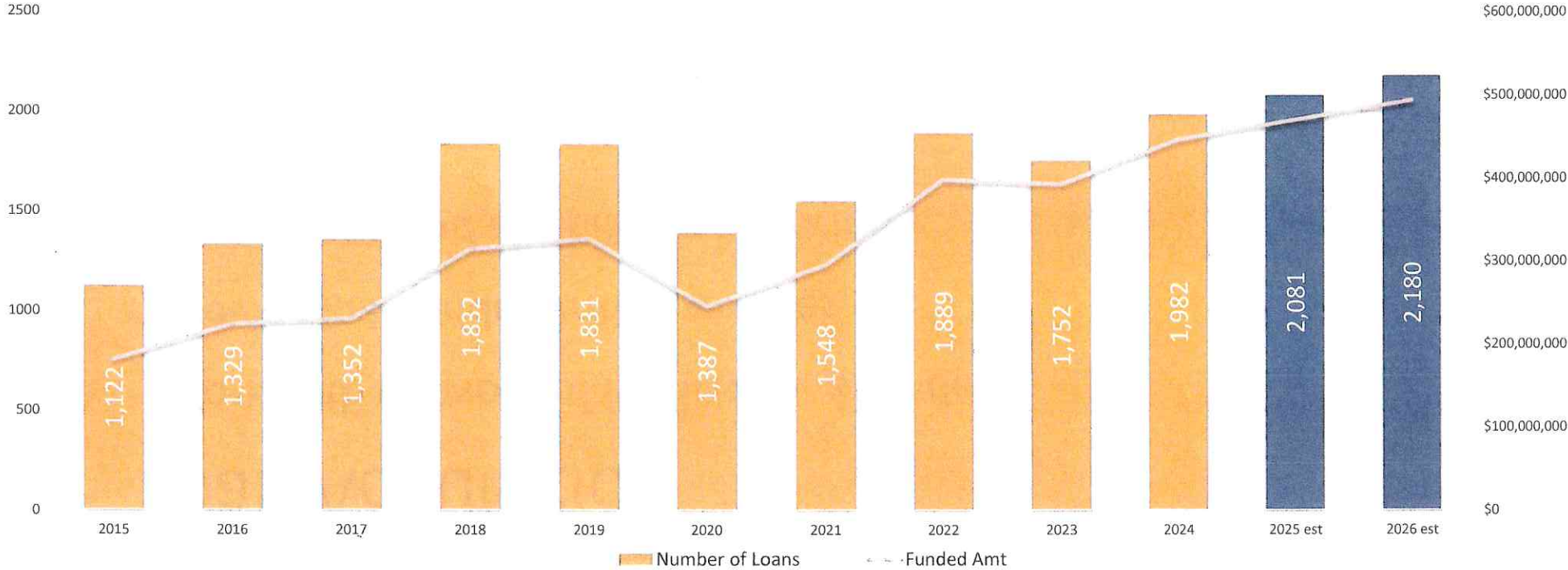
Mortgage Revenue Bonds

- 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
 - Tax exemption allows for lower interest rates
- 

Loan Acquisition


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

Loan Production

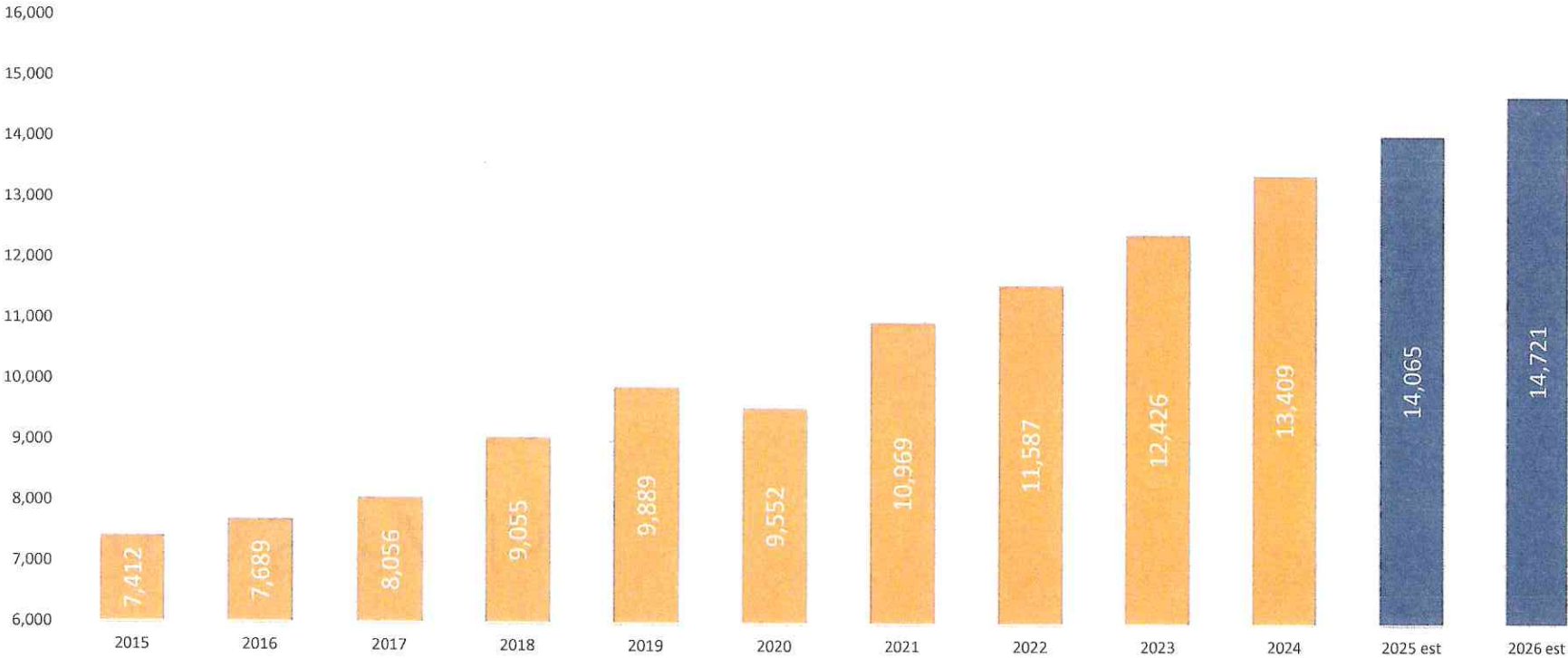


Loan Servicing


Key Responsibilities

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

Serviced Loans



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 – 1,031/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.



Payment Savings



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

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

Economic Impact of Lower Interest Rates

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

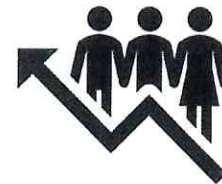
Lower rate since 2020
(1% below market)
= \$14.6M

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.



Homeownership FTE Need

Governor's budget listed 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.

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

121,000 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.



Coordinate regional homeless response systems.

Conduct annual HUD point in time count

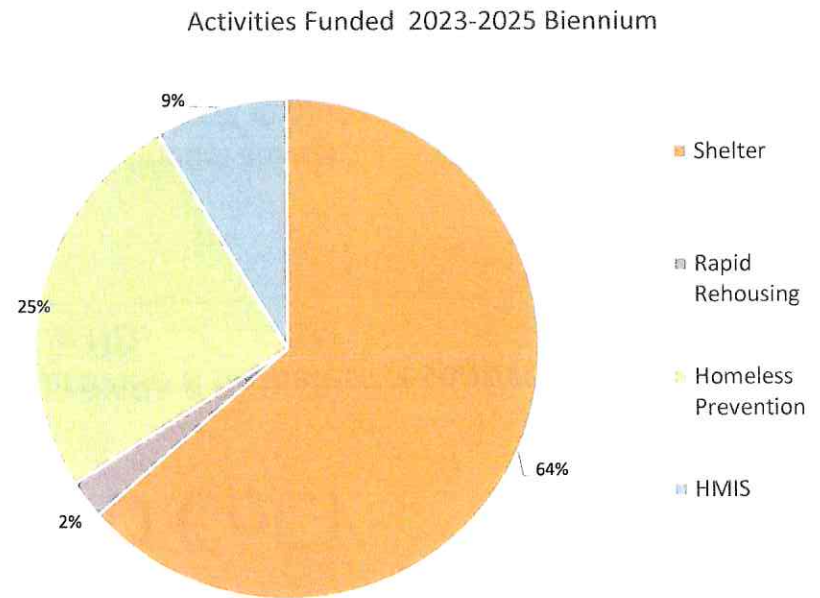
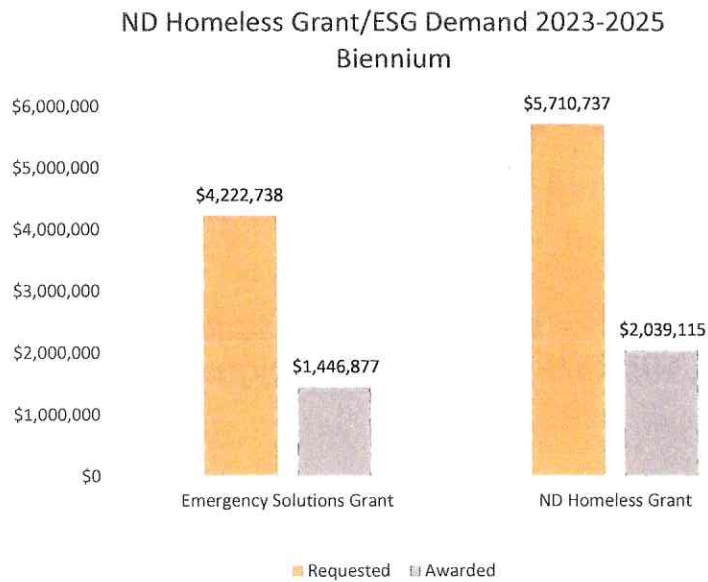
Collect homeless data in HMIS system.

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.



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

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)

Agency Budget Request

| | 23-25 Base Budget | Governor Burgum | Governor Armstrong | Agency Request |
|------------------------------|----------------------|--------------------|-----------------------|-------------------|
| Salaries & Wages | 11,413,354 | 14,240,515 | 14,131,527 | 14,787,609 |
| 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 | 51,105,110 | 46,105,110 | 46,105,110 |
| HFA Contingency | 100,000 | 100,000 | 100,000 | 100,000 |
| Total Appropriation | 71,242,347 | 74,935,801 | 69,826,813 | 70,482,895 |
| Federal | 48,076,176 | 47,350,848 | 47,333,539 | 47,333,539 |
| Special | 20,666,171 | 22,584,953 | 22,493,274 | 23,149,356 |
| General | 2,500,000 | 5,000,000 | - | - |
| Total Funding Sources | 71,242,347 | 74,935,801 | 69,826,813 | 70,482,895 |
| FTE | 54 | 56 | 56 | 59 |

Housing Incentive Fund Transfer Request

| Housing Incentive Fund | 23-25 HIF Transfer | Governor Burgum | Governor Armstrong | Agency Request |
|----------------------------|-----------------------|--------------------|-----------------------|-------------------|
| Housing Development | 13,750,000 | 30,000,000 | 25,000,000 | 40,000,000 |
| Homeless | - | 10,000,000 | 10,000,000 | 10,000,000 |
| Total Appropriation | 13,750,000 | 40,000,000 | 35,000,000 | 50,000,000 |

FTE Request

| Position | FTE | Governor Recommendation | FTE | Additional Agency Request | Total Special Funds |
|----------------------------------|----------|-------------------------|----------|---------------------------|---------------------|
| Homeownership Specialist | 1 | 184,796 | | | 184,796 |
| Accountant | 1 | 257,410 | | | 257,410 |
| Homeownership Specialist | | | 1 | 184,794 | 184,794 |
| Business Analyst | | | 1 | 257,408 | 257,408 |
| Program Manager - Homeless | | | 1 | 213,880 | 213,880 |
| Additional Agency Request | 2 | 442,206 | 3 | 656,082 | 1,098,288 |

Salary and Wages Line

| | FTE | Governor Burgum | Governor Armstrong | 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 | | 597,018 | 488,030 | 488,030 |
| FTE - Homeownership Specialist | 1 | 184,796 | 184,796 | 184,796 |
| FTE - Accountant | 1 | 257,410 | 257,410 | 257,410 |
| FTE - Homeownership Specialists | 1 | | | 184,794 |
| FTE - Business Analyst | 1 | | | 257,408 |
| FTE - Program Manager - Homeless | 1 | | | 213,880 |
| Total Salary and Benefits Line | 59 | 14,240,515 | 14,131,527 | 14,787,609 |
| Federal | | 2,234,357 | 2,217,048 | 2,217,048 |
| Special * | | 12,006,158 | 11,914,479 | 12,570,561 |
| General | | - | - | - |
| Total Funding Sources | - | 14,240,515 | 14,131,527 | 14,787,609 |

* 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 New FTE | | 465,165 | 465,165 |
| 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) | - |

FTE Vacancy Pool Proposed Changes:

Update Vacant Pool request language.

- Current language does not allow an agency with no vacancies on July 1 to request the use of pool funds until the **end of the biennium**.
- Pool funds may be exhausted at that time.

No Pool Reduction.

- Keep 100% of the Vacancy Pool available to agencies to request.

Operating Line

| | Governor Burgum | Governor Armstrong | 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 Burgum | Governor Armstrong | Agency Request |
|----------------------------------------------------|--------------------|-----------------------|-------------------|
| 23-25 Grants Base | 48,805,110 | 48,805,110 | 48,805,110 |
| Required reduction (3% special fund) Agency Grant: | (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) |
| Housing Initiative Grants from SIIF (one-time) | 5,000,000 | | |
| Total Grants Line | 51,105,110 | 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 | 5,000,000 | - | - |
| Total Funding Sources | 51,105,110 | 46,105,110 | 46,105,110 |

* Agency Revenues

Housing Incentive Fund

| | Governor Burgum | Governor Armstrong | Agency Request |
|-------------------------------------------------------|--------------------|-----------------------|-------------------|
| Housing Incentive Fund | | | |
| Transfer to HIF - Multi and Single Family Development | 30,000,000 | 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 | 40,000,000 | 35,000,000 | 50,000,000 |
| General | - | 35,000,000 | 50,000,000 |
| SIFF | 40,000,000 | - | - |
| Total Funding Sources | 40,000,000 | 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
 - FTE Pool – amendments to or exclusion from
- 

Contact Information

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