

2013 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1083

2013 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1083
January 15, 2013
Job number 17196

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Relating to multifamily housing facilities, leasehold mortgage loans, and refinancing previously purchased mortgage loans

Minutes:

Attached testimony 1, 2, and 3

Committee called to order. Attendance taken.

Hearing opened on HB 1083

1:07 **Mike Anderson, Executive Director of North Dakota Housing Finance Agency:** Refer to attached testimony 1. At minute 5:07 of recording, explained set up of graphs included with testimony handout to show delinquency and foreclosure statistics.

7:35 **Representative N. Johnson:** You stated that the move from five to four units is mostly for smaller communities. Did you consider putting in a population size for the municipality, or is it good for larger communities, too?

7:56 **Mike Anderson:** We have not contemplated having a population restriction. I bring up the rural community areas because that is where we have not been able to assist in some situations for affordable housing development. That does not necessarily mean that it could not also apply to larger communities. At this point, we have not contemplated that.

8:24 **Representative Ruby:** Along the lines of your last change on page 3, line 12, you talk about refinancing. I am wondering how people would not qualify, and what sort of scenarios could be used. Most people, if they have a fair amount of equity and a good payment history, are going to get a finance. Is it possible they refinance multiple times, or the value of the home dropped? There has to be a reason the private market would not continue them.

9:05 **Mike Anderson:** If they have the ability to refinance in the private sector, then they have no need for our program. Over the course of our programs, individuals have asked about refinancing when interest rates dropped. We have not been able to do that up until now mostly because our funding sources was the mortgage revenue bond program, tax exempt mortgage revenue bonds, and that is only for purchased money mortgages. Our

funding sources are now changing, and we have the opportunity to offer that. If the value of the property is not sufficient to cover the refinance, that opportunity is not going to happen. Because these are considered low income households with minimal down payments or minimal equity, the private sector is not interested. This is not going to solve the problem for all first-time homeowners under our portfolio, but it will be a tool for those who can get to there.

10:17 **Representative Louser:** The definition of multi-family housing facility, where we are striking five and going to four, we probably need to have 25% occupied as opposed to 20%. Is that an oversight? It's on page 2, line 16.

10:43 **Mike Anderson:** It is not an oversight. That part of the definition has always been there. It's intended to say that at least 20% of the units must be occupied by low or moderate income households. It's a definition that has always been with the agencies, and we do not see any reason necessarily to have that changed.

11:14 **Chairman Keiser:** Following up on that point, the reason is was twenty is that you have 5 unites, so that meant it was 1 unit out of 5. If we take it to 4 units, it should 25% as a technical correction, saying 1 unit. I think it should be corrected here.

Mike Anderson: From a technical standpoint, we could take a look at making that change.

11:40 **Representative Becker:** With regard to that proposed correction, if you change it to 25%, if the developer puts up five units, he now has to have two of those units filled. Whereas if you keep it at 20%, and they put in a four-unit, one has to be filled, it's greater than 20%.

Mike Anderson: Retracting here again. This definition is intended to cover the gamut of multi-family projects that we could use. It's not a definition specifically for four-unit projects; it's for four or more unit projects. I do not see that we would want to or should change that percentage.

12:28 **Chairman Keiser:** On page 3, on the addition of "or assisted," is there a minimum level of assistance required? The term "or assisted" is very open.

Mike Anderson: At this point, the minimum amount of assistance is not an issue to us. One of the criteria on all of our first home loans is that there is a minimum out-of-pocket cash requirement from the borrower. The goal is for the community land trust to provide assistance down to 75%, incorporating the minimum amount out of pocket by the borrower. The less assistance that is coming from elsewhere than out of pocket, the better.

13:32 **Representative Kreun:** Where do these funds come from for the loans? Is it federal money, state money, private lender money? How is the makeup of the loan constructed?

Mike Anderson: Our funding for those loans is primarily the first home program. That could be tax-exempt mortgage revenue bonds, federal; it could be Ginnie Mae. Today we're making a lot of loans through Ginnie Mae and securitizing them. Again, that's a

federal GSE. There is a Fannie Mae program for housing finance agencies, and we are looking at trying to become a part of that. Today it is primarily federal sources of funding.

Representative Kreun: So the majority of it, the lending portion, is actually a federal program, and we as the North Dakota Housing Finance is the gathering point that then distributes it throughout the state. Is that a correct understanding?

14:50 **Mike Anderson:** That is correct. The thing we're trying to fix is the state statutes that govern the nature of the activities we do and are placing a restriction. There is no restriction in terms of our funding sources per se. It's a policy decision at the state level.

15:15 **Representative Ruby:** Why do you need the emergency clause on Section 1 if the change does not take effect until July 1?

Mike Anderson: (conferred with person in audience) When this definition was created last session as part of the legislation that created the housing incentive fund, there was an emergency clause at that time. That language has passed over into this version. There is no specific objective on our part to have that as an emergency clause.

Representative Louser: How many properties are held in the Grand Forks CLT?

Mike Anderson: It's a fairly new CLT. I'm guessing it's less than a half dozen.

Representative Kreun: There are three.

16:44 **Mike Anderson** provided context to testimony, attachment 2, submitted on behalf of Emily Wright, executive director of the Grand Forks Community Land Trust.

Support:

17:28 **Tom Alexander, project director at the North Dakota Center for Persons with Disabilities and chair of the Housing Alliance of North Dakota board of directors:** Refer to attached testimony 3

18:23 **Chairman Keiser:** What number of projects will be impacted by these changes?

Tom Alexander: I personally do not know that. I defer to the Housing Finance Agency.

Opposition:

Neutral:

19:00 **Closed hearing**

Chairman Keiser: I would recommend an amendment to strike the emergency clause. It's not needed if we are to move forward on this bill.

Representative Kreun: Motion that we amend to strike the emergency clause.

Chairman Keiser: Our legal intern is recommending that we also strike the effective date, line 10. If we strike the emergency clause, then it will go into the normal effective date. So the motion is to strike on page 4, lines 10 and 11.

Representative N. Johnson: Second the motion to amend HB 1084 by striking lines 10 and 11 on page 4.

Representative Boschee: In the preamble, line 3 of page 1, also has mention of providing an effective date. Should we strike that as well?

Chairman Keiser: Yes, we are also striking "to provide an effective date and declare an emergency" which is included in the preamble.

20:43 **Voice vote** on adopting the amendment. All in favor. Amended adopted. (Amendment 13.8114.01001)

Chairman Keiser: We have before us HB 1083 as amended.

Representative Kreun: Motion to do pass as amended. (Amendment 13.8114.01001)

Representative Boschee: Seconded the motion

Roll call vote on a do pass as amended. 13 yes, 1 no, 1 absent

Committee Clerk's Note: Additional discussion and votes on HB 1083 followed during committee action on the afternoon of January 15, 2013.

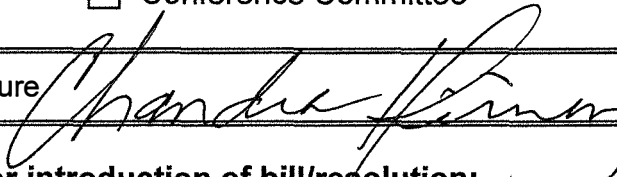
2013 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1083
January 15, 2013 (afternoon)
Job 17243

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to multifamily housing facilities, leasehold mortgage loans, and refinancing previously purchased mortgage loans

Minutes:

You may make reference to "attached testimony."

Committee meeting opened.

Chairman Keiser: This morning, we passed out HB 1083 with a do pass as amended. The amendment (13.8114.01001) was to strike the effective date in Section 3 and the emergency clause in Section 4. In doing analysis for us, our legal intern discovered that that creates a window in which it would be four units for a period of time, and then five, and then it doesn't work perfectly. We have two options before us. We could reinstate those two elements. Or we could reinstate simply the emergency clause. If it passes with a 2/3 majority on the emergency clause, it becomes effective to go to the four units on the day the governor signs it into law. It will take a motion to reconsider our actions by which we passed out 1083 as amended. Then we can discussion which of the two options. One, The four unit will become effective July versus August. If we leave it as it was and remove the effective date and put in just the emergency clause, the four unit will become effective immediately upon signature by the governor. It can still fly the way it is, but it creates a goofy situation for one month.

Representative Vigesaa: Motion to reconsider our actions

Representative Frantsvog: Seconded the motion

Voice vote carried.

Chairman Keiser: HB 1083 is back before us as amended. Any discussion?

Chairman Keiser: My suggestion is that if you think going to four is a good idea, let's give them the authority to go to four when the governor signs it and remove the effective date and put the emergency clause on. If it doesn't pass by 2/3 majority, it goes to August 1.

Representative Kreun: Moves that we strike the effective date and restate the emergency clause

Representative Boschee: Seconded the motion

Voice vote carried.

Chairman Keiser: Now we have HB 1083 as amended back before the committee.

Representative Sukut: Motion to do pass as amended in the current form

Representative Kreun: Seconded the motion.

Roll call vote to do pass as amended: 15 yes, 0 no, 0 absent

January 15, 2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1083

Page 1, line 3, remove "; to provide an effective date; and to declare"

Page 1, line 4, remove "an emergency"

Page 4, remove line 10

Page 4, remove line 11

Renumber accordingly

Amendment
Withdrawn

13.8114.01002
Title.02000

Adopted by the Industry, Business and Labor
Committee

January 15, 2013

VR
1/16/13

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1083

Page 1, line 3, remove "to provide an effective date;"

Page 4, remove line 10

Page 4, line 11, replace "Section 1 of this" with "This"

Renumber accordingly

Date: 1-15-2013 Am

Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1083**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number 13.8114-01001

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By _____ Seconded By _____

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser			Rep. Bill Amerman		
Vice Chairman Gary Sukut			Rep. Joshua Boschee		
Rep. Thomas Beadle			Rep. Edmund Gruchalla		
Rep. Rick Becker			Rep. Marvin Nelson		
Rep. Robert Frantsvog					
Rep. Nancy Johnson					
Rep. Jim Kasper					
Rep. Curtiss Kreun					
Rep. Scott Louser					
Rep. Dan Ruby					
Rep. Don Vigesaa					

*Voice Vote
- All in favor*

Total Yes _____ No _____
Absent - _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:
*Strike emergency clause
and effective date
- page 1, line 3
- page 4, lines 10 and 11*

Date: 1-15-2013 AM

Roll Call Vote #: 2

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1083**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number 13, 8/14, 01001

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Kreun Seconded By Boschee

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser	✓		Rep. Bill Amerman	✓	
Vice Chairman Gary Sukut			Rep. Joshua Boschee	✓	
Rep. Thomas Beadle	✓		Rep. Edmund Gruchalla	✓	
Rep. Rick Becker	✓		Rep. Marvin Nelson	✓	
Rep. Robert Frantsvog	✓				
Rep. Nancy Johnson	✓				
Rep. Jim Kasper	✓				
Rep. Curtiss Kreun	✓				
Rep. Scott Louser	✓				
Rep. Dan Ruby		✓			
Rep. Don Vigesaa	✓				

Total Yes 13 No 1

Absent 1

Floor Assignment Gruchalla

If the vote is on an amendment, briefly indicate intent:

Date: 1-15-2013 pm
 Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1083**

House Industry, Business, and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number 12-8114.01001

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Vigesaa Seconded By Frantsvog

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser			Rep. Bill Amerman		
Vice Chairman Gary Sukut			Rep. Joshua Boschee		
Rep. Thomas Beadle			Rep. Edmund Gruchalla		
Rep. Rick Becker			Rep. Marvin Nelson		
Rep. Robert Frantsvog					
Rep. Nancy Johnson					
Rep. Jim Kasper					
Rep. Curtiss Kreun					
Rep. Scott Louser					
Rep. Dan Ruby					
Rep. Don Vigesaa					

Voice Vote

Total Yes _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 1-15-2013 pm
Roll Call Vote #: 2

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1083

House Industry, Business, and Labor ~~12~~ Committee

Check here for Conference Committee

Legislative Council Amendment Number 13.8114.01002

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Kreun Seconded By Boschee

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser			Rep. Bill Amerman		
Vice Chairman Gary Sukut			Rep. Joshua Boschee		
Rep. Thomas Beadle			Rep. Edmund Gruchalla		
Rep. Rick Becker			Rep. Marvin Nelson		
Rep. Robert Frantsvog					
Rep. Nancy Johnson					
Rep. Jim Kasper					
Rep. Curtiss Kreun					
Rep. Scott Louser					
Rep. Dan Ruby					
Rep. Don Vigesaa					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

- strike effective date
- reinstate emergency clause

Date: 11-5-2013 pm
 Roll Call Vote #: 323 (3)

**2013 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. _____**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number 13.8114.01002

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Sukut Seconded By Kreun

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser	✓		Rep. Bill Amerman	✓	
Vice Chairman Gary Sukut	✓		Rep. Joshua Boschee	✓	
Rep. Thomas Beadle	✓		Rep. Edmund Gruchalla	✓	
Rep. Rick Becker	✓		Rep. Marvin Nelson	✓	
Rep. Robert Frantsvog	✓				
Rep. Nancy Johnson	✓				
Rep. Jim Kasper	✓				
Rep. Curtiss Kreun	✓				
Rep. Scott Louser	✓				
Rep. Dan Ruby	✓				
Rep. Don Vigesaa	✓				

Total Yes 15 No 0

Absent _____

Floor Assignment Gruchalla

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1083: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1083 was placed on the Sixth order on the calendar.

Page 1, line 3, remove "to provide an effective date;"

Page 4, remove line 10

Page 4, line 11, replace "Section 1 of this" with "This"

Renumber accordingly

2013 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1083

2013 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

HB 1083
February 12, 2013
Job Number 18792

Conference Committee

Committee Clerk Signature

Eva Libelt

Explanation or reason for introduction of bill/resolution:

Relating to multifamily housing facilities, leasehold mortgage loans and refinancing previously purchased mortgage loans

Minutes:

Testimony Attached

Chairman Klein: Opened the hearing on Engrossed House Bill 1083.

Michael Anderson, Executive Director of the North Dakota Housing Finance Agency: Written Testimony (1). He also handed out the written testimony of Emily Wright, Executive Director of Grand Forks Community Land Trust (2).

Senator Sinner: Asked on the refinancing program, if it was only borrowers that cannot refinance on the conventional secondary market that you would take for refinancing.

Mike Anderson: Said that is their intent. Those that have refinance options available to them have no need for this program. They are basically looking at those that can't be helped.

Senator Sinner: Asked if the rates on these programs will be comparable to what the conventional secondary market offers. If you are going to be a half or one percent less than the conventional market then these people are all going to come to you and not go to the conventional market.

Mike Anderson: Said yes, unless they place a restriction on that. There will be times again that they would anticipate the interest rates on these refinance loans to be similar to a purchased money mortgage for our first time home buyers. It would be the same capitol sources so they would get the same rate. There will be times where we are less than the market and time we wouldn't be less than the market but the interest rate itself isn't why they can't use that conventional market.

Senator Sinner: Said he gets that and tries to understand the rates, they are very complicated.

Mike Anderson: Said that they are not looking at targeting the market generally. They are looking at their borrowers who contact them and ask for them to refinance their loan because they can't get refinancing somewhere else.

Chairman Klein: Said that he sees there is an emergency clause and asked if they need to get going on this.

Mike Anderson: Said the reason the emergency clause is on there is primarily because of the multifamily definition. They want to get the HIF program, Housing Incentive Fund, up and running as soon as they can and they don't want to exclude rural communities until this bill can take effect on under normal time frames.

Tom Alexander, Project Director at North Dakota Center for Persons with Disabilities: Written Testimony (3).

Chairman Klein: Asked if his members used the current program a lot.

Tom Alexander: Said he would assume some of the members do utilize the program and prior to the session they prioritized some of the bills that were pre-filed and we are in support of this bill.

Chairman Klein: Closed the hearing.

Senator Sinner: Moved a do pass.

Senator Unruh: Seconded the motion.

Roll Call Vote: Yes - 7 No - 0 Absent - 0

Floor Assignment: Senator Sinner

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1083**

Senate Industry, Business, and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Sinner Seconded By Senator Unruh

Senators	Yes	No	Senator	Yes	No
Chariman Klein	x		Senator Murphy	x	
Vice Chairman Laffen	x		Senator Sinner	x	
Senator Andrist	x				
Senator Sorvaag	x				
Senator Unruh	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Sinner

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1083, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1083 was placed on the Fourteenth order on the calendar.

2013 TESTIMONY

HB 1083



① 1-15-2013
1083

Michael A. Anderson Executive Director

INDUSTRIAL COMMISSION

Jack Dalrymple Governor

Wayne Stenehjem Attorney General

Doug Goehring Agriculture Commissioner

HB 1083

Tuesday, January 15, 2013

**North Dakota Housing Finance Agency
Division of the State Industrial Commission
Testimony by Michael Anderson, Executive Director
House Industry, Business and Labor Committee**

Chairman Keiser and members of the Industry, Business and Labor Committee, my name is Mike Anderson, executive director of the North Dakota Housing Finance Agency (Agency). Before you today is a bill that was introduced by the Agency to enhance our ability to assist low- and moderate-income households achieve affordable housing. The bill proposes three amendments to NDCC 54-17, the chapter that defines and describes the authorized activities of the Agency.

In Section 1 of the bill, we are requesting that the definition of "multi-family housing facilities" (MF Projects) to mean those consisting of four or more units be made permanent. This definition was originally changed from five or more units to four or more units in 2011 and was included in legislation that created the Housing Incentive Fund (HIF Program). However, that legislation contained sunset language that also applied to the subject definition. It was not our intention that the definition of MF Projects necessarily be tied to the HIF Program. Rather it was to apply under all Agency multifamily programs.

It has been our experience that the appetite for MF projects in most small rural communities is for smaller projects. Thus, four unit projects are quite common. With the traditional definition at five or more units, we have not been able to provide assistance in some small communities. This definition change allows us the flexibility to serve communities based on the local needs and market situations.

On Page 3, line 9, we are requesting to add the words "or assisted" to the portion of this section dealing with leasehold mortgages. Currently, the Agency is permitted to purchase leasehold mortgages that are insured or guaranteed through an affordable housing program. This has served us well with the inclusion of the U.S. Housing and Urban Development Section 184 guarantee loan program in the FirstHome program. Section 184 guarantees mortgages made to tribal members made on tribal trust land in which the homebuyer is purchasing the home but not the land.

Recently the city of Grand Forks established a Community Land Trust (CLT) in which, similarly, a homebuyer purchases a home but the land is leased on a long-term basis from the CLT. However, in the case of the Grand Forks CLT, the CLT is providing down payment assistance such that the loan to value is less than 80%, thus, eliminating the

need for mortgage insurance or guarantee. The motivation for this is by eliminating the high cost of mortgage insurance, the purchase becomes much more affordable for the homebuyer. By inserting "or assisted" (referring to down payment assistance), these Grand Forks CLT loans would be eligible for the Agency's homeownership programs.

The Agency traditionally has allowed down payment assistance under its homeownership programs as long as the source of the assistance meets Agency standards. Eligible sources include assistance from a governmental entity or non-profit organization previously approved by the Agency. Today, more than 70% of all FirstHome loans have down payment assistance involved – more than 9 out of 10 of these provided by the Agency. Down payment assistance, when traditional underwriting and documentation standards are used, does not increase risk of default or loan loss. The Agency's loan portfolio performance is substantiation of this. See Attachment 1.

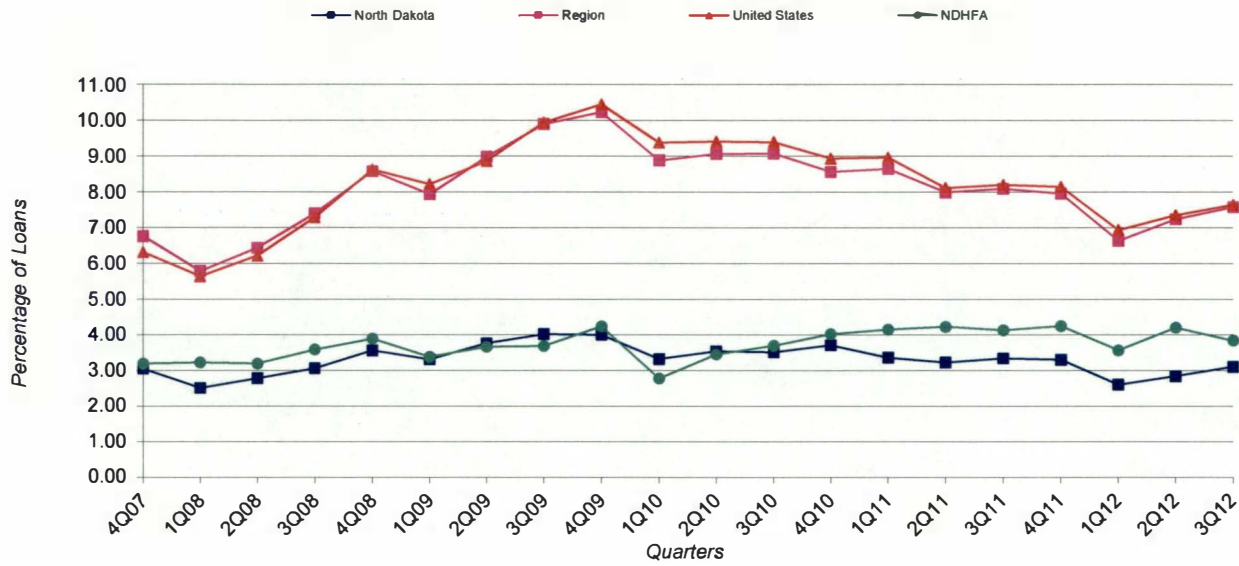
The final amendment that we are requesting is on Page 3, lines 12 through 14. It would allow the Agency to offer a mortgage refinance program through participating lenders targeted to our existing borrowers. Some of our current borrowers are unable access conventional refinance options due to a lack of home equity or who cannot meet the more stringent underwriting standards of today's mortgage industry. They are not necessarily a bad credit risk. They just haven't owned their home long enough to be considered under conventional refinance programs. As a consequence they cannot take advantage of the low interest rates currently being offered.

If approved by the legislature and the Industrial Commission, the program would offer refinancing through participating lenders who would originate and sell the loans to the Agency.

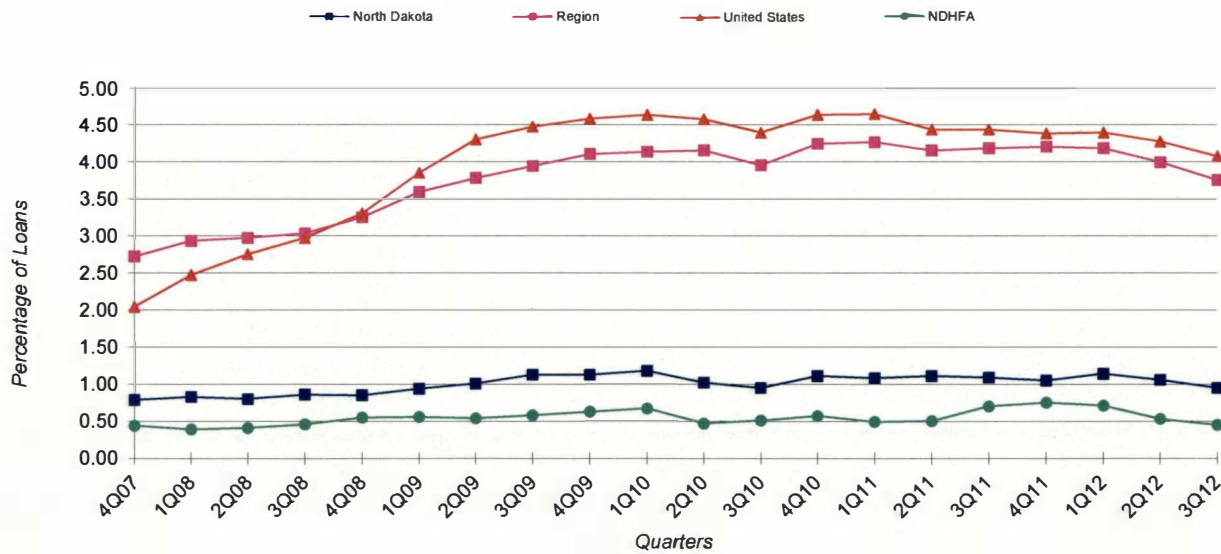
The amendments offered in HB1083 will further the Agency's mission to provide safe, decent and affordable housing finance opportunities for North Dakotans who do not otherwise have access to them from the private sector. The Agency over the years has been very successful in achieving its mission of providing SUCCESSFUL homeownership situations.

Thank you and I would be happy to answer any questions.

Delinquency - All Loans - NDHFA Serviced



Foreclosure - All Loans - NDHFA Serviced



(1) page 2 of 2



Grand Forks Community Land Trust
1405 1st Avenue North
Grand Forks, ND 58203
701.795.6307
www.gfclt.org

②
1083
1-15-2013

January 14, 2013

Sixty-third Legislative Assembly
of North Dakota
Industry, Business and Labor Committee

RE: Testimony regarding House Bill No. 1083

Members of the Sixty-third Legislative Assembly:

In late 2010, Grand Forks Community Land Trust was founded as the first community land trust (CLT) in North Dakota, joining around 250 CLTs in 45 states across the nation. Through a shared-equity model, CLTs provide opportunities for homeownership to lower income buyers, while retaining ownership of the land on which homes are sold in an effort to keep these homes affordable in perpetuity. CLTs have become increasingly popular over the last decade because of their highly efficient use of funding, a strong commitment to stewardship, and phenomenal foreclosure and delinquency prevention statistics. *Studies over the last five years have consistently shown that serious delinquency or foreclosures occur within CLTs at a rate of only 1/10 the overall average among mortgages in the United States.*

Though Grand Forks Community Land Trust has received a great deal of support from the community and partners statewide, we are not immune to the obstacles that face any new organization. Lack of familiarity with the program and the absence of identical models in North Dakota forces GFCLT to forge its own path in making programs work for shared-equity homeownership. The North Dakota Housing Finance Agency has shown great support for GFCLT and will be a necessary and welcome partner in utilizing CLT homeownership to resolve some of the major housing issues facing our state today. The Grand Forks City Council and Grand Forks Blue Ribbon Commission on Housing have shown their support for GFCLT through significant allocations of HUD CDBG/HOME funds and recommendations for continued backing of the CLT as a route to provide much needed low-moderate income homeownership. Through House Bill No. 1083, you can provide the next level of support necessary in moving this work forward.

Legislation and guidelines written prior to GFCLT's creation were not written with our unique model of homeownership in mind. House Bill No. 1083 plays a critical role in giving Grand Forks Community Land Trust and any future CLTs in North Dakota access to the programs of the North Dakota Housing Finance Agency. The addition of "or assisted" in the Housing Finance programs section, gives GFCLT access to programs that have played a major role in the success of Grand Forks' previous first-time homebuyer programs, supporting loans less likely to be embraced immediately by the rest of the secondary market.

Please show your support for Grand Forks Community Land Trust and future CLTs across the state by voting in favor of House Bill No. 1083.

Sincerely,

Emily Wright
Executive Director
ejwright@gfclt.org

3

1-15-2013

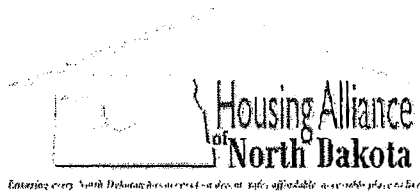
HB 1083

Testimony
House Bill 1083
Industry, Business and Labor
Representative Keiser, Chairman
January 15, 2013

Chairman Keiser, members of Industry, Business and Labor, I am Tom Alexander, Project Director at North Dakota Center for Persons with Disabilities at Minot State University. I am providing testimony today in support of HB 1083 as Chair of the Housing Alliance of North Dakota (HAND) board of directors.

The Housing Alliance of ND is a statewide network (please see a list of current HAND members) established in 2010 to identify and address the diverse unmet housing needs of North Dakotans.

HAND fully supports any effort that creates opportunities for increased affordable housing in ND. The recommended changes identified by the NDHFA in HB 1083, provide that opportunity. Mr. Chairman and members of the Committee, HAND encourages a Do Pass recommendation. Thank you for time and I'd be happy to answer any questions.



AARP of ND
Arc Upper Valley
Beyond Shelter, Inc.
Centre Inc.
Dakota Center for Independent Living
Domestic Violence and Rape Crisis Center
ND APSE
Hettinger County JDA
Independence, Inc.
Lutheran Social Services Housing
Mental Health America of ND
Money Follows the Person Housing Program
North Dakota Association of Builders
North Dakota Association of Community Providers
North Dakota Coalition for Homeless People, Inc.
North Dakota Center for Persons with Disabilities
North Dakota Council on Abused Women's Services
North Dakota Department of Human Services
North Dakota Disabilities Advocacy Consortium
North Dakota Economic Security & Prosperity Alliance
Prairie Harvest Mental Health
North Dakota Protection & Advocacy Project
Red River Human Services
Region V Community Development Corporation
Rural Collaborative of ND
Salvation Army
Urban Development Department City of Grand Forks
USDA Rural Development
Youthworks
YWCA Cass Clay



(1)
Michael A. Anderson Executive Director

INDUSTRIAL COMMISSION

Jack Dalrymple Governor

Wayne Stenehjem Attorney General

Doug Goehring Agriculture Commissioner

HB 1083

Tuesday, February 12, 2013

**North Dakota Housing Finance Agency
Division of the State Industrial Commission
Testimony by Michael Anderson, Executive Director
Senate Industry, Business and Labor Committee**

Chairman Klein and members of the committee, my name is Mike Anderson, executive director of the North Dakota Housing Finance Agency (Agency). HB1083 was introduced by the Agency to enhance our ability to assist low- and moderate-income households achieve affordable housing. The bill proposes three amendments to NDCC 54-17, the chapter that defines and describes the authorized activities of the Agency.

In Section 1 of the bill, we are requesting that a permanent change be made to the definition of "multi-family housing facilities" (MF Projects) to mean those consisting of four or more units. This definition was originally changed from five or more units during the 2011 session as part of the legislation that created the Housing Incentive Fund (HIF Program). However, that legislation contained sunset language that also applied to this definition. It was not our intention that the definition of MF Projects necessarily be tied to the HIF Program. Rather it was to apply under all Agency multifamily programs.

It has been our experience that the appetite for MF projects in most small rural communities is for smaller projects. And four unit projects are quite common in rural North Dakota. With the traditional definition at five or more units, we have not been able to provide assistance in some small communities. This definition change allows us the flexibility to serve communities based on the local needs and market situations.

On Page 3, line 7, we are requesting to add the words "or assisted" to the portion of this section dealing with leasehold mortgages. Currently, the Agency is permitted to purchase leasehold mortgages that are insured or guaranteed through an affordable housing program. This has served us well with the inclusion of the U.S. Housing and Urban Development Section

184 guarantee loan program in the FirstHome program. Section 184 guarantees mortgages made to tribal members made on tribal trust land in which the homebuyer is purchasing the home but not the land.

Recently the city of Grand Forks established a Community Land Trust (CLT) in which, similarly, a homebuyer purchases a home but the land is leased on a long-term basis from the CLT. However, in the case of the Grand Forks CLT, the CLT is providing down payment assistance such that the loan to value is less than 80 percent, thus, eliminating the need for mortgage insurance or guarantee. The motivation for this is by eliminating the high cost of mortgage insurance, the purchase becomes much more affordable for low- or moderate-income homebuyers. By inserting “or assisted” (referring to down payment assistance), these Grand Forks CLT loans would be eligible for the Agency’s homeownership programs.

The Agency traditionally has allowed down payment assistance under its homeownership programs as long as the source of the assistance meets Agency standards. Eligible sources include assistance from a governmental entity or non-profit organization previously approved by the Agency. Today, more than 70 percent of all FirstHome loans have down payment assistance involved – more than nine out of 10 of these provided by the Agency. Down payment assistance, when traditional underwriting and documentation standards are used, does not increase risk of default or loan loss. The Agency’s loan portfolio performance is substantiation of this. See Attachment 1.

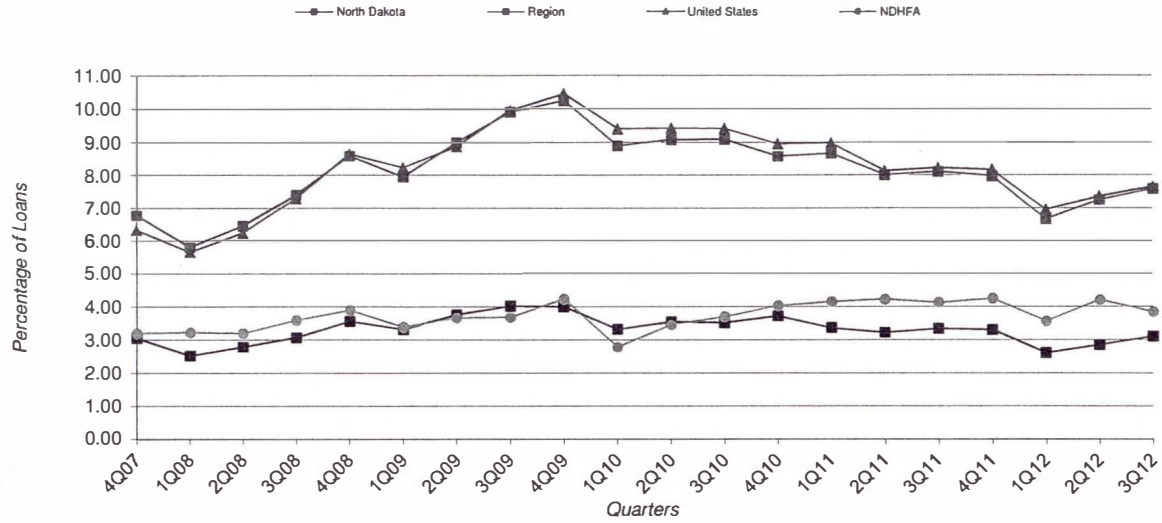
The final amendment that we are requesting is on Page 3, lines 10 through 12. It would allow the Agency to offer a mortgage refinance program through participating lenders targeted to our existing borrowers. Some of our current borrowers are unable access conventional refinance options due to a lack of home equity or who cannot meet the more stringent underwriting standards of today’s mortgage industry. They are not necessarily a bad credit risk. They just haven’t owned their home long enough to be considered under conventional refinance programs. As a consequence, they cannot take advantage of the low interest rates currently being offered.

If approved by the legislature and the Industrial Commission, the program would offer refinancing through participating lenders who would originate and sell the loans to the Agency.

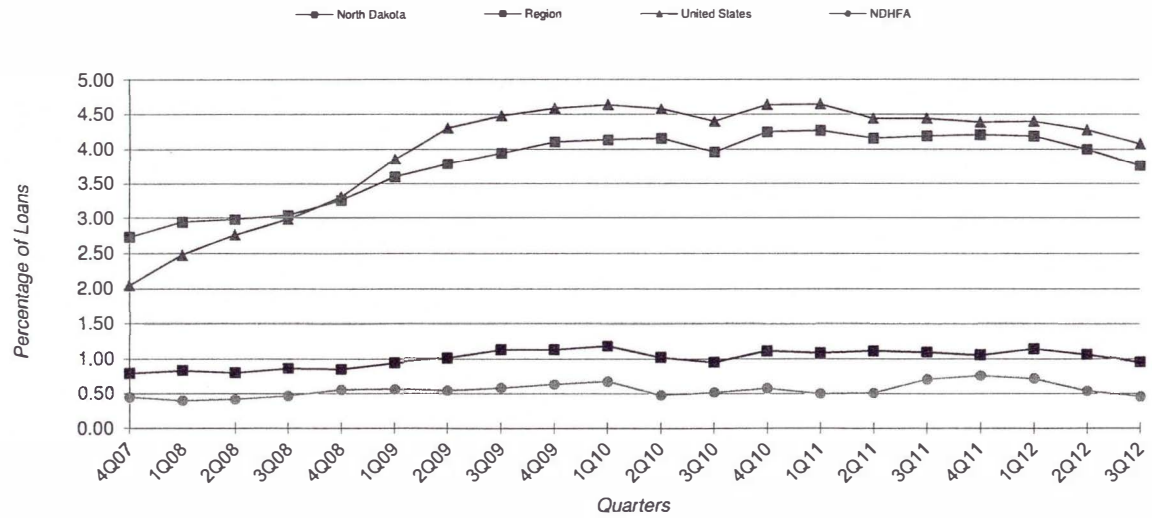
The amendments offered in HB1083 will further the Agency's mission to provide safe, decent and affordable housing finance opportunities for North Dakotans who do not otherwise have access to them from the private sector. The Agency over the years has been very successful in achieving its mission of providing SUCCESSFUL homeownership situations.

Thank you and I would be happy to answer any questions.

Delinquency - All Loans - NDHFA Serviced



Foreclosure - All Loans - NDHFA Serviced





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 Grand Forks, ND 58203
 701.795.6307
 www.gfclt.org

Sixty-third Legislative Assembly of North Dakota
 Senate Industry, Business and Labor Committee
 Senator Jerry Klein, Chairman

February 12, 2013

TESTIMONY OF EMILY WRIGHT, FOUNDER AND EXECUTIVE DIRECTOR, GRAND FORKS COMMUNITY LAND TRUST, IN SUPPORT OF HOUSE BILL 1083.

Chairman Klein, Members of the Industry, Business and Labor Committee:

In late 2010, Grand Forks Community Land Trust was founded as the first community land trust (CLT) in North Dakota, joining 250 CLTs in 45 states across the nation. Through a shared-equity model, CLTs provide opportunities for homeownership to lower income buyers, while retaining ownership of the land on which homes are sold in an effort to keep these homes affordable in perpetuity. CLTs have become increasingly popular over the last decade because of their highly efficient use of funding, a strong commitment to stewardship, and phenomenal foreclosure and delinquency prevention statistics. *Studies over the last five years have consistently shown that serious delinquency or foreclosures occur within CLTs at a rate of only 1/10 the overall average among mortgages in the United States.*

Though Grand Forks Community Land Trust has received a great deal of support from the community and partners statewide, we are not immune to the obstacles that face any new organization. Lack of familiarity with the program and the absence of identical models in North Dakota have forced GFCLT to forge its own path in making programs work for shared-equity homeownership. The North Dakota Housing Finance Agency has shown great support for GFCLT and will be a necessary and welcome partner in utilizing CLT homeownership to resolve some of the major housing issues facing our state today. The Grand Forks City Council and Grand Forks Blue Ribbon Commission on Housing have shown their support for GFCLT through significant allocations of HUD CDBG/HOME funds and recommendations for continued backing of the CLT as a route to provide much needed low-moderate income homeownership opportunities. Through House Bill No. 1083, you can provide the next level of support necessary in moving this work forward.

Legislation and guidelines written prior to GFCLT's creation were not written with our unique model of homeownership in mind. House Bill No. 1083 plays a critical role in giving GFCLT and any future CLTs in North Dakota access to the programs of the North Dakota Housing Finance Agency. The addition of "or assisted" in the Housing Finance programs section gives GFCLT access to programs that have played a major role in the success of Grand Forks' previous first-time homebuyer programs, supporting loans less likely to be embraced immediately by the rest of the secondary market.

Affordable housing experts across the state recognize community land trusts as one of the best possible solutions to the affordable housing crisis we face today. Please show your support for Grand Forks Community Land Trust and future CLTs across the state by voting in favor of House Bill No. 1083.

Sincerely,

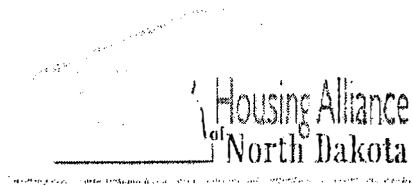
Emily Wright
 Executive Director
 ejwright@gfclt.org

Testimony
House Bill 1083
Industry, Business and Labor
Representative Klein, Chairman
February 12, 2013

Chairman Klein, members of Industry, Business and Labor, I am Tom Alexander, Project Director at North Dakota Center for Persons with Disabilities at Minot State University. I am providing testimony today in support of HB 1083 as Chair of the Housing Alliance of North Dakota (HAND) board of directors.

The Housing Alliance of ND is a statewide network (please see a list of current HAND members) established in 2010 to identify and address the diverse unmet housing needs of North Dakotans.

HAND fully supports any effort that creates opportunities for increased affordable housing in ND. The recommended changes identified by the NDHFA in HB 1083, provide that opportunity. Mr. Chairman and members of the Committee, HAND encourages a Do Pass recommendation. Thank you for time and I'd be happy to answer any questions.



AARP of ND
Arc Upper Valley
Beyond Shelter, Inc.
Centre Inc.
Dakota Center for Independent Living
Domestic Violence and Rape Crisis Center
ND APSE
Hettinger County JDA
Independence, Inc.
Lutheran Social Services Housing
Mental Health America of ND
Money Follows the Person Housing Program
North Dakota Association of Builders
North Dakota Association of Community Providers
North Dakota Coalition for Homeless People, Inc.
North Dakota Center for Persons with Disabilities
North Dakota Council on Abused Women's Services
North Dakota Department of Human Services
North Dakota Disabilities Advocacy Consortium
North Dakota Economic Security & Prosperity Alliance
Prairie Harvest Mental Health
North Dakota Protection & Advocacy Project
Red River Human Services
Region V Community Development Corporation
Rural Collaborative of ND
Salvation Army
Urban Development Department City of Grand Forks
USDA Rural Development
Youthworks
YWCA Cass Clay