

**Housing Finance Agency
Budget No. 473
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriation	44.00	\$0	\$44,530,239	\$44,530,239
2015-17 legislative appropriation	<u>46.00</u>	<u>0</u>	<u>37,520,089¹</u>	<u>37,520,089</u>
2017-19 appropriation increase (decrease) to 2015-17 appropriation	(2.00)	\$0	\$7,010,150	\$7,010,150

¹The 2015-17 appropriation does not include \$1.13 million of additional special fund authority, which was added to the agency's appropriation authority pursuant to legislative authorization for unanticipated income (Section 4 of 2015 House Bill No. 1014). The additional special fund authority relates to additional income received and expenses incurred through increased volume in mortgage servicing premiums during the 2015-17 biennium.

Item Description

FTE position changes - The 2017-19 biennium appropriation includes funding for 44 FTE positions, a decrease of 2 FTE positions from the 2015-17 biennium. The Legislative Assembly removed 1 FTE housing program administrator position and 1 FTE housing program representative.

Housing incentive fund - The Legislative Assembly, in 2011 Senate Bill No. 2210, created the housing incentive fund and authorized income tax credits for contributions to the fund, not to exceed an aggregate amount of \$4 million per biennium for all eligible contributors. Senate Bill No. 2371, approved during the 2011 special legislative session, increased the aggregate tax credit to \$15 million per biennium.

The Legislative Assembly, in 2013 Senate Bill No. 2014, provided for a one-time transfer of \$15.4 million from the general fund to the housing incentive fund and authorized \$20 million per biennium of income tax credits for contributions to the fund. Similar provisions were also included in 2013 House Bill No. 1029.

House Bill No. 1014 (2015) continued the housing incentive fund into the 2015-17 biennium. Section 7 of the bill provided for a transfer of \$5 million from the Bank of North Dakota's profits to the housing incentive fund. Section 8 provided for a contingent transfer of \$5 million from the Bank's profits to the housing incentive fund if the Bank's profits exceed \$130 million during calendar year 2015. Section 17 limited the origination fee to 5 percent per award. Section 20 increased the funding available to the housing incentive fund from income tax credits from \$20 million to \$30 million. Section 28 provided an emergency clause for the \$5 million transfer in Section 7. The 2015 Legislative Assembly provided a total of \$40 million for the housing incentive fund for the 2015-17 biennium.

The 2017 Legislative Assembly continued the housing incentive fund for the 2017-19 biennium in Senate Bill No. 2014, but did not provide any new funding for the housing incentive fund.

Status/Result

The agency removed the two positions. Both positions were vacant prior to removal.

During the 2015-17 biennium, the Housing Finance Agency awarded \$36,206,953 of the \$40,000,000 provided by the 2015 Legislative Assembly. A total of 27 projects received grant awards in the 2015-17 biennium, which will provide 922 housing units. Of the 922 housing units, 754 units are for extremely low-income, low-income, or moderate-income households, and the remaining 168 units are available to any renter.

Pursuant to continuing appropriation authority for the housing incentive fund, the agency continued \$11,291,279 into the 2017-19 biennium, including \$7,409,779 that was awarded but not yet paid for grants. Of the \$3,881,500 available for grants, \$2,100,000 was awarded for three projects in September 2017, which will provide 120 housing units including 95 units for extremely low-income, low-income, or moderate-income households. The agency plans to award the remaining \$1,781,500 in the fall of 2018.

Community land trust pilot program - The purpose of the community land trust pilot program is to provide access to low-cost financing for the acquisition, rehabilitation, demolition, and construction of homes in higher density neighborhoods for resale to qualifying low-income households. Community land trusts are nonprofit organizations that assist with affordable housing by separating the ownership of the land from the cost of the housing units. The community land trust retains ownership of the land reducing the cost to purchase the housing units located on the land. The owners of the housing units pay a small leasing fee to the community land trust.

Landlord risk mitigation program - The purpose of the landlord risk mitigation program is to encourage property managers to rent to people experiencing homelessness by providing insurance to landlords to cover the cost of unpaid rent or damages associated with units rented to people experiencing homelessness.

Federal housing trust fund allocation - The federal housing trust fund was created in 2008 as a funding source for affordable housing. The federal housing trust fund receives contributions from the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. The federal Department of Housing and Urban Development allocates the funds to states to improve the supply of affordable housing for extremely low- and very low-income households. The federal Department of Housing and Urban Development began allocating funds on an annual basis to states starting in calendar year 2016. The allocations are based on a formula which includes a minimum dollar amount that states must receive. The funds may be used to develop, rehabilitate, and operate rental units for extremely low- and very low-income households.

In June 2017 the Industrial Commission approved a pilot program to provide up to \$3 million to local community land trusts through a line of credit. As of March 31, 2018, a community land trust in Grand Forks was approved for a line of credit of \$1.5 million with \$1.5 million remaining for community land trust projects in other cities.

The agency received \$150,000 of federal funding through the Department of Human Services as a part of the federal Money Follows the Person program to develop the landlord risk mitigation program. The agency is in the process of planning the guidelines and policies for the landlord risk mitigation program. Through March 2018 the agency has not spent any of the \$150,000.

The agency anticipates receiving approximately \$4,170,378 during the 2017-19 biennium compared to an estimate of \$6,017,048. As of March 31, 2018, \$2,238,496 has been received and spent by the agency.