

2015 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2220


2015 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Missouri River Room, State Capitol

SB 2220
1/23/2015
Job # 22440

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact sections 54-17-40, 54-17-41, and 57-38-01.32 of the North Dakota Century Code, relating to the housing incentive fund; to provide a transfer; to provide an appropriation; and to declare an emergency.

Minutes:

Attachments 1-13

Chairman Dever: Opened the hearing on SB 2220.

Senator Mathern, District 11: See Attachment #1 for testimony as sponsor of the bill.

(3:40)Chairman Dever: I understand that there might be other bills out there related to this?

Senator Mathern: There are others, but yesterday in the appropriations committee the housing money was taken out of the Governor's surge bill so at this point in the committee level that extra money in the surge is not there. I am hoping we can resurrect that yet. There is other money in the appropriation process, however, it is woefully inadequate and there is no clear indicator that those other bills are moving forward. This amount is essentially what I understand that the sum of all of our housing directors around the state have suggested as then basic minimum amount that is needed in terms of the housing infrastructure and it was recommended to the Governor but this amount was not placed in the Governor's budget.

(5:29)Jolene Kline, Executive Director, Industrial Commission: See Attachment #2 for testimony in a neutral position and for committee information.

(16:52) Senator Flakoll: Do we have any data on how many people per unit we have for occupancy?

Jolene Kline: No we do not have number of household members per units. We will have that data when the new projects are in service for a year because they file reports with us on an annual basis to show what the income is and occupancy of those so that we have a way to determine whether or not the household is income eligible. That goes to actual number of household members.

Senator Flakoll: The occupancy/vacancy rate is what percent of those that are built?

Jolene Kline: The vacancy rate might be better answered by people that will testify after me because they are the ones who own these projects. We are gathering that data now and asking them to give us that data as frequently as monthly and at least quarterly so that we can do reports to the industrial commission who oversees our agency. There will be variances depending on what community the project is in. The ones that I am aware of that are in service are fully occupied with a strong waiting list.

Senator Marcellais: You mentioned a study that was conducted; were the Native American Reservations involved in that study?

Jolene Kline: Yes. Our housing needs assessment broke the state out into the 8 regions and encompassed the Indian Reservations also.

Senator Marcellais: You also mention that you have a ten year plan to end the homelessness. What period is that talking about?

Jolene Kline: That went from 2008 to 2018 with the target of 50 units per year.

Chairman Dever: It appears to me that the bill extends the sunset dates and changes the dollar amounts. Is there any other change in the bill?

Jolene Kline: My understanding is that the bill increases the funding level from what is in the other two bills that are sponsored by the Governor. So the \$30 million in reauthorization stays intact but the appropriation piece is asking for a change from \$20 million to \$70 million in general fund appropriation.

Chairman Dever: So we are just extending and asking for more dollars?

Jolene Kline: That is correct.

(21:50) Michael Carbone, Executive Director, North Dakota Coalition for Homeless People: See Attachment #3 for testimony in support of the bill.

(27:05) Senator Marcellais: Do you know how many homeless veterans are in North Dakota?

Michael Carbone: I would have to get that to you, but I believe it is around 180 that we have identified. What I can say is that my agency administers supportive services for veteran's families program and in the 3 ½ years that we have been administering that program, we have housed more than 600 homeless veteran households. It is a significant problem and it is one of the places that we have made the most progress but there is still a lot of work to be done.

Chairman Dever: I do not know what the number is, but I do know that on a percentage basis it is higher than the general population.

Michael Carbone: Very much so. Historically it has been 21-22% of the homeless population is veterans. And of the general population that number is closer to 10%. We have gotten that

veteran percentage number down to around 13 1/2 %, but it is still much higher than the general population.

Chairman Dever: Are you seeing an effect of the oil prices being down and if it affects the number of homeless?

Michael Carbone: I think it is too early to tell. We have not seen a reduction in the number of calls we get from out of state of people wanting to come and access shelter. I know shelters in the state get calls on a daily basis from people coming looking for an oil field job. Not all of the people who are homeless and come to North Dakota are necessarily looking for an oil field job. They hear the low unemployment rate and want to come get any job.

Senator Cook: I am looking at your chart of fair market rent, is that the HUD established fair market rent?

Michael Carbone: Yes. It varies by city or county and the report that you have is from the National Income Housing Coalition and they do this nationwide and break it down by counties.

(30:40) Dan Madler, Chief Executive Officer, Beyond Shelter Inc.: See Attachment #4 for testimony in support of SB 2220.

(34:25) Senator Flakoll: Do any of the projects, on release of money; have anything in terms of requirements of placement or siting that they be at or near, within short walking distance of public transportation?

Dan Madler: That is a best practice. There is a qualified allocation plan that governs how the funds are to be awarded and distributed and in there they do mention regarding locations, i.e. not next to a railroad, airport etc. When developers look at locations that is key. They look at transportation, schools, grocery, banking, facilities, clinics, etc. We always try to bring those amenities as close to the project as possible. The challenge is available land in the communities and infrastructure to support the development. (Gave an example in Dickinson)

Senator Cook: You mention your \$49.5 million dollars in housing assets, is Beyond Shelter the sole owner of these assets or do you have partners?

Dan Madler: We have several partners. We are part ownership but it is financed through several partners. The long term goal is that Beyond Shelter and/or our partners (housing authority) will be the long term owners of our properties.

Senator Cook: Are there any for profit partners?

Dan Madler: Yes. They come in when we leverage the housing incentive fund with the federal loan housing tax credit program. Essentially that program brings equity to the table. There is no long term ownership for that for profit partner.

(38:00) John Phillips, Real Estate Development Manager, Lutheran Social Services Housing: See Attachment #5 for testimony in support of the bill.

(44:40) Senator Flakoll: What are these facilities rated for in the number of years?

John Phillips: Most have 20 year debt financing. It is quality construction. We are anticipating 50 years plus.

Senator Flakoll: Do you have to pay property tax on those?

John Phillips: Yes. Those properties are all subject to property tax. But with the income based units now in the last session you passed a tax incentive bill to accommodate those units.

Senator Flakoll: In regards to the waiting lists, how long do you wait to try to find the next person on the list before you move to the next person?

John Phillips: We do background checks and credit checks of everyone moving in. You don't have to keep a unit open for them. A waiting list is there and we date and time stamp every applicant. There are some properties that we don't have a turnover.

(47:40) Lynn Fundingsland, Executive Director, Fargo HRA: See Attachment # 6 for testimony in support of the bill.

(51:05) Senator Cook: How many units does the Fargo housing authority own?

Lynn Fundingsland: 585 and we have about 5000 tenants with 1200 on waiting list.

Senator Cook: You have vouchers from Morton County that we send to you correct?

Lynn Fundingsland: Yes. But there is no room in Fargo.

Senator Nelson: You also are not saying that there are 120 units being vacated next to the high rise right now and people are having problems finding the same kind of housing.

Lynn Fundingsland: We have to 100% vacate the high rise to renovate as well.

(52:45) Blake Crosby: See Attachment #7 in support of the bill.

(53:20) Blake Strehlow, Executive Director, Stark/McKenzie/Dunn County Housing Authorities: See Attachment #8 in support of the bill.

(56:08) Senator Cook: You are only using 31 of 117 vouchers?

Blake Strehlow: We have also transferred some of the funding, similar to what we have done with Morton County, we have 100 vouchers in Cass County that belong to Stark County that we are using right now so that we do not lose that funding for western North Dakota.

(56:58) Josh Askvig, AARP: See Attachment # 9 in support of the bill.

(58:06) Tom Alexander, Executive Director, Minot Housing Authority: See Attachment #10 for testimony in support of the bill.

(1:00:19) Senator Cook: How many units do you own in Minot?

Tom Alexander: A little over 300 and we are building more. We manage units for another nonprofit as well.

Chairman Dever: Has all the FEMA housing been vacated now?

Tom Alexander: There are a few that still remain.

(1:01:08) Dwight Barden, Executive Director, Burleigh County Housing Authority: See Attachment #11 for testimony in support of the bill.

(1:02:13) Royce Schultze, Executive Director, Dakota Center for Independent Living, Inc: See Attachment #12 for testimony in support of the bill.

(1:05:05) Senator Flakoll: Do you have any kind of handle on the percentage of low income folks have accessibility issues?

Royce Schultze: No I do not have any information like that. There are other centers in the state for independent living and all they run into the same problems of lack of accessible housing.

Senator Flakoll: Do you move people around for accessibility?

Royce Schultze: There are some landlords that will do that.

Senator Cook: I have a question for Dan Madler. When you build a unit and you have so many fair market rents and so many at a lower rent for lower income people, and if that lower rent is within the fair markets rents established by HUD, can someone with a voucher rent that apartment?

Dan Madler: 100% of our 281 units are voucher eligible, so yes. I need to add that without the housing incentive fund we would not have been able to buy down our debt to allow that to happen. That is another powerful thing.

Senator Nelson: What are the qualifications for getting a voucher?

Senator Cook: Lower income. The income limits are established by HUD and if you fit within you get a voucher.

Senator Nelson: How can you transfer vouchers from Morton County to Cass County?

Blake Strehlow: To qualify there are two things. One is income. (gives stats) Transferring vouchers is not an easy thing. We use a portability factor that is written into the law of the

voucher program where a resident can go to another area of jurisdiction with the initial housing authorities voucher and money.

Chairman Dever: Even though the qualifications are different in different communities?

Blake Strehlow: Yes. They have to qualify in the receiving jurisdiction. There are no units available in western North Dakota so we have to move money around.

Senator Cook: How many out of state people are applying for vouchers?

Blake Strehlow: We are getting constant phone calls from around the country.

Chairman Dever: Closed the hearing on SB 2220.

*See Attachment #13 for additional testimony handed out.

2015 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Missouri River Room, State Capitol

SB 2220
2/5/2015
Job # 23286

- Subcommittee
 Conference Committee

Committee Clerk Signature



Minutes:

No Attachments

Chairman Dever: Opened SB 2220 for committee discussion. This bill does two things. It extends the sunset and increases the dollar amount from \$20 million to \$100 million. There is another bill that addresses the same issue in Senate Finance and Tax. They have already acted on it. This committee is not going to decide the amount of money that is going to end up during this session. My preference is to let this bill go and favor the bill that has already been acted on.

Senator Cook: Moved a Do Not Pass.

Senator Poolman: Seconded.

Senator Nelson: I will vote no on a do not pass because I think that it is important and I think it should go to appropriations and they can harmonize the bills that they have.

Senator Cook: We passed the one out of Finance and Tax that takes the credits from \$20 million up to \$30 million and that is all that it does. The discussion that we had was that we are not going to make that decision. It will be a decision that will be made after March as to how much money is in there. The issue isn't going to go away.

Chairman Dever: How much money did the Governor have in his budget for that?

Senator Cook: I believe it was \$30 million and some general fund money also.

A Roll Call Vote Was Taken: 5 yeas, 2 nays, 0 absent.

Motion Carried.

Senator Cook will carry the bill.

Date: 2/5
 Roll Call Vote #: 1

**2015 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2220**

Senate Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Cook Seconded By Poolman

Senators	Yes	No	Senators	Yes	No
Chairman Dever	✓		Senator Marcellais		✓
Vice Chairman Poolman	✓		Senator Nelson		✓
Senator Cook	✓				
Senator Davison	✓				
Senator Flakoll	✓				

Total (Yes) 5 No 2

Absent _____

Floor Assignment Cook

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

REPORT OF STANDING COMMITTEE

SB 2220: Government and Veterans Affairs Committee (Sen. Dever, Chairman)
recommends **DO NOT PASS** (5 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING).
SB 2220 was placed on the Eleventh order on the calendar.

2015 TESTIMONY

SB 2220

#1

Government and Veteran's Affairs Committee

SB 2220

January 23, 2015

Chairman Dever and members of the Senate Government and Veteran's Affairs Committee,

My name is Tim Mathern. I am the senator from District 11 in Fargo. I am here to introduce SB 2220.

SB 2220 as passed would bring \$100 million dollars into North Dakota's housing finance agency in order to address the critical housing shortage throughout the state. Thirty million would be made available by tax credits to donators of housing projects. Seventy million would come from a transfer of this amount from the state general fund to the housing incentive fund.

There is a gap between the income of North Dakotans and the high cost and low availability of housing. This leads to homelessness, family tension, difficulty of employers to recruit employees and exodus of our home grown citizens from their place of family and social roots.

Passage of this bill helps individuals deal with the booming economy when they may not directly benefit from such an economy. A comfortable place to live is the foundation of a positive family life and a steady economic climate. We have a few years to catch up with the lack of infrastructure to support our economy, building our housing stock is as important as any other infrastructure investment.

Other persons are here to address the details of this bill and have the facts to support this bill. I ask you to recommend a yes vote on SB2220 and refer to the Appropriations Committee.

Thank you for your attention to people from our communities testifying on this bill.

SB 2220

January 23, 2015

**North Dakota Housing Finance Agency
Division of the State Industrial Commission
Testimony of Jolene Kline, Executive Director
Senate Government and Veterans Affairs Committee**

Chairman Dever and members of the Senate Government and Veterans Affairs Committee:

My name is Jolene Kline, executive director of the North Dakota Housing Finance Agency. Because there are several bills dealing with the Housing Incentive Fund, I am here in a neutral position on Senate Bill 2220, but want to provide you background on the program.

The Housing Incentive Fund has proven to be an effective program in assisting with the development of rental housing in communities across North Dakota for essential service workers and low- and moderate-income households.

HIF was first authorized by the 62nd Legislative Assembly in 2011 which also approved \$4 million in state income tax credits to capitalize it. The tax credits are issued on a dollar-for-dollar basis in exchange for contributions by taxpayers into the fund. During the special session in November 2011, the tax credit authority was raised to \$15 million. HIF was reauthorized in 2013 with \$20 million in tax credit authority and a \$15.4 million general fund transfer.

In the 2013-15 biennium, NDHFA raised the entire \$20 million in contributions by Dec. 31, 2013, a year ahead of the deadline. NDHFA held two allocation rounds in 2013 in which 34 projects were awarded conditional commitments, exhausting the \$35.4 million in HIF funds for the biennium. Due to lack of infrastructure availability, complications with other financing and unforeseen obstacles during the course of development, four

of those projects and two from the previous biennium were unable to come to fruition and returned their conditional commitments. Under our continuing appropriation authority, NDHFA used the returned funds to supplement commitments to projects that were unable to be fully funded initially or experienced significantly increased construction costs. The Agency opened a third allocation round in September 2014 to award the remainder of the money; one project in Watford City was approved.

In total during this biennium, the Housing Incentive Fund has or will create 942 housing units with 238 set aside for Essential Service Workers, 476 income and rent restricted to low- and extremely low-income households and 253 restricted to moderate-income households. The \$37.7 million in state funds will spur more than \$157.6 million in housing construction activity in Arnegard, Bismarck, Burlington, Devils Lake, Dickinson, Dunn Center, Fargo, Hettinger, Jamestown, Lignite, Mandan, Minot, New Rockford, Watford City, and Williston.

Within the first six months of the biennium, the Agency had requests for more than twice the amount of the HIF dollars available for the full biennium.

Our analysis of the unmet housing needs in North Dakota, shows that there is a significant number of affordable housing units that are needed today and will be necessary to meet the growth in the state in the coming biennium.

The Statewide Housing Needs Assessment commissioned by our Agency in 2012, showed an average of 5,562 housing units would be needed each year between 2010 and 2015 to keep pace with household growth projections. The study further showed more than 50 percent of these, or 3,035 units annually, must be affordable to low-income households. From 2010 to 2014, the state of North Dakota was able to assist in the creation of 555 affordable housing units per year, less than 20 percent of the projected need.

Projections from North Dakota State University's Department of Agribusiness and Applied Economics, which have been included in the North Dakota Oil and Gas Industry Impacts Study 2014-2019 commissioned by Legislative Management, show sustained

population growth in oil-impacted areas in the next two years, while the rest of the state exceeded projections for 2015 two years ahead of time and is expected to continue to grow. Correspondingly, the number of housing units will need to increase to accommodate the growth. According to the HUD Office of Policy Development and Research, the rental housing inventory in Ward, Williams and Mountrail counties increased by 1,100 units between 2010 and 2013, but the number of renter households increased by 2,025 leading the rental vacancy rate to decline from 3.5 percent in 2010 to less than 1 percent in 2013. This is not isolated to the oil-impacted areas, however. Rental vacancy rates are very low across the state.

According to the most recently available American Community Survey data from 2012, North Dakota is short 11,400 units of housing that is both affordable and available for extremely low-income households.

The number of homeless persons (living in emergency or transitional shelter or unsheltered) in North Dakota in 2014 was 1,258. The number of people precariously housed who are at risk of literal homelessness are not included in the above number. In 2014, 1,049 people were precariously housed and it is estimated that there are many more who went uncounted. The Interagency Council on Homelessness identified a goal of creating 50 permanent supportive housing units per year for homeless individuals in its 10 Year Plan to End Homelessness, but the state has fallen short of that goal which was set in 2008 so there is a substantial backlog of units needed.

At the end of 2014, NDHFA conducted a survey of Essential Service Worker employers concerning their needs. We asked respondents the number of units they felt would be needed to accommodate their workers in the near term, within the next year and within two years. The following shows the needs indicated from the 218 respondents:

Type of Respondent	Needs Indicated			
	Total	Immediately	Next 12 Months	Next 24 Months
City	132	13	74	45
County	120	13	78	29
First Responder*	99	16	45	38
Medical**	170	37	80	53
School Districts	253	40	102	111
Totals	774	119	379	276
* Includes Police, Sheriff, EMS, Fire Department				
** includes nursing facilities, hospitals, basic care facilities				

The numbers above show an increase over the responses in April 2013 when respondents said 215 units were needed.

There were concerns identified by survey respondents about the increased costs of housing for employees. Without adequate supply of affordable housing, recruitment and retention of ESWs will continue to be a challenge for public entities, respondents said.

The Housing Incentive Fund has been used successfully to provide affordable housing options for residents statewide. Whether it was a household being forced out of their mobile home in Williston due to a tripling of the lot rent; a resident being displaced in Minot due to the flood and needing alternative accessible housing; a police officer needing affordable housing in Watford City; or a young adult in Bismarck looking for an independent living option to allow her to leave a group setting, HIF is making a difference in people's lives. Success stories like these are significant but more work needs to be done. Fixed income seniors are struggling with rising rents; community leaders are struggling with the recruitment and retention of essential workers; long term care facilities are facing ongoing difficulties in hiring staff to care for the elderly and the lack of affordable housing is restricting business expansion. The state is facing loss of existing affordable housing units due to market pressures and needed rehabilitation. The baby boom generation is aging out of the workforce and will need affordable housing options to address declining household incomes.

As I mentioned earlier, there are three other bills that have been filed dealing with HIF. Reauthorization of the Housing Incentive Fund for the coming biennium and a provision for \$30 million in income tax credit authority for the HIF program is contained in House

Bill 1014, the Agency's budget bill. A General Fund transfer of \$20 million to the Housing Incentive Fund is included in Senate Bill 2126. Senate Bill 2257 reauthorizes the program for the 2015-17 biennium, authorizes \$30 million in tax credit authority and adds the development of mobile home parks as an eligible use.

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

Project Name	Location	Applicant / Developer	Project Type	Use of HIF Funding	Total Units	Total Development Cost	HIF Funds Committed	HIF Program	Project Status
Arrowhead Estates	Amegard	Big Mountain Development	Workforce/Family	New Construction	16	\$3,673,093	\$1,021,000	HIF 2	Under Development- Est Completion 3/2015
Belfield Law Enforcement Housing	Belfield	HA for City of Belfield	Workforce/Family	New Construction	4	\$744,484	\$96,000	HIF 1	Occupied
Greenfield Heights	Belfield	LSS Housing Belfield LLC	Family	New Construction	12	\$1,551,650	\$225,000	HIF 1	Occupied
Independence Pointe	Bismarck	Independence Pointe, LP	Disabled	New Construction	24	\$3,800,563	\$425,000	HIF 2	Occupied
North 19th Street 5-Plex	Bismarck	Community Homes of Bismarck, Inc	Disabled	New Construction	5	\$1,205,610	\$361,683	HIF 2	Under Development- Est Completion 5/2015
Independence Living	Bismarck	Independence Living LLC	Disabled	New Construction	14	\$1,665,802	\$483,045	HIF 2	Occupied
Boulevard Ave Community Center	Bismarck	Ruth Meiers Hospitality House	Homeless	Adaptive Reuse	84	\$9,518,500	\$2,855,500	HIF 2	Under Development- Est Completion 4/2015
The Landing	Bowman	LSS Housing Bowman LLC	Disabled / Family	New Construction	26	\$3,120,880	\$936,264	HIF 1	Occupied
The Willows	Burlington	Beyond Shelter, Inc.	Workforce/Family	New Construction	40	\$8,257,000	\$3,000,000	HIF 2	Under Development -Est Completion 02/2016
Northern Lights Apartments	Crosby	Loretto Bay Six, LLC	Family	New Construction	18	\$3,979,127	\$1,000,000	HIF 1	Under Development -Est Completion 2/2015
Divide Vista Apartments	Crosby	DCEDC	Family	New Construction	12	\$1,200,000	\$240,000	HIF 1	Occupied
Agassiz Circle Phase 1	Devils Lake	Agassiz Properties LLLP	Family	New Construction	10	\$1,388,341	\$333,333	HIF 1	Occupied
Agassiz Circle Phase 2	Devils Lake	Agassiz Properties LLLP	Family	New Construction	8	\$1,287,599	\$385,269	HIF 2	Occupied
South Main Apartments	Dickinson	AK Investments LLP	Family	Adaptive Reuse	10	\$1,526,502	\$410,852	HIF 1	Occupied
Sullivan Apartments	Dickinson	Sullivan Properties	Family/Disabled	New Construction	30	\$4,794,132	\$1,416,837	HIF 2	Under Development- Est Completion 03/2015
Heritage Hills	Dickinson	Heritage Hills I LLLP	Senior	New Construction	42	\$8,194,643	\$200,000	HIF 2	Occupied
Heritage Hills II	Dickinson	Beyond Shelter, Inc.	Senior	New Construction	39	\$7,138,819	\$600,000	HIF 2	Under Development- Est Completion 08/2015
Patterson Heights	Dickinson	Beyond Shelter, Inc.	Family	New Construction	24	\$3,440,008	\$1,376,003	HIF 1	Occupied
Dunn Center Apartments	Dunn Center	LSS Housing, Inc.	Workforce/Family	New Construction	18	\$2,324,200	\$700,000	HIF 2	Under Development - Est Completion 08/2015
North Sky I	Fargo	Beyond Shelter, Inc.	Senior	New Construction	24	\$2,855,460	\$1,142,184	HIF 2	Occupied
North Sky II	Fargo	Beyond Shelter, Inc.	Senior	New Construction	30	\$4,197,100	\$600,000	HIF 2	Under Development - Est Completion 08/2015
Cherrywood Village	Grand Forks	Valley Homes and Services	Senior	New Construction	30	\$5,235,244	\$454,545	HIF 1	Occupied
Courtside Village	Hettinger	LSS Housing, Inc.	Workforce/Family	New Construction	24	\$3,062,500	\$932,400	HIF 2	Under Development - Est Completion 06/2015
Jamestown Court Rowhomes	Jamestown	Jamestown Rowhomes LP	Family/Senior	New Construction	24	\$4,716,588	\$600,000	HIF 2	Under Development - Est Completion 12/2015
Garden Hills II	Jamestown	Hometown Living LLC	Senior	New Construction	40	\$4,995,084	\$1,497,625	HIF 2	Under Development - Est Completion 05/2015
Kenmare Gooseneck 12-Plex	Kenmare	Moure Equipment LLP	Family	New Construction	12	\$1,350,000	\$240,000	HIF 1	Occupied
Kenmare CDC Housing 12-Plex	Kenmare	Kenmare Development Corp	Family	New Construction	12	\$1,350,000	\$240,000	HIF 1	Occupied
Prairie Gold Apartments	Killdeer	Prairie Gold Real Estate, LLC	Family	New Construction	24	\$3,300,000	\$1,000,000	HIF 1	Occupied
Bel Tower Apartments	Kulm	BEL Tower LLC	Family	Adaptive Reuse	6	\$527,473	\$120,198	HIF 1	Under Development - Est Completion 3/2015
Lignite Housing Project	Lignite	Lignite Investments, LLC	Workforce/Family	New Construction	28	\$4,564,060	\$1,265,000	HIF 2	Occupied
Collins Place	Mandan	Dakota Commercial & Development	Family/Senior	New Construction	29	\$3,885,000	\$1,100,000	HIF 2	Occupied

Project Name	Location	Applicant / Developer	Project Type	Use of HIF Funding	Total Units	Total Development Cost	HIF Funds Committed	HIF Program	Project Status
Oakwood Court	Minot	Minot Housing Authority	Disabled	Rehabilitation	7	\$389,000	\$155,600	HIF 1	Occupied
Rolling Ridge Estates	Minot	SW Design Build	Workforce/Family	New Construction	50	\$7,613,000	\$2,250,000	HIF 2	Under Development - Est Comp 05/2015
Fieldcrest	Minot	Beyond Shelter, Inc.	Workforce/Family	New Construction	42	\$8,278,959	\$2,310,000	HIF 2	Under Development - Est Completion 07/2015
Cook's Court	Minot	Beyond Shelter, Inc.	Senior	New Construction	40	\$6,830,000	\$600,000	HIF 2	Under Development - Est Completion 08/2015
Mainstreet Artspace Lofts	Minot	Minot Artspace Lofts LP	Family and Disabled	New Construction	34	\$7,480,422	\$200,000	HIF 1	Occupied
Minot Place Rowhomes	Minot	MetroPlains LLC	Family	New Construction	30	\$6,525,150	\$200,000	HIF 1	Occupied
Second Avenue Apartments	New Rockford	Lesmeister Enterprises, LLC	Workforce/Family	New Construction	8	\$800,000	\$240,000	HIF 2	Occupied
McKenzie Ranger District Station Apts	Watford City	Joseph M and Margaret Ann Girard Family Trust	Workforce	Adaptive Reuse	9	\$2,426,615	\$725,000	HIF 2	Under Development - Est Completion 5/2015
McKenzie Healthcare Systems Employee Housing	Watford City	McKenzie County Healthcare Systems	Workforce/Family	New Construction	24	\$6,098,517	\$1,830,000	HIF 2	Under Development - Est Completion 6/2015
Wolf Run Village	Watford City	Wolf Run Village, Inc	Workforce/Family	New Construction	42	\$6,721,699	\$1,483,231	HIF 2	Occupied
McKenzie Healthcare 5-Plex	Watford City	McKenzie County Healthcare Systems	Workforce/Family	Retirement of Debt	5	\$550,000	\$136,950	HIF 2	Under Development - Est Completion 3/2015
Prairie Heights Phase I	Watford City	LSS Housing Watford City LLC	Workforce/Family	New Construction	58	\$8,277,730	\$1,000,000	HIF 1	Occupied
Prairie Heights Phase II	Watford City	LSS Housing Watford City LLC	Workforce/Family	New Construction	66	\$8,878,413	\$1,000,000	HIF 1	Under Development - Est Completion 4/2015
McKenzie Park Apartments	Watford City	G.A. Haan Development	Workforce/Family	New Construction	60	\$10,258,686	\$1,247,173	HIF 2	Under Development - Est Completion 09/2016
Mercy Heights	Williston	CHI Housing Initiatives	Family	New Construction	66	\$10,959,000	\$1,000,000	HIF 1	Occupied
WSC Housing-Phase II	Williston	Dakota Commercial & Development	Workforce/Family	New Construction	74	\$10,000,000	\$3,000,000	HIF 2	Under Development - Est Completion 01/2015
Renaissance on Main	Williston	Renaissance Station LLC	Workforce/Family	New Construction	30	\$10,014,069	\$3,000,000	HIF 2	Under Development - Est Completion 12/2015
ParkRidge Townhomes	Williston	ParkRidge Townhomes LLC	Workforce/Family	New Construction	36	\$6,827,414	\$2,048,224	HIF 2	Under Development - Est Completion 03/2015
714 Place	Williston	Envision Land & Development	Workforce/Family	Retirement of Debt	5	\$1,125,000	\$315,000	HIF 2	Occupied
Legacy at Central Place	Williston	LSS Housing Williston LLC	Senior	Adaptive Reuse	44	\$12,482,215	\$611,161	HIF 1	Occupied
WSC Foundation Residences	Williston	WSC Foundation	Workforce/Family	New Construction	74	\$10,000,000	\$1,000,000	HIF 1	Occupied
					1523	\$ 251,385,351.00	\$ 49,610,077.00		

Michael Carbone
Executive Director North Dakota Coalition for Homeless People
701-390-1629
director@ndhomelesscoalition.org

SB 2220 Testimony

Chairman Dever and committee members, thank you for the opportunity to provide testimony in support of SB 2220. More importantly, thank you for the Housing Incentive Fund which has proven to be an invaluable tool in the fight to reduce homelessness and in providing housing to low income households and for essential service workers.

The North Dakota Coalition for Homeless People is a membership organization representing 70 providers of shelter, housing and supportive services to households experiencing the heartbreak of homelessness. Most of you are aware of the explosion in the homeless population in North Dakota. The number of our fellow citizens meeting the very strict HUD definition of homelessness in North Dakota during the January 2014 Point in Time count was 1258—*more than double what is was just a few short years ago*. If we include those meeting other definitions (i.e. Department of Education) the number is much higher. Add to that the number of people who are precariously housed and we have an affordable housing shortage that affects many thousands of people. This is borne out by the Housing Needs Assessment commissioned by the North Dakota Housing Finance Agency, the Out of Reach report for North Dakota from the National Low Income Housing Coalition, and other local housing needs assessments.

The number of homeless at the last Point in Time count is quite high; however, it represents a reduction from the 2013 count of 2069. While results of one Point in Time count are not enough to indicate a trend, the news is certainly encouraging. In order to mitigate homelessness in North Dakota three components are essential.

1. Shelter is required to provide an alternative to freezing in the elements and to provide a point of entry into homeless services. Shelter alone does not end homelessness. The solution to homelessness is homes.
2. Interventions to housing instability. This includes case management, supportive services, rapid rehousing and temporary rental assistance.
3. Available and affordable housing and/or supportive housing is the final and most important component of the solution. *The Housing Incentive Fund is the most powerful tool in North Dakota providing this **essential part of the solution** to our homeless problem, and is partly responsible for whatever progress we have made.*

In the January 2014 Point in Time count, 92.04% of respondents said that affordable and available housing was what they needed to end their homelessness. The second most common need respondents reported was rental/deposit assistance with 31.84% claiming that was their most important need.

The effect of the affordable housing shortage influences homelessness in two ways.

1. As more and more families are cost-burdened, more households fall into homelessness. These families are best served if they can be prevented from homelessness in the first place. The pace of affordable housing production must be increased.

2. Once a family has fallen into homelessness they have entered a downward spiral that is difficult to escape. Our homeless response system includes emergency shelter and transitional housing. Consumers of these services need a permanent housing destination if they are to end their struggles with homelessness. The lack of affordable housing is causing shelters to serve people for longer periods, *preventing others who need emergency shelter from accessing the scarce beds.*

Imagine the pain a family feels when they finally are able to access a housing voucher, only to learn that there are no available apartments that meet the voucher requirements. A home where they can thrive is just barely in reach and then snatched away because of the housing shortage. Imagine being a child, trying to succeed in school, to have a normal stable life, when you have no place to call home, when your parents are constantly stressed and worried. These children, who make up more than a quarter of our homeless population deserve a home.

While progress has been made it is time to step up the pace of housing production with an emphasis on those among us who are most vulnerable—those with low or fixed incomes, disabilities and other special needs. Increasing the HIF to 100 million with 70 million coming from an appropriation (allowing a faster start up for many projects) will help to ensure we are meeting the needs of these vulnerable citizens.

These needs have existed for a long time in North Dakota and will continue to exist. Because of this a dedicated revenue stream for the HIF should be considered. Making adequate funding for the HIF a priority, and securing the longevity of the fund will help to ensure that all North Dakotans have a place where they can thrive and achieve their maximum potential.

For these reason the NDCHP urges passage of SB2220.

North Dakota

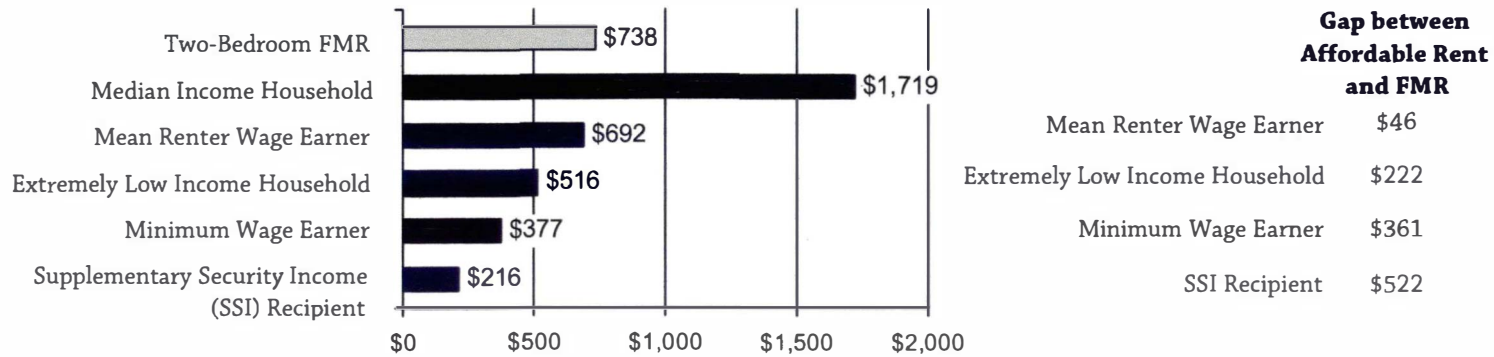
In North Dakota, the Fair Market Rent (FMR) for a two-bedroom apartment is \$738. In order to afford this level of rent and utilities – without paying more than 30% of income on housing – a household must earn \$2,460 monthly or \$29,521 annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into a Housing Wage of:

\$14.19

In North Dakota, a minimum wage worker earns an hourly wage of \$7.25. In order to afford the FMR for a two-bedroom apartment, a minimum wage earner must work 78 hours per week, 52 weeks per year. Or a household must include 2.0 minimum wage earners working 40 hours per week year-round in order to make the two-bedroom FMR affordable.

In North Dakota, the estimated mean (average) wage for a renter is \$13.32. In order to afford the FMR for a two-bedroom apartment at this wage, a renter must work 43 hours per week, 52 weeks per year. Or, working 40 hours per week year-round, a household must include 1.1 workers earning the mean renter wage in order to make the two-bedroom FMR affordable.

Monthly Rent Affordable to Selected Income Levels Compared with Two-Bedroom FMR



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FY14 HOUSING WAGE

HOUSING COSTS

AREA MEDIAN INCOME (AMI)

RENTER HOUSEHOLDS

	Hourly wage needed to afford 2 BR FMR ²	2 BR FMR	Annual income needed to afford 2 BR FMR	Full-time jobs at minimum wage needed to afford 2 BR FMR	Annual AMI ³	Monthly rent affordable at AMI ⁴	30% of AMI ⁵	Monthly rent affordable at 30% of AMI	Renter Housholds (2008-2012)	% of total households (2008-2012)	Estimated hourly mean renter wage (2014)	Monthly rent affordable at mean renter wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR
North Dakota	\$14.19	\$738	\$29,521	2.0	\$68,741	\$1,719	\$20,622	\$516	95,100	34%	\$13.32	\$692	1.1
Combined Nonmetro Areas	\$15.23	\$792	\$31,681	2.1	\$64,592	\$1,615	\$19,378	\$484	40,536	28%	\$15.27	\$794	1.0
<u>Metropolitan Areas</u>													
Bismarck MSA	\$13.54	\$704	\$28,160	1.9	\$76,700	\$1,918	\$23,010	\$575	12,068	27%	\$10.80	\$561	1.3
Fargo MSA	\$13.15	\$684	\$27,360	1.8	\$72,100	\$1,803	\$21,630	\$541	29,856	46%	\$12.54	\$652	1.0
Grand Forks MSA	\$13.94	\$725	\$29,000	1.9	\$69,800	\$1,745	\$20,940	\$524	12,640	47%	\$9.70	\$504	1.4
<u>Counties</u>													
Adams County	\$12.25	\$637	\$25,480	1.7	\$54,800	\$1,370	\$16,440	\$411	311	28%	\$10.89	\$566	1.1
Barnes County	\$12.85	\$668	\$26,720	1.8	\$66,200	\$1,655	\$19,860	\$497	1,473	30%	\$8.62	\$448	1.5
Benson County	\$12.25	\$637	\$25,480	1.7	\$39,900	\$998	\$11,970	\$299	803	35%	\$13.56	\$705	0.9
Billings County	\$12.40	\$645	\$25,800	1.7	\$71,200	\$1,780	\$21,360	\$534	72	21%	\$17.23	\$896	0.7
Bottineau County	\$12.25	\$637	\$25,480	1.7	\$66,300	\$1,658	\$19,890	\$497	615	21%	\$11.01	\$573	1.1
Bowman County	\$12.25	\$637	\$25,480	1.7	\$72,600	\$1,815	\$21,780	\$545	297	22%	\$16.98	\$883	0.7
Burke County	\$12.25	\$637	\$25,480	1.7	\$72,000	\$1,800	\$21,600	\$540	272	27%	\$13.27	\$690	0.9
Burleigh County	\$13.54	\$704	\$28,160	1.9	\$76,700	\$1,918	\$23,010	\$575	9,664	29%	\$11.02	\$573	1.2
Cass County	\$13.15	\$684	\$27,360	1.8	\$72,100	\$1,803	\$21,630	\$541	29,856	46%	\$12.54	\$652	1.0
Cavalier County	\$12.25	\$637	\$25,480	1.7	\$63,400	\$1,585	\$19,020	\$476	229	13%	\$14.84	\$772	0.8
Dickey County	\$12.25	\$637	\$25,480	1.7	\$61,400	\$1,535	\$18,420	\$461	574	26%	\$7.90	\$411	1.6
Divide County	\$12.25	\$637	\$25,480	1.7	\$67,700	\$1,693	\$20,310	\$508	175	17%	\$14.77	\$768	0.8
Dunn County	\$12.25	\$637	\$25,480	1.7	\$73,500	\$1,838	\$22,050	\$551	253	17%	\$30.72	\$1,597	0.4
Eddy County	\$12.25	\$637	\$25,480	1.7	\$53,500	\$1,338	\$16,050	\$401	255	24%	\$8.92	\$464	1.4
Emmons County	\$12.25	\$637	\$25,480	1.7	\$47,200	\$1,180	\$14,160	\$354	328	20%	\$9.66	\$503	1.3
Foster County	\$12.25	\$637	\$25,480	1.7	\$68,000	\$1,700	\$20,400	\$510	383	25%	\$6.56	\$341	1.9
Golden Valley County	\$12.25	\$637	\$25,480	1.7	\$62,800	\$1,570	\$18,840	\$471	194	26%	\$9.14	\$475	1.3
Grand Forks County	\$13.94	\$725	\$29,000	1.9	\$69,800	\$1,745	\$20,940	\$524	12,640	47%	\$9.70	\$504	1.4
Grant County	\$12.25	\$637	\$25,480	1.7	\$58,600	\$1,465	\$17,580	\$440	272	25%	\$11.93	\$620	1.0
Griggs County	\$12.25	\$637	\$25,480	1.7	\$58,000	\$1,450	\$17,400	\$435	255	23%	\$10.82	\$562	1.1
Hettinger County	\$12.25	\$637	\$25,480	1.7	\$51,900	\$1,298	\$15,570	\$389	195	18%	\$12.77	\$664	1.0
Kidder County	\$12.25	\$637	\$25,480	1.7	\$52,800	\$1,320	\$15,840	\$396	250	22%	\$11.34	\$590	1.1

1: BR = Bedroom
 2: FMR = Fiscal Year 2014 Fair Market Rent (HUD, 2013).
 3: AMI = Fiscal Year 2014 Area Median Income (HUD, 2013).
 4: "Affordable" rents represent the generally accepted standard of spending not more than 30% of gross income on rent and utilities.
 5: The federal standard for extremely low income households. Does not include HUD-specific adjustments.

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FY14 HOUSING WAGE

HOUSING COSTS

AREA MEDIAN INCOME (AMI)

RENTER HOUSEHOLDS

	Hourly wage needed to afford 2 BR FMR ¹	2 BR FMR	Annual income needed to afford 2 BR FMR	Full-time jobs at minimum wage needed to afford 2 BR FMR	Annual AMI ³	Monthly rent affordable at AMI ⁴	30% of AMI ⁵	Monthly rent affordable at 30% of AMI	Renter Households (2008-2012)	% of total households (2008-2012)	Estimated hourly mean renter wage (2014)	Monthly rent affordable at mean renter wage	Full-time jobs at mean renter wage needed to afford 2 BR FMR
LaMoure County	\$12.25	\$637	\$25,480	1.7	\$65,200	\$1,630	\$19,560	\$489	347	18%	\$10.51	\$547	1.2
Logan County	\$12.25	\$637	\$25,480	1.7	\$56,600	\$1,415	\$16,980	\$425	145	17%	\$9.28	\$483	1.3
McHenry County	\$12.25	\$637	\$25,480	1.7	\$59,400	\$1,485	\$17,820	\$446	584	23%	\$10.49	\$545	1.2
McIntosh County	\$14.98	\$779	\$31,160	2.1	\$51,900	\$1,298	\$15,570	\$389	198	15%	\$12.27	\$638	1.2
McKenzie County	\$12.25	\$637	\$25,480	1.7	\$65,400	\$1,635	\$19,620	\$491	794	30%	\$21.20	\$1,102	0.6
McLean County	\$12.25	\$637	\$25,480	1.7	\$66,800	\$1,670	\$20,040	\$501	925	23%	\$13.70	\$712	0.9
Mercer County	\$12.25	\$637	\$25,480	1.7	\$77,000	\$1,925	\$23,100	\$578	724	20%	\$14.79	\$769	0.8
Morton County	\$13.54	\$704	\$28,160	1.9	\$76,700	\$1,918	\$23,010	\$575	2,404	22%	\$9.63	\$501	1.4
Mountrail County	\$20.56	\$1,069	\$42,760	2.8	\$69,600	\$1,740	\$20,880	\$522	841	28%	\$17.20	\$895	1.2
Nelson County	\$12.25	\$637	\$25,480	1.7	\$64,100	\$1,603	\$19,230	\$481	267	18%	\$7.75	\$403	1.6
Oliver County	\$12.25	\$637	\$25,480	1.7	\$77,000	\$1,925	\$23,100	\$578	111	15%	\$28.21	\$1,467	0.4
Pembina County	\$12.25	\$637	\$25,480	1.7	\$66,700	\$1,668	\$20,010	\$500	721	22%	\$11.62	\$604	1.1
Pierce County	\$12.25	\$637	\$25,480	1.7	\$63,300	\$1,583	\$18,990	\$475	528	28%	\$7.88	\$410	1.6
Ramsey County	\$12.58	\$654	\$26,160	1.7	\$62,300	\$1,558	\$18,690	\$467	1,731	35%	\$9.86	\$513	1.3
Ransom County	\$13.19	\$686	\$27,440	1.8	\$66,800	\$1,670	\$20,040	\$501	669	29%	\$9.00	\$468	1.5
Renville County	\$12.25	\$637	\$25,480	1.7	\$66,300	\$1,658	\$19,890	\$497	219	21%	\$16.99	\$883	0.7
Richland County	\$12.25	\$637	\$25,480	1.7	\$70,700	\$1,768	\$21,210	\$530	1,786	28%	\$8.92	\$464	1.4
Rolette County	\$12.25	\$637	\$25,480	1.7	\$35,200	\$880	\$10,560	\$264	1,349	28%	\$5.92	\$308	2.1
Sargent County	\$12.25	\$637	\$25,480	1.7	\$67,600	\$1,690	\$20,280	\$507	413	23%	\$9.39	\$488	1.3
Sheridan County	\$12.25	\$637	\$25,480	1.7	\$42,500	\$1,063	\$12,750	\$319	81	13%	\$6.32	\$329	1.9
Sioux County	\$12.25	\$637	\$25,480	1.7	\$34,900	\$873	\$10,470	\$262	595	56%	\$9.54	\$496	1.3
Slope County	\$12.40	\$645	\$25,800	1.7	\$72,600	\$1,815	\$21,780	\$545	32	11%	\$21.93	\$1,140	0.6
Stark County	\$14.27	\$742	\$29,680	2.0	\$70,300	\$1,758	\$21,090	\$527	2,890	29%	\$15.66	\$814	0.9
Steele County	\$12.25	\$637	\$25,480	1.7	\$64,100	\$1,603	\$19,230	\$481	193	22%	\$10.96	\$570	1.1
Stutsman County	\$12.83	\$667	\$26,680	1.8	\$64,500	\$1,613	\$19,350	\$484	2,767	32%	\$10.23	\$532	1.3
Towner County	\$12.25	\$637	\$25,480	1.7	\$62,100	\$1,553	\$18,630	\$466	181	18%	\$7.19	\$374	1.7
Traill County	\$12.44	\$647	\$25,880	1.7	\$65,800	\$1,645	\$19,740	\$494	910	27%	\$13.06	\$679	1.0
Walsh County	\$12.25	\$637	\$25,480	1.7	\$62,600	\$1,565	\$18,780	\$470	1,215	25%	\$9.24	\$481	1.3
Ward County	\$21.46	\$1,116	\$44,640	3.0	\$65,700	\$1,643	\$19,710	\$493	8,756	35%	\$13.63	\$709	1.6
Wells County	\$12.25	\$637	\$25,480	1.7	\$55,400	\$1,385	\$16,620	\$416	488	25%	\$8.91	\$464	1.4
Williams County	\$20.25	\$1,053	\$42,120	2.8	\$79,000	\$1,975	\$23,700	\$593	2,870	29%	\$23.69	\$1,232	0.9

1: BR = Bedroom
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 5: The federal standard for extremely low income households. Does not include HUD-specific adjustments.

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Testimony in Support of SB 2220
Government and Veterans Affairs
Chairman: Senator Dick Dever
January 23, 2015

Submitted by: Dan Madler, Chief Executive Officer - Beyond Shelter Inc. (BSI), 701-730-2734, Lobbyist #161

Chairman Dever and members of the Committee, thank you for the opportunity to be heard.

My name is Dan Madler and I am the CEO of Beyond Shelter, Inc. (BSI), a North Dakota nonprofit developer of affordable housing.

Since the HIF's inception and through today, BSI has closed on the financing of 281 HIF units, providing quality affordable housing to Essential Service Worker, Law Enforcement, Elderly, and Physically Disabled households, living in the communities of Dickinson, Minot, Burlington, and Fargo.

I have found the HIF to be a great tool for Community and Economic Development and its design to be very nimble. BSI has been able to put the money to work quickly, leveraging approximately \$9.8M in HIF's to produce \$49.5M in quality affordable housing assets. Essentially for every \$1 of HIF, BSI has been able to produce \$5 in affordable housing assets.

Using the above BSI Development numbers, funding the HIF at \$100M could produce approximately 2,900-units providing approximately \$500M in affordable housing assets serving ND communities for the next 15-30 years.

Also, funding the HIF at \$100M would be an investment in North Dakota communities and in the State of North Dakota. If a community and state want to be strong economically, they need to provide a balance of housing stock to its residents. There needs to be housing for all income levels. The HIF program helps ND communities and the State of ND provide this balance.

As a housing practitioner and affordable housing provider for the past 21 years, I have never seen the need for affordable housing as great as it is in North Dakota today. And this need is ongoing. Many renters in North Dakota are extremely low income and face a housing cost burden. Across the state, there is a deficit of rental units both affordable and available to extremely low income renter households.

In closing, I respectfully request your support for SB 2220. This would be a continued investment in ND communities, offering great financial leverage, while providing quality affordable housing options that will enable local families, longtime residents, and those on fixed incomes to affordably live in the ND community that they call home.

Thank you for your time and consideration and I stand for any questions that you may have.

Testimony re: SB 2220
Government & Veterans Affairs Committee
Friday, January 23, 2015

Chairman Dever and Members of the Committee

My name is John Phillips, I am here today as the Real Estate Development Manager for Lutheran Social Services Housing and to testify in favor of SB 2220, the continuing appropriation for the Housing Incentive Fund.

Lutheran Social Services Housing is a non-profit organization established in 2008 to work with communities across the state of North Dakota developing affordable housing projects that have been identified as a need by the city / community. LSS Housing is the developer that works with the smaller communities in North Dakota to assist them with the housing needs they have identified when all their other local efforts have been exhausted.

You are all aware of the statistics NDHFA has presented in numerous testimonies regarding the success of the HIF program and the project application numbers when a grant round is announced. Along with a number of other housing projects that have been completed with HIF Funding as part of the financing package I think LSS Housing has been a model for utilizing the HIF program to create affordable housing. Below are several project examples:

- **Williston**, historic renovation of a former school into senior (55+) affordable housing. Monthly rents ranging from \$335 to \$785
- **Bowman**, partnered with ABLE Inc., to create affordable apartment units that had built in special features for people with developmental disabilities that now can allow them to live independently and move away from the group home living concept. The 26 unit project also provides for 18 market rate units. Monthly rents range from \$408 to \$1,100.

- **Hettinger**, the 24 unit multi-unit rental project focus is to provide “affordable housing” for essential service workers. Courtside Village will provide affordable rental housing for 12 essential service workers from the hospital, the nursing home, the school district and the county. 50% of the units in this project are income restricted to the 140% level with rents ranging from \$750 to \$1050.
- **Watford City / Prairie Heights**, the largest multi-family rental project LSS Housing has done to date. The project concept is to better support workers wanting to bring their families to the workplace. Prairie Heights includes 12 buildings that house 12 affordable rental units. The mixed income project consists of 98 units that have a rent range of \$995 - \$1,375 depending on the number of bedrooms in the unit. There are 10 units that are income qualified at 140% of median income and have rents that range from \$700 - \$950 again depending on the number of bedrooms and, something no other developers are providing in Watford City, 16 units that have rent income restrictions at 50% of AMI with rents ranging from \$540 - \$729. There is a waiting list for all units at this project that is anticipated to be a minimum of 2 years.
- **Dunn Center**, this is a planned 18 unit project that will provide affordable rental housing for 6 essential service workers from the City, Nursing Home and County. Plans are to break ground early summer.

Anyone actively working with any construction projects in the “Bakken” area quickly experiences the high cost of construction, primarily because of the high cost of living and support services that are the norm in the area. Having worked with project development in this area first hand for the last several years, I can say with certainty that, without HIF financing, it would be extremely difficult to create affordable rental projects in those locations and even throughout the state, considering the equity requirements of affordable housing projects and the cost of “money” to use private investor financing.

LSS Housing’s goal is to create housing that is as affordable as we can make it to help give our tenants their best chance at making a stable life and finding ways to thrive.

Construction costs are what they are. It doesn't matter how much rent you charge – the building costs are the same to construct. So for us to keep rents affordable, we need to reduce the amount of debt the project has to carry to cover costs of development. When HIF Funds are available to a project, that gap is filled and it is possible to offer tenants lower rents. Without HIF, a project needs to raise donated funds or utilize federal dollars to help lower the amount of debt needed to complete a project. Federal Funds even if they are available, are not always a good fit for on-the-ground economics that affect labor markets in many North Dakota Communities.

The HIF program, you established in the legislature, having identified the affordable housing need, by all indications from data NDHFA has presented is making a significant difference to families, to seniors, and to communities across the state is making an affordable place to live a reality for them. I encourage you to support the re-authorization of this program and encourage you to allocate funding at a level that will allow communities across the state an opportunity to access this resource.

Submitted by:

John Phillips, Lutheran Social Services Housing, 793-1999, jphillips@lssnd.org

SB 2220 Testimony - Jan 23, 2015

Presented by Lynn Fundingsland, Executive Director of the Fargo HRA - past President of the North Dakota Chapter of the National Association of Housing and Redevelopment Officials

Chairman Dever and Members of the Government and Veterans Affairs Committee

SB 2220 proposes funding the Housing Incentive Fund (HIF) at a level of \$100million. This is double what the Governor has budgeted and, is at a level which is more matched to the existing need.

The severe shortage of affordable housing in the state is well known. This is especially true for the 35% of North Dakota households who are renters. \$2,500 a month is the new 'normal' for a 2 bedroom apartment anywhere near the Bakken. Market pressure has nearly eliminated the housing out there that was once affordable. Across the state we are also losing the federally subsidized housing that once served the lowest income households – owners of these properties are opting out of the federal programs to convert them to far more profitable market rate units.

At the same time this is happening we are faced with the baby boomer demographic moving into retirement age and, with that, a reduced income for most of that group. The population of seniors is projected to double in the next 5 years – many of them are renters now and will soon be eligible for and in need of more affordable or even subsidized housing. Locally we are seeing this increasing need and we are also getting people here from the western part of the state who are looking for affordable housing. The Fargo HRA currently has about 1,200 households on a waiting list for assistance and the list is growing. There are similar numbers on the lists in Minot, Bismarck and Grand Forks and, all of the state's smaller Housing Authorities have growing waiting lists.

In Fargo we are looking at the potential loss of the 248 units of subsidized housing at the Lashkowitz High-Rise because of its severely deteriorated plumbing. Due to the building's design it takes a gut rehab to get at the plumbing. The 45 year old and lower quality bathroom fixtures and kitchen cabinets are not in good enough condition to warrant

reinstalling. The walls are uninsulated and the windows need replacing. Modern efficient light and water fixtures are needed and the average unit size is about 350 square feet. The site only allows off street parking for 65 cars and we have 248 tenants. The building is full of asbestos so it would need to be 100% vacated during a renovation, Federal rules dictate that all tenants would need to be rehoused at the communities cost for the duration of the rehab project (18 months) and, with todays vacancy rate; there are not enough units available in the market where we could place tenants even if a rehab was ready to proceed.

It makes sense and it is more cost effective to replace the facility rather than to rehab it and, to begin that today before we are forced to abandon it due to unsafe conditions. The building is structurally sound and can be sold for redevelopment.

The conventional way to solve this type of problem is by using the 9% Low Income Housing Tax Credit. These credits are allocated to states based on population though and, due to ND's low population, the state only receives enough credits to do 4 or so 40 unit projects a year. A high-rise rehab would need more than 1/2 of the state's annual allocation of the quite precious resource the credits have become and, in any case, rules dictate no one development can use more than 25% of the annual credits. Federal 4% tax credits are available but they do not generate as much equity so a project has a bigger finance gap to fill.

To save the 248 units of publically owned subsidized housing: the Fargo HRA proposes transferring the subsidy to several smaller newly developed buildings at various sites. The buildings would be financed by a combination of the proceeds of the sale of the high-rise, private equity generated by the federal 4% tax credit, borrowing via a bond sale, CDBG and City funding and philanthropic dollars. The total development cost of the project is \$52million. The finance gap we hope to fill with HIF funding is \$20million. Restoring the HIF to the \$100m originally requested (of the Governor) will allow for this to happen - as well as further assisting other communities and households in the state that are experiencing the stress created by the lack of affordable housing.

We hope you agree this is a worthwhile community investment and will vote for SB 2220. Thank you and I would be pleased to answer any questions you may have.

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Pg 3

Respectfully submitted

Lynn Fundingsland

Executive Director, Fargo Housing and Redevelopment Authority

North Dakota Housing Authority Directors Association

Regarding the N.D. Housing Incentive Fund (HIF) for the 2015-17 Biennium

North Dakota's Housing Authority Directors recommend and support the authorization of a HIF program for the coming biennium at a level of \$100 million to be used for new construction of affordable housing and the preservation (or replacement) of currently subsidized affordable housing that is at risk. As supported by the data summarized here, the Governor's request of \$50 million is woefully inadequate to meet the growing and increasingly urgent needs of North Dakotans – which are due in part to housing market pressures created by the oil-play.

New construction and preservation or replacement

Background

- Projections show growth between 29,000 and 44,000 more people in oil-impacted areas in the next two years (NDSU Ag Economics Dept)
- New housing in the oil-impact area is projected at 12,000 to 15,000 units in the next two years
- The balance of the state is exceeding population projections and will continue to grow
- For the balance of the state the housing production projection is 3,400 in the next 2 years (this number is from the 2012 statewide housing needs assessment and is now considered to be conservative)
- Per the 2013 American Communities survey - 11.8% of North Dakotans (82,398 individuals) are below the poverty level
- 35% of North Dakota households are renters
- 23,600 households or 23% are extremely low income (30% of area median income)
- 28% of renters are cost burdened – spending more than 30% of their income on housing

Need

- In 2012, according to the US Census Bureau, the state-wide **shortage** of housing both affordable and available to extremely low income households was **11,400 units**
- There are currently less than 25 units for every 100 needed
- A January 2014 census counted 1,258 homeless and 1,049 precariously housed people in the state – the consensus is that there are many more who were not counted

- A cost-benefit analysis of Cooper House in Fargo demonstrated significant cost savings to communities to house the homeless in supportive housing over working with this population on the streets (arrests, incarceration, emergency shelter costs, detox, emergency room and hospital stays, judiciary costs etc.)
- Due to age and condition issues, 248 units of public housing for low-income residents (Lashkowitz high-rise in Fargo) are in danger of becoming uninhabitable without major renovation or replacement of units.
- Federally subsidized Farmers Home projects are being lost and others are at risk in rural communities across the state
- Public entities have identified a need for 774 additional essential service workers in the next two years – where will they be housed, especially in our western communities with sky high rents?
- Federal development programs are unable to keep pace with needs - The Federal Low Income Housing Tax Credit program produces affordable housing but is limited to about 4 projects or approximately 160 units per year statewide
- The \$50 million level of funding proposed in the Governor's budget will leverage approximately 1,200 units of housing
- The \$100 million the Directors advocate for will fund up to 2,400 units which is still seen as considerably short of what is needed but, which can realistically be put on the ground in the next biennium

NATIONAL LOW INCOME HOUSING COALITION
2014 State Housing Profile

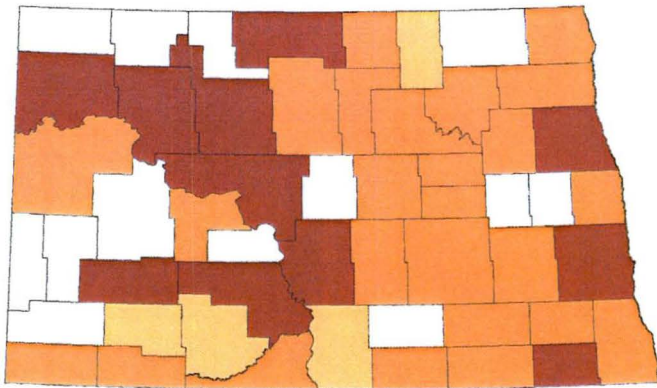
North Dakota

Senators: Heidi Heitkamp and John Hoeven

Many renters in North Dakota are extremely low income and face a housing cost burden. Across the state, there is a deficit of rental units both affordable and available to extremely low income (ELI) renter households, i.e. those with incomes at 30% or less of the area median income (AMI).

Last updated: 9/5/14

AFFORDABLE & AVAILABLE UNITS FOR ELI RENTER HOUSEHOLDS

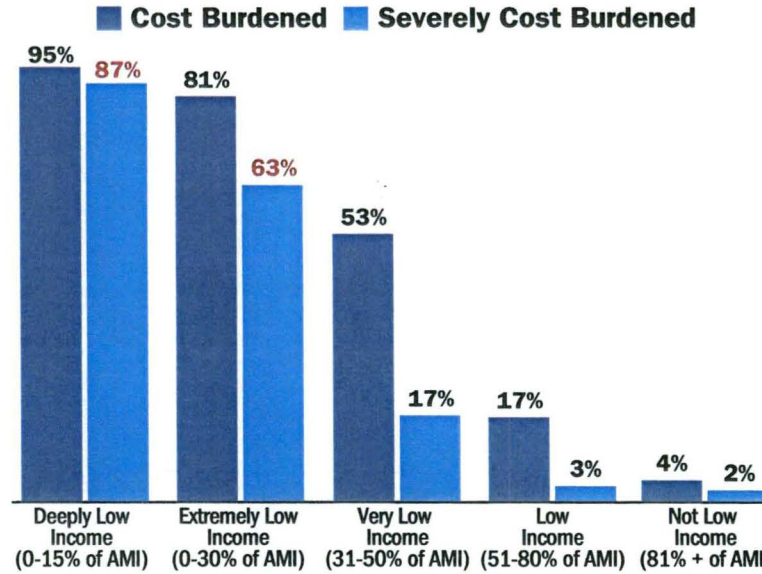


- Insufficient data
- Less than 25 units** per 100 ELI households
- Between 25 - 40 units** per 100 ELI households
- More than 40 units** per 100 ELI households

Source: NLIHC tabulations of 2006-2010 Comprehensive Housing Affordability Strategy (CHAS) data.

HOUSING COST BURDEN BY INCOME GROUP

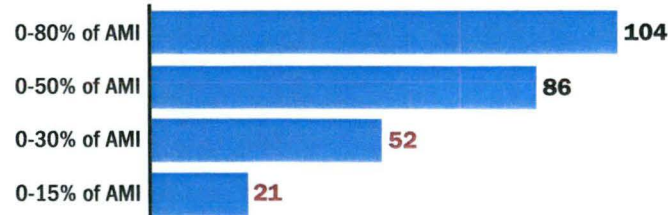
Renter households spending more than 30% of their income on housing costs and utilities are **cost burdened**; those spending more than half of their income are considered **severely cost burdened**.



Source: NLIHC tabulations of 2012 American Community Survey Public Use Microdata Sample (PUMS) housing file.

HOUSING SHORTAGE BY INCOME THRESHOLD

The lower the income threshold, the greater the shortage of affordable and available units per 100 renter households.



Source: NLIHC tabulations of 2012 American Community Survey Public Use Microdata Sample (PUMS) housing file.

KEY FACTS

35%

Households in this state that are renters

23,594

OR

23%

Renter households that are extremely low income

\$20,622

Maximum state level income for an ELI household

11,424

Shortage of units affordable and available for extremely low income renters

\$14.19

State Housing Wage

The hourly amount a household must earn to afford a two-bedroom rental unit at HUD's Fair Market Rent

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#7

January 23, 2015

SENATE GOVERNMENT AND VETERAN AFFAIRS COMMITTEE
SB 2220

CHAIRMAN DEVER AND MEMBERS OF THE COMMITTEE

For the record my name is Blake Crosby. I am the Executive Director of the North Dakota League of Cities representing the 357 cities across the State.

The Housing Incentive Fund has been a critically important tool for cities impacted by the oil boom all across the state. There is the need to accommodate those persons displaced by the changes in the housing market, the need to provide affordable housing for city workers as city service demands increased, and the need to provide housing for those essential services workers in law enforcement, fire protection, emergency medical services, nurses, and CNAs. Affordable housing is the very foundation of addressing those needs.

Last session HIF had access to a total of \$35.4 million in tax credit authority and general funds. SB 2220 would provide \$100 million in total for the upcoming biennium. The burn rate on the \$35.4 million was about 8 months and there were total requests of around \$68 million. When communication was made public about the funds being depleted, I would presume there were projects on the drawing board that were not submitted.

The question before you really is "Is \$100 million too high or too low?" I can't answer that, but to help North Dakota cities provide that critical foundation infrastructure of housing, I would prefer to err on the high side.

On behalf of the North Dakota League of Cities, I ask for a Do Pass on SB 2220.

THANK YOU FOR YOUR TIME AND CONSIDERATION. I will try to answer any questions.

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**WRITTEN TESTIMONY PROVIDED TO
ND SENATE
GOVERNMENT AND VETERANS AFFAIRS COMMITTEE
DURING THE 64TH LEGISLATIVE ASSEMBLY
ON JANUARY 23, 2015
IN SUPPORT OF
SB 2220**

Chairman Dever
Vice Chairman Poolman
Members of the Senate Government and Veterans Affairs Committee

My name is Blake Strehlow, the Executive Director of the Stark, McKenzie and Dunn County Housing Authorities. I am here today to ask for your support of increased funding for the Housing Incentive Fund (HIF) to \$100 million, SB 2220.

The Stark County Housing Authority who also manages the McKenzie County Housing Authority and the Dunn County Housing Authority all operating the Section 8 Housing Choice Voucher Program in the Counties of: Stark, McKenzie, Dunn, Bowman, Adams, Hettinger, Billings, Slope and Golden Valley. We currently have 135 units leased in these Counties. The rent burden for many of our existing residents exceed 40% of their income towards rent where anything under 30% is considered affordable. This is due to the high rents being charged by landlords. In addition, 100 families are now using Stark County funding in Cass County where affordable housing is available.

During calendar year 2014, we issued 117 vouchers to those families who qualify for the Section 8 program. Of those 117 only 31 families were able to lease up. Looking closer at that figure, 24 of the 31 units leased went into HIF or tax credit properties. Only 7 units were leased for 2014 using the private sector housing stock. Again, the reason for such a low lease up rate is due to the high cost of rents.

The Stark County Housing Authority wrote to the US Department of Housing and Urban Development to request an emergency payment standard. The emergency payment standard allows the Housing Authority to raise its rent cap to 135% of the Fair Market Rent. This past fall, the Secretary of Housing and Urban Development, Julian Castro, traveled to Williston to announce the news that HUD granted the emergency payment standard. His "good news" was short-lived as he quickly learned that the new improved standard was still not enough to cover the high cost of living in Western North Dakota. There has been incredible growth out West in regards to housing. Unfortunately, the rents that are required to service the debt in these new apartments are out of reach for any low income resident using the Section 8 Housing Choice Voucher Program.

In a combined effort with Beyond Shelter, the Stark County Housing Authority is now managing two HIF funded projects in Dickinson, ND. The third project is scheduled to open in the fall of 2015. These 3 projects were the result of many different agencies working together and providing funding to offset the cost of construction. The end result of this collaboration is 105 affordable housing units built in Dickinson. The affordability piece to these projects would not have been attained without the power of the Housing Incentive Fund. I thank you for that!

I encourage you to support the increase in funding to \$100 Million for the Housing Incentive Fund as provided in SB 2220 for the entire State of North Dakota. Thank you for your time and consideration and I stand for any questions that you may have.

M. Blake Strehlow
Executive Director



Real Possibilities in

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North Dakota

Senate Bill 2220 - SUPPORT

January 23, 2015

Senate Government and Veterans Affairs Committee

Josh Askvig- AARP-ND

jaskvig@aarp.org or 701-989-0129

Chairman Dever, members of the Senate Government and Veterans Affairs Committee, I am Josh Askvig, Associate State Director of Advocacy for AARP North Dakota. We stand in support of Senate Bill 2220.

Dr. Ethel Percy Andrus, a retired educator and AARP's founder, became an activist in the 1940s when she found a retired teacher living in a chicken coop because she could afford nothing else. Dr. Andrus couldn't ignore the need for health and financial security in America and set the wheels in motion for what would become AARP. We are a nonprofit, nonpartisan membership organization with 85,000 members in North Dakota and 38 million nationwide. We understand the priorities and dreams of people 50-plus and are committed to helping them live life to the fullest, including here in North Dakota.

As referenced in the story above about how AARP was founded, having a safe and adequate place to live is crucial in living a fulfilling life. Senate Bill 2220 continues the efforts the 2011 Legislative Assembly and the 2011 Special Session started towards a statewide housing fund to provide housing assistance for low- to moderate-income residents in North Dakota. AARP North Dakota is a member of the Housing Alliance of North Dakota, which has long sought a state housing trust fund.

While a lot of North Dakotans have seen rising incomes and economic success, the rapid growth North Dakota is experiencing is having a negative impact on some. You have all seen the stories and headlines about rapidly rising rents and home prices, especially in Western North Dakota. This economic trend has been most directly felt by those on fixed incomes, specifically the elderly living on fixed incomes. Providing incentives to developers to include low- to moderate-income set aside units in their developments is one way to promote affordable housing.

Additionally, AARP policy supports the tenants of the Housing Incentive Fund (HIF). Specifically, there are two AARP policy principles that call for a program like HIF:

“Promote affordable housing options. *Ensure that land use and other policies support the private and public sectors in providing a variety of housing sizes and types. Promote funding and policy for programs that lead to an adequate supply of affordable rental and ownership options integrated with the community to meet the needs of people of all ages, family compositions, and incomes.”*

“Increase capacity for public-private partnerships. *Reauthorize or create programs and policies at the federal, state, and local levels to ensure that the private sector has the capacity and tools to effectively partner with governmental agencies to increase the range of housing choices available to older people.”*

The increase in this fund to ~~\$50 million~~ is needed to ensure that individuals who may not be feeling the economic boom, or at least not at the same rate of success as others, can still stay in the communities they call home. We recognized the need for prioritizing designated units for essential service workers which was incorporated into the authorizing language last session. However, the time has come to provide more support for low- to moderate-income unit designations so desperately needed in our state.

We support Senate Bill 2220 and encourage you to give it a DO PASS recommendation.

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Pg 1

Senate Government & Veterans Affairs
64th LEGISLATIVE ASSEMBLY
JANUARY 23, 2015
SB 2220

Chairman Dever and members of the Committee my name is Tom Alexander and I am the Executive Director of the Minot Housing Authority.

In Minot we have over 500 households on a waiting list for housing assistance and the list continues to grow. As you probably know Minot finds itself in unique situation for a variety of reasons but mainly because of the 2011 flood companied by Minot being on the edge of the current oil boom.

At the same time that the demand for affordable housing is increasing, market pressures have pushed rents up in Minot and in other parts of ND. With that there are fewer affordable privately owned units on the market. We have also lost numerous subsidized units due to private owners converting the units to market rate as it is more profitable. For example, our average HAP payment per landlord is \$546 compared to \$290 in 2008. We are helping less people today than we were in 2008.

MHA was approached by Beyond Shelter, a nonprofit affordable housing developer in Fargo in 2012/13 to partner on a variety of project to create affordable housing in Minot area. Do date, this partnership has completed a two phase 64 unit affordable town home project called Washington Town Homes.

Currently, we have 3 projects in the works, Fieldcrest (NE Minot), Cooks Court (north of Kmart) and The Willows (Burlington) which will create over 100 affordable units for essential workers, seniors and low income. We are also planning future affordable housing units for the community of Minot. Having said that, the Housing Incentive Fund has been instrumental in putting the funding together to ensure that the rents remain affordable.

The proposed level of Housing Incentive Fund is greatly appreciated but it is not enough to meet the serious and immediate needs of the entire state - the Housing Authority Directors Association advocates for a \$100,000,000 funding level for HIF.

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

Tom Alexander – Minot Housing Authority

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pg 1

SB 2220 January 23, 2015 testimony

Chairman Dever and members of the Senate Government and Veterans Affairs Committee

My name is Dwight Barden and I am the Executive Director of the Burleigh County Housing Authority.

We currently have 289 Public Housing units, we manage a 96 unit multi-family project and have developed 41 units for the special needs population. We also have a contract with HUD to administer the Housing Choice Voucher program were the tenant finds a unit in the private sector and the tenant pays about 30% of their income for their portion of the rent. Our contract is for 1075 units but with the current funding available and high rents, we are only able to assist 790 families. We have 15 VASH Vouchers for Veterans and about 30 Shelter Plus Care vouchers for the Homeless.

You may consider this a lot of affordable housing but it does not meet the current needs. Our current waiting list for the Voucher Program is closed as we have 1200 on the waiting list. At current attrition rates it would take 7 to 10 years to get to the bottom of the waiting list. Even if HUD were to fund our Voucher Programs at 100%, it would not meet the needs of our State as most apartments have gone to market rate rents and they are too high to qualify for the Voucher Program. Due to the high rents there are many elderly, special needs, veterans, homeless and youth transitioning from foster care that is or will be homeless. Also, essential workers generally make just enough money so they do not income qualify for HUD programs.

The private sector is developing more market rate units, but these rents are not affordable and in most cases not assessable. In previous testimony you heard that the US Census Bureau identified a shortage of 11,400 affordable housing units statewide in 2012. This is why the North Dakota Housing Authority Directors Association advocates for an increase of the Governor's Budget to \$100,000,000 in the HIF program. This level of funding does not solve the affordable housing shortage nor is it intended to replace the Federal dollars that have been cut back, but it would make a significant impact on the needs in our state.

1/23 SB 2220

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pg 2

As you are aware our testimony has been addressing the additional need for affordable rental housing. We have not even discussed the need for affordable homeownership.

I would like to thank you for your time and consideration. Also for the previous funding of the HIF program as we will be leasing up a 4-plex for special needs in March 2015.

I would be happy to answer any questions that you may have.

Dwight Barden
Executive Director
701-255-2540
Dwight@bchabis.com

Testimony

Senate Bill 2220-Housing Incentive Fund

Government and Veterans Affairs

Senator Dever, Chairman

January 23, 2015

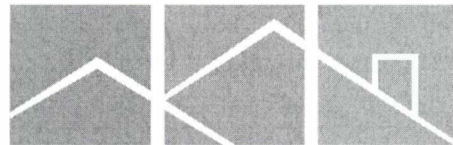
Chairman Dever, members of the Government and Veterans Affairs Committee , my name is Royce Schultze, Executive Director of Dakota Center for Independent Living, Inc. (DCIL). We provide services to people with disabilities in South Central and South Western North Dakota. I am here today to provide testimony in favor of SB 2220 to appropriate \$100,000,000 into the Housing Incentive Fund of which \$30,000,000 is in tax credits. One of the services we provide is assisting people with disabilities in finding decent, affordable, and accessible housing. With the oil boom that has hit Western North Dakota, it's become more and more difficult to find that decent, affordable, and accessible housing for people with disabilities. Housing needs, although significant in the oil patch, are becoming more and more evident as you move east. Another service we provide is transitioning individuals from nursing facilities back to their community of choice. These individuals have had to stay in a nursing facility longer than needed because there was no affordable housing available which in turn costs the state more money. Some individuals have ended up moving to smaller communities that had affordable housing but lacked necessary services. This past September Dakota Center for Independent Living hosted a public forum on housing to get input from those affected by the housing issues and by also hearing from service providers on what they are dealing with. Some of the issues/comments

include: mobile home lot rents being raised from \$300 to \$850 per month and residents moving somewhere affordable and leaving their mobile homes behind because they can't afford to move it, poor quality/decency issues in lower cost units, the situation is not getting better in the short term and something needs to be done now and one third of cases handled by Legal Services of North Dakota are now housing related, and evictions went from 15 per year to over 100 last year in Williams County. I'm sure these comments are nothing new to you, but it makes it obvious that something needs to be done. With the price of rental units skyrocketing, it makes section 8 vouchers virtually useless, because rents are so much higher than what the section 8 vouchers will cover. In September, the average rent for an available one bedroom apartment in Williston was \$2003.00, and in Dickinson, \$1683.00 which is well over section 8 voucher limits. The apartments that do fall within section 8 voucher limits and are vacant are often in poor condition and neither you nor I would ever consider moving into them. This has forced many North Dakotans out of their hometowns. By increasing the Housing Incentive Fund, we can increase the number of decent, accessible, and affordable housing units available for people with disabilities and their families. So in closing, I encourage you to support SB 2220 and appropriate the necessary funds into the Housing Incentive Fund in order to provide safe, decent, affordable, and accessible housing to those that need it most. Thank you!

Royce Schultze, Executive Director, Dakota Center for Independent Living, Inc.

(701) 222-3636





GRAND FORKS
HOUSING AUTHORITY

WRITTEN TESTIMONY PROVIDED TO
ND SENATE
GOVERNMENT AND VETERANS AFFAIRS COMMITTEE
DURING THE 64th LEGISLATIVE ASSEMBLY
ON JANUARY 23RD, 2015
IN SUPPORT OF
SB 2220
WITH SUGGESTED AMENDMENTS
REGARDING SECTION 1
HOUSING INCENTIVE FUND
and
REGARDING SECTION 4
APPROPRIATION – TRANSFER – GENERAL FUND TO
HOUSING INCENTIVE FUND (HIF)

Chairman Dever
Vice Chairman Poolman
Members of the Senate Government and Veterans Affairs Committee

I write today to ask for your support for increased funding for the Housing Incentive Fund (HIF) and to **consider amendments** to SB 2220 that expand the scope of eligible projects as well as include specific appropriations for authorized but as of yet unaddressed, unmet housing needs in the state.

Eligible Projects:

I respectfully request that the Government and Veterans Affairs Committee consider amending SB 2220, as presented, by striking the term multifamily from page 2 line 17.

Section 1 of SB 2220 amends and reenacts NDCC 54-17-40. Subsection 3.a. states that Assistance from the fund may be used solely for: “New Construction, rehabilitation, or acquisition of a **multifamily** housing project.” (emphasis added) The restriction of the funds to multifamily housing projects prohibits this resource to be used in any project that has 3 or fewer units per structure. It also implies that these funds can only be used for



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rental property as this is typically what the term “multi-family” refers to. It was immediately evident, upon the creation of the HIF program by the 62nd Legislative Assembly, that the term multifamily created a problem as to what type of structures and projects were eligible. So much so that the 63 Legislative Assembly, with the passage of HB 1083, redefined the term multifamily to include a facility containing four or more residential dwelling units rather than the national standard of five or more units, just so “4-plexes” could be funded with HIF program dollars.

The removal of the term multifamily from NDCC 54-17-40. § 3.a. would allow the HIF program to be used for any size of housing project to include single family dwelling units. As well, it would allow the housing finance agency to consider including single family, owner occupied units as eligible projects during its development of the “annual allocation plan.”

Funding:

Governor Dalrymple’s proposed budgeted amount of \$50 million for the HIF fund falls far short of what is needed to address the affordable housing needs across the state. Over the past two biennium’s \$49.610 million of HIF funding has been allocated to housing projects having total development costs of \$251.508 million for the creation of 1,521 units. To illustrate how woefully insufficient \$50 million is to addressing the housing needs of the state, a Housing Needs Assessment for the City of Grand Forks released in July of 2012 stated: **“The city has a current shortage of 2,339 units to serve renters who need units priced less than \$405/month.”** To date, the HIF allocations of the past two legislative sessions have been enough to cover only 65% of the needs of the City of Grand Forks, let alone the remaining State’s needs.

A minimum funding level of \$150 million would be more appropriate just to keep up with needs. **A \$250 million funding level would,** perhaps, allow the state to start getting ahead of the ever increasing demand/need and still be at a level that can be sufficiently administered state wide.

Allocations:

To date all appropriations to the HIF fund have been used for the development of new units. While new units are sorely needed, there remains a need for rehabilitation/preservation of existing units as well as assistance provided to households to enable them to remain in the home they currently occupy at rents that they can afford. To address these additional state wide needs the following allocations are suggested, assuming a total appropriation of \$150 million:

New unit development (current program):	\$100 million
Rehabilitation/Preservation of existing units:	\$ 35 million
Tenant Based Rental Assistance (TBRA)	\$ 15 million

Across the nation HUD estimates that there exists some \$28 billion in deferred maintenance of public, assisted housing. As a result of this deferred maintenance thousands of units of affordable housing are lost annually. North Dakota is not immune from the results of deferred maintenance of affordable housing. There exist today housing projects, large and small, located in the largest cities of the state as well as the smallest communities, that are on the verge of failing due to many years of neglect as the result of insufficient financial resources. **\$35 million** would begin to address these deferred maintenance needs.

As well, there are many families today, across the entire state of North Dakota, that are paying in excess of 30% of household income towards their housing needs. The ND Housing Authority Directors Association has proposed a TBRA demonstration program whereby households, primarily “essential service workers”, are provided assistance to reduce their housing burden to under 40% of household income. A **\$15 million** appropriation will assist an estimated 500 to 750 households for the suggested five year period of the program with assistance ranging from \$300 to \$500 per unit per month.

Please do not hesitate to contact me with any questions you may have regarding any of the above suggested amendments to SB 2220 and the other program enhancements requested.

Thank you in advance for your support in increasing the State’s allocation to the HIF Program and to expand the use of these funds to address additional needs within already authorized uses and Thank You for all you do.

Respectfully submitted,

Terry Hanson
Executive Director