

FISCAL NOTE
Requested by Legislative Council
01/12/2017

Bill/Resolution No.: SB 2192

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2015-2017 Biennium		2017-2019 Biennium		2019-2021 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$(20,000,000)	\$40,000,000		
Expenditures						
Appropriations			\$20,000,000			

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2015-2017 Biennium	2017-2019 Biennium	2019-2021 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2192 re-authorizes the housing incentive fund income tax credit for tax years 2017 and 2018.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 3 of SB 2192 reenacts the income tax credit for contributions made by taxpayers to the housing incentive fund. Section 4 allows the credit on individual income tax returns. Section 5 appropriates revenue from the state general fund to the housing incentive fund.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Section 3 of SB 2192 limits the amount of aggregate tax credits allowed to all eligible contributors to \$20 million for the 2017-19 biennium. Based on past experience with this income tax credit, it is likely that the maximum amount of contributions to the housing incentive fund will be made allowing the maximum aggregate total of tax credits to be claimed, reducing state general fund revenues by the allowable \$20 million, while increasing contributions to the housing incentive funds by that same amount.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Section 5 of SB 2192 contains a \$20 million appropriation from the state general fund to the housing incentive fund.

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Agency: Office of Tax Commissioner

Telephone: 701.328.3402

Date Prepared: 01/17/2017

2017 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2192

2017 SENATE STANDING COMMITTEE MINUTES

Industry, Business and Labor Committee

Roosevelt Park Room, State Capitol

SB 2192

1/18/2017

Job Number 27049

☐ Subcommittee

☐ Conference Committee

Committee Clerk Signature

Era Liebelt

Explanation or reason for introduction of bill/resolution:

Relating to the housing incentive fund and housing finance agency report

Minutes:

Attachments 1-10

Chairman Klein: Called the committee back to order.

Senator Kreun: Introduced the bill, the reauthorization of the housing incentive fund. He gave an overview from his perspective and said that he believes the state is going to grow and it's important to be ahead of the game and have the housing projects in place for all the communities in the state. (:15-6:16)

Jolene Kline, Executive Director, North Dakota Housing Finance Agency: Written testimony, see attachment #1. (8:11-20:15)

Chairman Klein: Asked about the language on page 3 of the bill, can you explain what we are doing with all the new underlined language.

Jolene Kline: On page 3 it deals with the tax credit portion of it, that is basically changing the taxable years. We aren't looking to make any changes on how the tax credit piece of it works. Pages 1 and 2 takes away the mandate that we have to give first priority to housing essential service workers and the requirement that we need to report on a quarterly basis to the budget interim committee.

Senator Campbell: In the last biennium when we approved those dollars, that was all spoken for or targeted four or five months into it and two years later it hasn't been used up?

Jolene Kline: That's correct. In the first quarterly funding round we had more requests than we had dollars for. We did have some projects that fell out and today we have 1.2 million that came back. It was gap funding for some projects that were depending on federal income and tax credits as the primary funding. She continues with answering the questions that were directed from her testimony that was handed out. (23:00-36:20)

Terry Hanson, Executive Director of the Grand Forks Housing Authority: Written testimony, see attachment #2. (36:45-43:20)

Michael Carbone, CEO Carbone Consulting Services LLC: Written testimony, see attachment #3. (43:50-51:25)

John Phillips, Lutheran Social Services Housing: Written testimony, see attachment #4. (52:00-60:00)

Rick Clayburgh, President and CEO of the North Dakota Bankers Association: In support, specifically the reauthorization because of the projects that are already in the pipeline. The concerns would be that it would impact member banks on the financing side if there is no reauthorization of the funds. You heard the needs and you heard what it is solving. We understand the social issue is incredibly important but the reauthorization is important for the dollars that are already in the pipeline and the banking community supports this.

Lynn Fundingsland, Executive Director, Fargo Housing and Redevelopment Authority: Written testimony, see attachment #5. (1:01:35-1:04:33)

April Fairfield, Executive Director, Coalition for Homeless People: In support. (1:04:45-1:05:24)

Dan Madler, Chief Executive Officer, Beyond Shelter Inc.: Written testimony, #6. (1:05:33-1:10:37)

He also handed out written testimony from; **Diane Solinger, Executive Director, Jeremiah Program Fargo-Moorhead**, see attachment #7. **Erin Prochnow, CEO, YWCA Cass Clay**, see attachment #8. **Tom Alexander, Executive Director of the Minot Housing Authority**, see attachment #9.

Senator Roers: The support of bill 2192 seeks to do two things, number one is to reinstate the tax incentive program, number two is to continue the program that is currently underway. If it wasn't being reenacted there would be several projects that are in jeopardy of not being funded because the money gets locked up.

Dan Madler: You are right reauthorization is critical for existing properties that have current awards that have not drawn the housing incentive fund by June 30th. If they do not draw they could lose that funding without reauthorization.

Nancy Willis, North Dakota Association of Realtors: In support.

Chairman Klein: Closed the hearing.

Discussion was held about using already developed property in the private market for the Housing Incentive Fund and it was asked if that should be put into legislation so the private developers would be able to pay down their debts and refinance. It was said that when the legislature does legislative mandates there can be unintended consequences. It would drive the money to the communities that have been overbuilt and cause the other communities to have to sit back again.

Also handed out, written testimony from Connie Ova, President of the Economic Development Association of ND, see attachment #10.

2017 SENATE STANDING COMMITTEE MINUTES

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

SB 2192
1/18/2017
Job Number 27060

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Eva Lulett

Explanation or reason for introduction of bill/resolution:

Relating to the housing incentive fund and housing finance agency report

Minutes:

Vote

Chairman Klein: Called the committee back to order. Said he has heard Jolene Kline's testimony at every budget section and that she is very thorough. It's a good program and we certainly can't leave the funding hanging there for some of the organizations. This will be referred to Appropriations Committee. Our job is to look at the policy and the policy in my opinion is accomplishing what it set out to do.

Senator Roers moved a do pass and to rerefer to Appropriations.

Senator Campbell seconded the motion.

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

Senator Burckhard will carry the bill.

**2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO.2192**

Senate Industry, Business and Labor 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 Senator Roers Seconded By Senator Campbell

Senators	Yes	No	Senators	Yes	No
Chairman Klein	x		Senator Marcellais	x	
Vice Chairman Campbell	x				
Senator Roers	x				
Senator Burckhard	x				
Senator Casper	x				
Senator Poolman	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Burckhard

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

REPORT OF STANDING COMMITTEE

SB 2192: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2192 was rereferred to the Appropriations Committee.

2017 SENATE APPROPRIATIONS

SB 2192

2017 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee

Harvest Room, State Capitol

SB 2192
1/27/2017
Job # 27513

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Mary Munder

Explanation or reason for introduction of bill/resolution:

A BILL for an Act relating to the housing incentive fund tax credit and housing finance agency report.

Minutes:

1. Jolene Kline (NDHFA)
2. John Phillips (LSSH)
3. Mike Chaussee (AARP)
4. Dan Madler (BSI)
5. Diane Solinger (Jerimiah Program)
6. Dwight Barden (BCHA)
7. Erin Prochnow (YWCA)
8. Connie Ova (EDND)
9. Nancy R. Willis (NDAR)

Chairman Holmberg: Called the Committee to order on SB 2192. Roll Call was taken with all committee members were present. Becky J. Keller, OMB and Adam Mathiak, Legislative Council were also present. We have SB 2192 was part of the Industrial Commission. Let's talk about this bill which is funding.

Senator Curt Kreun, District 42, Grand Forks, I appreciate being here to visit on SB 2192. The Housing incentive fund has made in our communities and the whole state of North Dakota a large impact on our housing area. Its multiple housing, individual housing, and different kinds of housing throughout the state which is important that it is not directed at one area. Since its inception in 2011, about \$88.4 million dollars has been allocated to projects, securing about \$398-400 million dollars in housing construction. The HIF program has been put to work across the state. A good job and a good return. These units are quite affordable and used for workforce housing, and I know out west there was a need for the program. Units were built for the seniors, workers and people with disabilities. The need for the program is predicted to increase by 2029. This has been a successful program throughout the whole state and I would urge you to take a very good look at what we have been doing and reinstate that particular program. (06.00)

Chairman Holmberg: Do you have any insight as to why this is an addition rather than part of the executive recommendation. You don't have to give an answer. Senator Kreun had no answer.

Jolene Kline, Executive Director, Division of the State Industrial Commission: Testified favor of SB 2192 and provided written Testimony **Attachment # 1** asking for a "do pass" and a testimony of how affordable housing has helped residents of North Dakota through this Division of the State Industrial Commission. (17.41)

Chairman Holmberg: You remember the ups and downs of the dollar amounts. And I think this body supported this. **Subcommittee is Senator Sorvaag, Chairman; Senator Hogue and Senator Mathern.** These are the three people you would be working with on this matter.

Senator Mathern: I am wondering on the bill itself, section 3, what is the rational for all this new language? What happened? Were there problems? I am surprised in the new language that we are adding to this fund that we have used before.

Ms. Kline: The only change is changing the taxable years. There is no change to the existing language. When I looked through the bill it is basically copying the language again from the existing program. The only change that I see is the taxable years for the contributions from the Century Code today versus this bill.

Chairman Holmberg: Sometimes its drafter's preference too.

Senator Mathern: I had personally made a contribution and the tax person I use thought it was confusing. But if it is still the same then you answered my question.

Senator Robinson: I want to commend you on your testimony and appreciated your comments of the Valley City Economic development conference here last fall. There are a lot of people in the state that don't realize we have an abundance of low income people in North Dakota.

Chairman Holmberg: One of the things that the subcommittee might want to consider is that last session this issue was contentious between the Senate and the House. You might want to have it folded into the Industrial Commission.

Senator Hogue: You alluded to the information that you will need 882 units per year. Is that study online and does it identify where you need the units per year?

Ms. Kline: Yes. The study does a breakdown into 8 regions. The study looks at the 8 regional planning areas and it identifies the specific housing needs, different ages at different income levels within each region.

(0.24.27-0.31.59 John Phillips, Director of Real Estate Development for Lutheran Social Services Housing testified in favor of SB 2192 and provided written Testimony **Attachment # 2** in support of Housing Incentive Fund Tax Credit (HIF).

V. Chairman Bowman: When the projects are completed, is there any small amount of money that is dedicated for upkeep?

Mr. Phillips: There is an operating reserve account. If you recall in the 70's and 80's those properties that were built, that reserve account was so small and it didn't provide for the renovations that were needed to maintain the property in a satisfactory condition. Once they are renovated and repurposed again, they are full. They are all volunteer housing authorities, there gets to be many guidelines to stay in that criteria, and to find a volunteer board, we probably have a dozen communities that take our properties because we can't handle it anymore.

Mike Chausse representing AARP of North Dakota: Testified in favor of SB 2192 and provided written Testimony **Attachment # 3** in support of the bill and the need for HIF. We promote affordable housing. (37.00)

Chairman Holmberg: One of the challenges, you recognize the area in which they work in and focus what is high priority but this committee has to also look at the other 46 budgets, so no matter what we do here, I will certainly suggest that this will be an issue that will be around until we finally retire from where we are now.

Mike Chausse: We certainly accept that and understand.

Senator Robinson: Question; 34% of North Dakotans that retire rely exclusively on Social Security. Do you have an average check or amount that they receive monthly?

Mike Chausse: I don't but we can get that information.

Chairman Holmberg: It is there in your chart on page 3.

Mike Chausse: I will look into that as this is in 2012 and there might be some more recent numbers I can get.

Dan Madler, CEO Beyond Shelter Inc. (BSI) a mission driven North Dakota nonprofit developer of affordable housing. Testified in favor of SB 2192 and provided written Testimony, **Attachment # 4**, in support of the HIF and the importance of the workforce in the community. As an example of a company in Fargo the employees are making \$12.00 an hour, they need to be able to live in affordable housing. (Please see the written testimony he submitted on behalf of the testimony listed below in support of SB 2192:) Diane Solinger, Executive Director, Jeremiah Program Fargo-Moorhead (**See Attachment # 5**); Dwight Barden, Director of Burleigh County Housing Authority (**See Attachment #6**); Erin Prochnow, CEO of YWCA Cass Clay (**See Attachment #7**); Connie Ova, President, EDND (**See Attachment #8**); Nancy R. Willis, Government Affairs Director, NDAR (**See Attachment #9**).

(47.06) **Senator Mathern:** Who would be preparing the amendment for us so we don't cut off projects in the works? He was told a fund was already in place.

Chairman Holmberg: Closed the hearing on SB 2192.

2017 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2192
2/15/2017
JOB # 28426 (0.12.21-0.13.38)

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A DO NOT PASS on Housing Incentive Fund Tax Credit.

Minutes:

JOB # 28426 – (0.01.01-0.12.20) is for the minutes on SB 2014.

JOB # 28426 – (0.13.38-0.15.16) is for the minutes on SB 2234.

Chairman Holmberg: called the Committee to order on SB 2192. All committee members were present. Alex Cronquist, Legislative Council and Becky J. Keller, OMB were also present. This bill and SB 2234 are folded into SB 2014 so therefore no longer have a purpose to remain alive.

Senator Sorvaag I move a Do Not Pass on SB 2192. 2nd by Senator Erbele.

Chairman Holmberg: that was the Housing incentive tax credit that is now in 2014. Any discussion on the motion. Would you call the roll on a Do Not Pass on 2192?

A Roll Call vote was taken. Yea: 14; Nay: 0; Absent: 0. Senator Sorvaag will carry the bill.

The hearing was closed on SB 2192.

Date: 2-15-17
Roll Call Vote #: 1

2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2192

Senate Appropriations 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 Sorvaag Seconded By Erbele

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Mathern	✓	
Vice Chair Krebsbach	✓		Senator Grabinger	✓	
Vice Chair Bowman	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Wanzek	✓				
Senator Kilzer	✓				
Senator Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Sorvaag

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

REPORT OF STANDING COMMITTEE

SB 2192: Appropriations Committee (Sen. Holmberg, Chairman) recommends **DO NOT PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2192 was placed on the Eleventh order on the calendar.

2017 TESTIMONY

SB 2192



Jolene Kline Executive Director

INDUSTRIAL COMMISSION

Doug Burgum Governor

Wayne Stenehjem Attorney General

Doug Goehring Agriculture Commissioner

SB 2192

January 18, 2017

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

Chairman Klein and members of the Senate Industry, Business and Labor Committee:

I am here in support of Senate Bill 2192 so that we may continue the good work that has taken place with the Housing Incentive Fund (HIF) in North Dakota.

The Housing Incentive Fund, which is administered by the Agency, was first authorized by the 62nd Legislative Assembly in 2011 which also approved \$4 million in state income tax credits to capitalize it. During the special session in November 2011, the tax credit authority was increased to \$15 million. HIF was reauthorized in 2013 with \$20 million in tax credit authority and a \$15.4 million general fund transfer. It was reauthorized during the 64th Legislative Assembly in 2015 with \$30 million in tax credit authority and a transfer of \$5 million from profits of the Bank of North Dakota. An additional \$5 million transfer was contingent on Bank profits reaching a certain threshold for calendar year 2015, which was achieved.

In the history of the program, 74 projects with 2,324 housing units have been funded leveraging more than \$397.9 million in housing construction activity across the state. Of those 2,324 units, 409 are targeted to ESWs, 214 are income restricted to extremely low-income households, 825 are restricted to low-income households and 729 are restricted to moderate-income households. Attached please find a complete listing of HIF projects and a sheet that shows some of the people who call HIF projects home. More of their stories can be found at www.ndhfa.org/publications/facesofhome.

HIF has been an important tool for our communities to respond to the pressing and changing needs they have faced. It has helped create long-term affordable rental options. HIF projects serve people with some of the greatest housing challenges including low-income workers, the elderly, people who are homeless or at risk of homeless, and people with a disability. These

populations are the ones that are projected to see the greatest growth in North Dakota in the next 15 years, according the 2016 Statewide Housing Needs Assessment.

Lower-income households (those below 80 percent of Area Median Income) are projected to increase 23.1 percent by 2029, with the fastest growth coming among extremely low- (30 percent of AMI or less than \$20,000 per year) and very low-income households (50 percent of AMI or between \$20,000 and \$35,000 per year).

The number of seniors is projected to increase significantly as the Baby Boom generation ages – growing by 52.4 percent by 2029. That is nearly 55,000 more people over the age of 65 who will need appropriate and affordable housing options. Without those options, seniors can be cost burdened (putting more than 30 percent of their income toward their housing costs). Today, nearly half of senior renters are cost burdened.

People with a disability, both physical and intellectual, also are expected to increase by 31.9 percent. Housing with supportive services and accessibility features, which often times is key to allowing people with a disability to live independently, will be more and more in demand in the state.

Without the appropriate housing for all of these populations, our smaller communities will lose them to larger communities in North Dakota as well as outside of the state where their needs can be better served. That has an immense impact on the economic and social fabric of our state. It means the loss of workers, tax revenue, bank deposits, medical services, volunteers, retail sales and a whole host of other things that contribute to a good quality of life. The effects ripple across our communities and to remain vibrant and stable, we need people of all ages, incomes and experiences. To attract and retain these residents, we need affordable housing options.

Through our collaborative efforts with the Department of Human Services and the Department of Corrections and Rehabilitation, we have learned that affordable housing with appropriate supportive services is critical to the successful discharge of people with behavioral health issues and ex-offenders from institutionalization. There is a backlog at half-way houses and other transitional housing programs due to a lack of permanent supportive housing.

Federal housing resources are not enough to deal with the housing needs of the state today or into the future. Today with the federal resources available for the development of affordable housing, we can produce or rehabilitate about 150-200 units per year. However, according to the

projections in the Statewide Housing Needs Assessment, we need 882 per year that are affordable for extremely low-income households with rents under \$500 per month. The private market cannot and will not produce units at this rent level considering the cost of land, labor and materials.

Rehabilitation of our existing affordable housing stock will also be a key issue for our communities going forward. Much of the affordable housing in the state was developed in the 1960s, 1970s and 1980s and is nearing the end of its useful life. There are 13,430 rental housing units in service under state and federal programs across the state and 3,004 are scheduled to leave affordable programs by 2029. Another 4,138 units could be lost at any time due to program opt outs or just plain loss of habitability. These are resources that have served North Dakota, especially our rural communities, well and with some assistance could continue to be valuable assets in serving people in the greatest need.

Additional information from the Statewide Housing Needs Assessment is available at www.ndhfa.org/publications/housingneeds.

With the slow down in oil development in the west, there has been much talk of overbuilt housing. While market rents have come down, they have not dropped enough to affordably serve a senior who relies on an average \$1,200 per month Social Security check and can only afford rent of \$360 or less or an extremely low-income household that can only afford housing costs of less than \$425 per month. In working to address the pressing needs of the day, a portion of the units under HIF were developed for moderate-income households that made too much to be eligible for traditional subsidized housing, but could not reasonably afford the dramatically inflated market rents. As market rents improved, the challenges for these households lessened and today we recognize that deeper income targeting would be the most efficient use of funds. This could be accomplished through buying down the debt of existing apartment projects, which in turn ensures that units will remain affordable in the community long term.

Affordable housing challenges are present in every community big and small. While western communities experienced building booms in the past decade, many central and eastern towns did not. There are unmet needs that exist and our rural communities provide the best example of that. In communities like Jamestown, Valley City and Devils Lake, there are a number of open jobs, but employers have been constrained in recruiting workers because of the availability of decent and affordable housing options. Things like affordable senior projects, for example, can help with that by giving options to those homeowners who want to downsize and get away from

maintaining a single-family home. That opens up options for young families to come to a community. But those projects aren't feasible without assistance like HIF can bring.

One of the changes in SB 2192 is the removal of the priority for Essential Service Worker (ESW) housing. ESWs are employees of cities, counties, schools, medical or long-term care facilities, the state or others determined by the Agency as fulfilling an essential public service. That priority was first put into HIF in 2013 and continued in reauthorization of the program in 2015. As I said, 409 units for ESWs have been built under HIF and these have been very important in helping our political subdivisions keep good help, but we feel that the need for ESW targeted housing has subsided and that other priorities are more pressing.

For your information, I also ask you to note that language is included in Senate Bill 2074 (Governor Dalrymple's budget recommendation for the Industrial Commission of which NDHFA is a part) to extend the expiration date of the HIF program. That was included because there are a number of projects which received a commitment from HIF and are under development now.

While HIF funds are often some of the first dollars into a project, not all projects will be able to draw their entire award by the June 30, 2017, expiration of the program. The Agency has 30 days after the sunset date to completely disburse the funds before they are turned over to the general fund. HIF commitments are used to leverage other public and private financing and if the Agency is not able to fulfill those commitments, we could be liable to the projects and their lenders. Simply cancelling the obligations on July 31 is not an option without exposing the Agency to significant legal and financial ramifications. Currently, there is more than \$17.9 million in the HIF account and not all is expected to be disbursed by the sunset date. An extension of the expiration date will allow current projects under development to spend down their commitments.

We are very supportive of continued funding for the Housing Incentive Fund and can easily justify the need for the \$20 million in tax credits and \$20 million appropriation. However, I also understand the fiscal reality of the state's general fund. The HIF program has been an effective and efficient use of state resources. It has been a model of public-private partnership and I feel that it can continue to be a force in moving North Dakota's economy forward. No matter what funding level is decided, it is important to our existing projects under development and for any future needs of the state that we keep the HIF program alive.

SB 2192

11/18/17

#1



North Dakota Housing Incentive Fund
Assisted Projects
2011 - 2017

Project Name	Location	Applicant / Developer	Project Type	Use of HIF Funding	Total Units	Total Development Cost	HIF Funds Committed	HIF Program
Arrowhead Estates	Arnegard	Big Mountain Development	Workforce/ Family	New Construction	16	\$3,673,093	\$1,021,000	HIF 2
Belfield Law Enforcement Housing	Belfield	HA for City of Belfield	Workforce/ Family	New Construction	4	\$744,484	\$96,000	HIF 1
Greenfield Heights	Belfield	LSS Housing Belfield LLC	Family	New Construction	12	\$1,551,650	\$225,000	HIF 1
New Energy Apartments	Beulah	LSS Housing, Inc.	Workforce/ Family	New Construction	24	\$3,830,475	\$1,149,143	HIF 3
100 West Main	Bismarck	100 W Main LP (Metro Plains)	Senior	New Construction	30	\$6,546,962	\$600,000	HIF 3
Boulevard Ave Community Center	Bismarck	Ruth Meiers Hospitality House	Homeless	Adaptive Reuse	85	\$10,752,617	\$2,855,500	HIF 2
FiveSouth 1	Bismarck	CDG Bismarck Housing, I, LLC	Workforce/ Family	New Construction	96	\$17,117,226	\$3,000,000	HIF 3
Independence Living	Bismarck	Independence Living LLC	Disabled	New Construction	14	\$1,697,003	\$483,045	HIF 2
Independence Pointe	Bismarck	Independence Pointe, LP	Disabled	New Construction	24	\$3,800,563	\$425,000	HIF 2
North 19th Street 5-Plex	Bismarck	Community Homes of Bismarck, Inc	Disabled	New Construction	5	\$1,205,610	\$361,683	HIF 2
Sierra Court	Bismarck	Sierra Court, LLP (MPEG)	Senior	New Construction	40	\$7,126,854	\$600,000	HIF 3
The Landing	Bowman	LSS Housing Bowman, LLC	Disabled / Family	New Construction / Debt Retirement	26	\$3,672,251	\$1,130,264	HIF 1 & HIF 3
The Willows	Burlington	Beyond Shelter, Inc.	Workforce/ Family	New Construction	40	\$8,206,120	\$3,000,000	HIF 2
Divide Vista Apartments	Crosby	DCEDC	Family	New Construction	12	\$1,200,000	\$240,000	HIF 1
Northern Lights Apartments	Crosby	Loretto Bay Six, LLC	Family	New Construction	18	\$3,979,127	\$1,000,000	HIF 1
Agassiz Circle Phase 2 Part 1	Devils Lake	Agassiz Properties LLLP	Family	New Construction	10	\$1,434,283	\$333,333	HIF 1
Agassiz Circle Phase II	Devils Lake	Agassiz Properties LLLP	Family	New Construction	8	\$1,287,599	\$385,269	HIF 2
Lakeland Court	Devils Lake	SW Design Build, Inc.	Family	New Construction	24	\$3,750,000	\$1,125,000	HIF 3
Heritage Hills	Dickinson	Heritage Hills I LLLP	Senior	New Construction	42	\$8,194,643	\$200,000	HIF 2
Heritage Hills II	Dickinson	Beyond Shelter, Inc.	Senior	New Construction	39	\$7,138,819	\$600,000	HIF 2
Lincoln Park Townhomes II	Dickinson	G.A. Haan Development, L.L.C.	Workforce/ Family/ Homeless	Debt Retirement	32	\$5,780,832	\$2,890,000	HIF 3
Northern Place	Dickinson	Northern Place LLLP (Housing Solutions)	Family/ Homeless	New Construction	36	\$7,761,566	\$600,000	HIF 3
Patterson Heights	Dickinson	Beyond Shelter, Inc.	Family	New Construction	24	\$3,440,008	\$1,376,003	HIF 1
Prairie Winds (Phase 1)	Dickinson	Roers, Inc.	Workforce/ Family	New Construction / Debt Retirement	36	\$6,105,803	\$1,512,000	HIF 3
Prairie Winds (Phase 2)	Dickinson	Prairie Winds Apartments 2 LLC	Family	Debt Retirement	36	\$6,000,000	\$1,512,000	HIF 3
South Main Apartments	Dickinson	AK Investments LLP	Family	Adaptive Reuse	10	\$1,526,502	\$410,852	HIF 1
Sullivan Apartments	Dickinson	Sullivan Properties	Family/ Disabled	New Construction	30	\$4,794,132	\$1,416,837	HIF 2
Jeremiah Program Apartments	Fargo	Jeremiah Program of Fargo-Moorhead	Homeless/ Family	New Construction	20	\$4,400,000	\$2,200,000	HIF 3
North Sky I	Fargo	Beyond Shelter, Inc.	Senior	New Construction	24	\$2,855,460	\$1,142,184	HIF 2
North Sky II	Fargo	Beyond Shelter, Inc.	Senior	New Construction	30	\$4,251,383	\$600,000	HIF 2
North Sky III	Fargo	Beyond Shelter, Inc.	Senior	New Construction	30	\$4,475,000	\$600,000	HIF 3
Cherrywood Village	Grand Forks	Valley Homes and Services	Senior	New Construction	30	\$5,235,244	\$454,545	HIF 1
University Flats	Grand Forks	Dakota Commercial	Family	New Construction	70	\$11,244,299	\$2,800,000	HIF 3
Prairie Pointe	Gwinner	Region V Community Development Corp	Family	New Construction	17	\$2,929,353	\$976,109	HIF 3
Pioneer Homes Apartments	Hazen	Hazen Community Development Group	Senior	Adaptive Reuse	18	\$4,181,237	\$2,102,000	HIF 3
Courtside Village	Hettinger	LSS Housing, Inc.	Workforce/ Family	New Construction	24	\$3,811,442	\$1,493,663	HIF 2
Garden Hills II	Jamestown	Hometown Living LLC	Senior	New Construction	40	\$4,995,084	\$1,497,625	HIF 2
Jamestown Court Rowhomes	Jamestown	Jamestown Rowhomes LP	Family/ Senior	New Construction	24	\$4,716,588	\$400,000	HIF 2
Kenmare CDC Housing 12-Plex	Kenmare	Kenmare Development Corp	Family	New Construction	12	\$1,350,000	\$240,000	HIF 1
Kenmare Gooseneck 12-Plex	Kenmare	Moure Equipment LLP	Family	New Construction	12	\$1,350,000	\$240,000	HIF 1
Kildeer Essential Worker Housing	Kildeer	City of Kildeer	Workforce/ Family	New Construction	4	\$1,090,904	\$326,072	HIF 3
Prairie Gold Apartments	Kildeer	Prairie Gold Real Estate, LLC	Family	New Construction	24	\$3,300,000	\$1,000,000	HIF 1
Bel Tower Apartments	Kulm	BEL Tower LLC	Family	Adaptive Reuse	6	\$527,473	\$120,198	HIF 1
Lignite Housing Project	Lignite	Lignite Investments, LLC	Workforce/ Family	New Construction	28	\$4,564,060	\$1,265,000	HIF 2
Collins Place	Mandan	Dakota Commercial & Development	Family/ Senior	New Construction	29	\$3,885,000	\$1,100,000	HIF 2
Shoal Creek Apartments	Mandan	Dakota Commercial	Family	New Construction	48	\$6,990,462	\$2,085,000	HIF 3
Trails West Townhomes	Mandan	AHDI	Family	New Construction	12	\$2,542,000	\$762,000	HIF 3
Cook's Court	Minot	Beyond Shelter, Inc.	Senior	New Construction	40	\$6,830,000	\$600,000	HIF 2
Fieldcrest	Minot	Beyond Shelter, Inc.	Workforce/ Family	New Construction	42	\$8,110,069	\$2,310,000	HIF 2
Mainstreet Artspace Lofts	Minot	Minot Artspace Lofts LP	Family and Disabled	New Construction	34	\$7,480,422	\$200,000	HIF 1
Minot Place Rowhomes	Minot	MetroPlains LLC	Family	New Construction	30	\$6,525,150	\$200,000	HIF 1
Oakwood Court	Minot	Minot Housing Authority	Disabled	Rehabilitation	7	\$389,000	\$155,600	HIF 1

#1

SB 2192

1/18/17

Project Name	Location	Applicant / Developer	Project Type	Use of HIF Funding	Total Units	Total Development Cost	HIF Funds Committed	HIF Program
Park South (Phase 2)	Minot	Park South Holding, LLC	Workforce/ Family	Rehabilitation of Habitable	35	\$7,329,729	\$2,015,974	HIF 3
Rolling Ridge Estates (aka Kenwood on 5th)	Minot	SW Design Build	Workforce/ Family	New Construction	50	\$7,613,000	\$2,250,000	HIF 2
Sunset Ridge (Phase I)	Minot	Beyond Shelter, Inc.	Family	New Construction	35	\$8,012,724	\$600,000	HIF 3
Meadowlark Homes	New Rockford	EPIC Management, LLC	Workforce/ Family	New Construction	10	\$1,497,379	\$430,000	HIF 3
Second Avenue Apartments	New Rockford	Lesmeister Enterprises, LLC	Workforce/ Family	New Construction	8	\$800,000	\$240,000	HIF 2
Meridian Apartments	Valley City	George Gaukler	Family	New Construction	36	\$4,772,000	\$1,431,600	HIF 3
Valley Bluffs	Valley City	SW Design Build, Inc.	Family	New Construction	40	\$6,200,000	\$1,860,000	HIF 3
McKenzie Healthcare 6-Plex	Watford City	McKenzie County Healthcare Systems	Workforce/ Family	Retirement of Debt	6	\$550,000	\$136,950	HIF 2
McKenzie Healthcare Systems Employee Housing	Watford City	McKenzie County Healthcare Systems	Workforce/ Family	New Construction	24	\$6,311,017	\$1,830,000	HIF 2
McKenzie Park Apartments	Watford City	G.A. Haan Development	Workforce/ Family	New Construction / Debt Retirement	60	\$11,650,173	\$3,490,000	HIF 2 & HIF 3
Watford City Apartments	Watford City	LSS Housing, Inc.	Workforce/ Family	New Construction	77	\$13,775,000	\$3,000,000	HIF 3
Wolf Run Village	Watford City	Wolf Run Village, Inc.	Workforce/ Family	New Construction	42	\$6,721,699	\$1,483,231	HIF 2
Wolf Run Village II	Watford City	Wolf Run Village, Inc.	Workforce/ Family	New Construction	20	\$3,721,544	\$909,374	HIF 3
Prairie Heights Phase I	Watford City	LSS Housing Watford City LLC	Workforce/ Family	New Construction	58	\$8,277,730	\$1,000,000	HIF 1
Prairie Heights Phase II	Watford City	LSS Housing Watford City LLC	Workforce/ Family	New Construction	66	\$8,878,413	\$1,000,000	HIF 1
714 Place	Williston	Envision Land & Development	Workforce/ Family	Retirement of Debt	5	\$1,125,000	\$315,000	HIF 2
Mercy Heights	Williston	CHI Housing Initiatives	Family	New Construction	66	\$10,959,000	\$1,000,000	HIF 1
ParkRidge Townhomes	Williston	ParkRidge Townhomes LLC	Workforce/ Family	New Construction	36	\$6,827,414	\$2,048,224	HIF 2
Renaissance on Main	Williston	Renaissance Station LLC	Workforce/ Family	New Construction	30	\$10,014,069	\$3,000,000	HIF 2
WSC Foundation Housing Phase 1	Williston	Williston State Foundation Housing, LLC	Family	New Construction / Debt Retirement	74	\$10,086,286	\$3,000,000	HIF 1 & HIF 3
WSC Foundation Housing Phase II	Williston	Dakota Commercial & Development	Workforce/ Family	New Construction	74	\$10,000,000	\$3,000,000	HIF 2
Legacy at Central Place	Williston	LSS Housing Williston LLC	Senior	Adaptive Reuse	44	\$12,482,215	\$949,898	HIF 1
74					2324	\$397,952,244	\$88,408,176	

As of 07/07/2016



*"The place is **outstanding**. It was such a relief to find a place to live, truly a weight off my shoulders."*

Hunter Easterling,
Patterson Heights,
Dickinson



*"I've **dreamed** of living in a place like this."*

Katrina Henry, Renaissance on Main, Williston



FACES OF HOME



*"This is my **home** now. I've made the decision I will be happy here. You have blessed us with good housing."*

Betty Voth, Cook's
Court, Minot



*"I love my home so much I can't explain it sometimes... IT'S MINE! I'm so **proud** to show it off and I take great pride in it."*

Jeri Fick, North Sky
Apartments, Fargo



The Housing Incentive Fund is about making homes for people of all types. HIF affordable housing projects touch the lives of thousands of people across North Dakota.



*"The promise that the price would remain **affordable** for 15 years is very nice."*

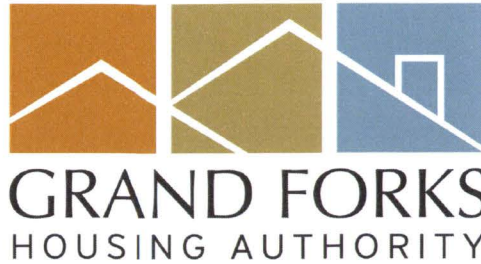
Miriam Shaw,
ParkRidge Townhomes,



*"I thank God and all of you for the **opportunity** to live in this beautiful building."*

Sandra Benedict, Sierra
Court, Bismarck





WRITTEN TESTIMONY PROVIDED TO
ND SENATE
INDUSTRY, BUSINESS AND LABOR COMMITTEE
 DURING THE 65th LEGISLATIVE ASSEMBLY
 ON JANUARY 18TH, 2015
IN SUPPORT OF
SB 2192
 REGARDING
REENACTMENT OF AND TRANSFER AND APPROPRIATION
TO THE HOUSING INCENTIVE FUND

Chairman Klein
 Vice Chairman Campbell
 Members of the Industry, Business and Labor Committee

Thank you for this opportunity to testify before you today. My name is Terry Hanson. I am the Executive Director of the Grand Forks Housing Authority.

I am here today to ask for your support and "DO PASS" recommendation of Senate Bill 2192. This bill will reenact and fund the Housing Incentive Fund (HIF) through June 30, 2019. This action is necessary to continue to address the outstanding housing needs in the state.

Since its initial enactment during the 62nd Legislative Assembly the HIF program has participated in the development of 2,324 new, affordable housing units across the state. The \$88.4 million allocated to the program has been leveraged at a ratio of \$3.50 to \$1.00 generating \$398 million in residential construction activity. Although the HIF program was probably adopted to encourage the development of housing for essential service workers, 1,038 of the units developed have been targeted for low-income households.

HIF program funds have been awarded to two projects in Grand Forks. The most recent award, an award of \$2.8 million, was to University Flats. This \$11.2 million project is a 70 unit apartment building located on University Avenue, just a block down the road from the Red Pepper, of which 37 units have been designated as low to moderate income targeted units because of the HIF funding. The project that I am more familiar with is the 30 Unit Cherrywood Village Apartments. This \$5.2 million HUD Section 202 project for persons 62 years of age and older, who are extremely low income (defined as 30% or less of AMI for family size) was one of the first projects awarded HIF funding. The award



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amount was \$454,545. Since coming on line in July, 2014 this property has enjoyed a 98.2% occupancy rate. The initial monthly rents for Cherrywood were set at \$400 per month with the resident paying just 30% of their household income. The income of the current households occupying Cherrywood Village range from zero to \$24,000 per year, with the average household income being \$11,900. The average tenant rent paid by the residents of Cherrywood is only \$298 per month, again just 30% of the household income. This much needed project probably would not have been developed but for the gap financing made available through the HIF program.

You may ask, is the HIF Program still needed today? Yes it is! Please consider the following data. **District 5 – 34.1%; District 7 – 42.6%; District 9 – 39.7%; District 14 – 31.4%; District 19 – 27.1%; District 27 – 36.2%; and District 46 – 45.8%.** These are the percentages of renter households that are housing cost burdened (paying greater than 30% of household income towards housing costs) for this committee's members respective districts, districts that represent a cross section of the entire state.

Is the HIF Program still needed today? Documentation provided by the North Dakota Housing Finance Agency projects that the number low income households will increase 23 percent or by 39,000 households by 2029. The number of seniors is set to increase by nearly 55,000 or 52 percent and persons with a disability are expected to increase by 32,000 or 32 percent by 2029. The majority of these populations struggle to make ends meet, with housing being one of the primary costs of the family.

Is the HIF Program still needed today? In light of the State's sluggish revenue Governor Burgum just released his proposed budget calling for steeper cuts across the board but for K – 12 education and the states most vulnerable. The majority of the citizens assisted with HIF Program dollars are the most vulnerable. While this committee and this legislature is considering reduced spending and austere times don't forget the needs of the most vulnerable. There are many, many residents of this state that have to decide between the basic needs of housing, food, health care and education, not being able to afford all of them. The HIF Program, as it will be re-enacted by SB 2192, is needed to provide some relief to this vulnerable population.

Again, Thank You, for the opportunity to testify before you today. Please do not hesitate to contact me with any questions you may have regarding the benefits of the HIF Program or any questions related to housing those in need in North Dakota.

Please recommend "DO PASS" of SB 2192.

Respectfully submitted,

Terry Hanson
Executive Director

Michael Carbone
CEO Carbone Consulting Services LLC
118 Broadway Fargo
Suite 814
701-639-0817
carbonem@csp.edu

Testimony in Support of SB 2192

Chairman Klein, committee members, thank you for the opportunity to testify in support of SB 2192 authorizing and funding the Housing Incentive Fund. I am Michael Carbone and I provide consulting services to non-profits which run supportive housing programs for low income and formerly homeless clients. For the previous eight years I served as executive director to the North Dakota Coalition for Homeless People. This marks the fifth legislative session I have testified in support of the Fund. In 2009 we failed, but after some adjustments we succeeded in 2011 and the HIF has been an important tool I'm providing housing for low income people ever since. The need for the fund is well documented by the data, which I will not spend time on here except to refer you to the NDHFA housing need's assessment, especially the special needs section. Also, I have attached some data from the National Low Income Housing Coalition Concerning the affordability gap in North Dakota. Instead, let me talk a little about the history of the fund and the people the originators of the fund intended it to serve.

Those of us who conceptualized the fund originally intended a fund that would provide gap financing for projects that served people experiencing chronic homelessness, people with disabilities, seniors on fixed incomes and others who are unable to obtain housing in the regular marketplace. When the fund was finally passed, it was quickly coopted for essential service workers and workforce housing because of the stresses the oil boom was putting on the housing market. But now the time has come to return to the original focus of the fund and 2193 does that. It funds the bill with a mechanism that has worked thus far, it places low income housing as a priority, and it maintains the provisions for homeless service provision. For those reasons I can say this bill supports the needs of my clients and the populations they serve.



Out of Reach 2016: North Dakota

Working at minimum wage **\$7.25**/hr Each week you have to work **67 HOURS!** To afford a modest 1-bedroom apartment at Fair Market Rent

State Facts

MINIMUM WAGE	\$7.25
AVERAGE RENTER WAGE	\$15.22
2-BEDROOM HOUSING WAGE	\$15.66
NUMBER OF RENTER HOUSEHOLDS	101,996
PERCENT RENTERS	35%

Most Expensive Counties

WARD COUNTY
MOUNTRAIL COUNTY
WILLIAMS COUNTY
STARK COUNTY
GRAND FORKS COUNTY

2-Bedroom Housing Wage

\$22.56
\$21.60
\$21.29
\$16.37
\$16.02

Affordable Rent for Low Income Households

MINIMUM WAGE WORKER	\$377 /mo
HOUSEHOLD AT 30% OF AREA MEDIAN INCOME	\$552 /mo
WORKER EARNING AVERAGE RENTER WAGE	\$792 /mo

Fair Market Rent

1-BEDROOM FAIR MARKET RENT	\$631 /mo
2-BEDROOM FAIR MARKET RENT	\$814 /mo

COMPARE JURISDICTIONS

Number of Households

	North Dakota	Burleigh County
TOTAL	292,616	35,767
RENTER	101,996	10,542
PERCENT RENTERS	35%	29%

Housing Wage*North Dakota**Burleigh County*

ZERO-BEDROOM

\$10.74

\$10.96

ONE-BEDROOM

\$12.13

\$12.02

TWO-BEDROOM

\$15.66

\$15.79

THREE-BEDROOM

\$21.88

\$21.79

FOUR-BEDROOM

\$25.14

\$27.56

Fair Market Rent*North Dakota**Burleigh County*

ZERO-BEDROOM

\$559

\$570

ONE-BEDROOM

\$631

\$625

TWO-BEDROOM

\$814

\$821

THREE-BEDROOM

\$1,138

\$1,133

FOUR-BEDROOM

\$1,307

\$1,433

Annual Income Needed to Afford*North Dakota**Burleigh County*

ZERO-BEDROOM

\$22,345

\$22,800

ONE-BEDROOM

\$25,241

\$25,000

TWO-BEDROOM

\$32,565

\$32,840

THREE-BEDROOM

\$45,501

\$45,320

FOUR-BEDROOM

\$52,292

\$57,320

Minimum Wage*North Dakota**Burleigh County*

MINIMUM WAGE

\$7.25

\$7.25

RENT AFFORDABLE AT MINIMUM WAGE

\$377

\$377

Work Hours/Week at Minimum Wage*North Dakota**Burleigh County*

ZERO-BEDROOM

59

60

ONE-BEDROOM

67

66

TWO-BEDROOM

86

87

THREE-BEDROOM

121

120

FOUR-BEDROOM

139

152

Renter Wage*North Dakota**Burleigh County*

ESTIMATED MEAN RENTER WAGE

\$15.22

\$12.56

RENT AFFORDABLE AT MEAN RENTER WAGE

\$792

\$653

Work Hours/Week at Mean Renter Wage*North Dakota**Burleigh County*

ZERO-BEDROOM

28

35

ONE-BEDROOM

32

38

TWO-BEDROOM

41

50

THREE-BEDROOM

57

69

FOUR-BEDROOM

66

88

Supplemental Security Income (SSI) Payment*North Dakota**Burleigh County*

SSI MONTHLY PAYMENT

\$733

\$733

RENT AFFORDABLE TO SSI RECIPIENT

\$220

\$220

Income Levels*North Dakota**Burleigh County*

30% OF AREA MEDIAN INCOME (AMI)

\$22,099

\$26,490

ESTIMATED RENTER MEDIAN INCOME

\$33,226

\$35,579

Rent Affordable at Different Income Levels*North Dakota**Burleigh County*

30% OF AREA MEDIAN INCOME (AMI)

\$552

\$662

ESTIMATED RENTER MEDIAN INCOME

\$831

\$889

*This site was made possible by the generosity of*WEB DESIGN BY AI.

SENATE INDUSTRY BUSINESS & LABOR COMMITTEE

TESTIMONY IN SUPPORT OF SB 2192: "Housing Incentive Fund Tax Credit"

Senator Klein and Committee Members. I am John Phillips Director of Real Estate Development for Lutheran Social Services Housing. We are a non-profit housing development organization that works across North Dakota to help communities address housing challenges they may be facing. We work primarily in rural North Dakota, with projects in almost every corner of the state.

I realize that there is a perception that housing needs in the oil impacted counties, as well as in other areas of the state, have been alleviated by apartments that have already been constructed with the assistance of the HIF funds appropriated in past legislative sessions. Many of us have been made aware there are now a number of housing vacancies in selected "rapid growth cities", as well as a much more competitive rent environment that allows more people to afford housing than was the case in the height of the oil activity. But has the problem been entirely resolved?

Reading the 2016 North Dakota Statewide Housing Needs Assessment. Conducted by Nancy Hodur and her team, projected housing need is expected to increase by 21% from 2014 – 2029; residents aged 65 and older are projected to increase by 52% and continue to pursue housing suitable to their needs; the number of residents ages 25 - 44 is projected to increase by 30%; and the housing needs of seniors as well as the first time homebuyer needs add unique considerations as well.

I think we all recognize that the availability of affordable housing is a fundamental element that provides North Dakota communities the ability to sustain their economy, allowing individuals to stay in the community and to move to the community if they wish, which helps bolster local workforce.

Continuing to study the Statewide Housing Needs Assessment it is apparent we are lacking in the availability of affordable housing. Developing communities continue to have an unmet housing need, and many communities continue to struggle trying to address housing for the low and moderate income individuals and families. There is a defined need for housing projects that address the needs of the lowest income individuals, as well as for projects that have rent restrictions at or below Fair Market Rents (set by the Department of Housing and Urban Development).

Our challenge statewide is to answer the questions **"WHERE WILL WE LIVE"? Without quality "AFFORDABLE" housing for those in need how do we support continued community vitality? That can only be done through the development of additional housing and housing related services.**

Communities, employers, and families often relay the same message to us: Workers can't work without housing and without safe affordable housing, families can't relocate and make the community their home.

In addition, we often hear the question asked: With the economic success we have been experiencing in North Dakota, why do we need to talk about affordable housing? Won't the market just take care of the needs?

Unfortunately the market can't address affordable housing in a significant way without tools that are designed to help offset the cost of creating the housing; these tools help developers be able to offer lower rents to tenants. The Housing Incentive Fund is one tool that has proven itself both effective and successful in creating affordable housing in North Dakota's often unique environment.

The Housing Incentive Fund is targeted to help reduce construction costs, which reduces debt service as an operating cost, which allows a project to offer lower rents than they

would otherwise be able to. People who work to create affordable housing, like LSS Housing and many others, are always trying to think creatively about how to make rents more affordable. HIF is a critical tool that helps affordable housing developers solve this equation in North Dakota.

In addition to communities where housing shortages are the primary challenge, there are many, many communities across North Dakota that are faced with the challenge of preserving and modernizing the affordable housing that already exists in their community. This **preservation of a critical housing resource** is as **important** as the creation of new units for many communities. You are probably familiar with affordable housing that was developed in the 1970s and 1980s through USDA Rural Development or the Department of Housing and Urban Development. Thousands of housing units were built in both rural and urban communities across the state with the help of low interest loans made available by HUD and USDA. In addition, these properties often were able to offer a rent subsidy to the low income tenants who lived in the units. This subsidy comes from HUD or USDA, and pays the difference between what the low income tenant can afford and what the rent is at the property. It is a lifeline resource for many of the fixed income households who live in these units in our communities. The challenge we are facing today is that this housing stock is aging and needs re-investment to remain viable. If we can identify resources to help preserve and renovate existing affordable housing we know it can be a cost effective and practical way for communities to make sure their housing needs are addressed. We are often able to renovate and preserve this affordable housing at a much lower cost than it would take to build new replacement units. And it is an existing housing stock that already is served with infrastructure and should be able to continue to meet the needs of those community residents with thoughtful re-investment.

As we talk with city leaders and others in the smaller communities, they talk about their need to figure out how to address the housing needs of seniors and households with limited incomes. They talk about how they have some housing units in their communities

that "need work" to make them a desirable place to live again. Those community leaders recognize they are probably not going to attract developers to build new projects to address that need in their communities and they recognize that they have to preserve the asset they have.

The Housing Incentive Fund can be an important and cost effective tool in facilitating the preservation of existing affordable housing properties across North Dakota. Your support for the HIF Incentive program will give those developers that focus on this unmet housing need, an opportunity to leverage private resources to help ensure that we can house the people who live in our state. It provides an opportunity to not only pursue new construction but also the opportunity to rehab existing housing in support of those communities where the existing units are their best opportunity to provide affordable housing for community members with that need.

Who needs affordable housing?

The popular perception of oil country in western ND is one of instant millionaires and widespread prosperity even in the downturn of that industry. I suppose this is true in a limited sense. Fortunes have turned for many families because of the declining oil revenues and energy-related employment. But for others, the rapid change in the housing market has caused financial hardship and thrown them into personal economic crisis that still hasn't been resolved.

1. Housing units that had previously been "affordable" to low and moderate income wage earners and retirees suddenly became unavailable because they are sold to new owners and re-purposed to meet other housing needs. Those families were then required to move and search for housing that often did not exist. The properties that "left" that affordable program have not been replaced.
2. Even if physical displacement does not occur, economic displacement did. Rents statewide in many housing projects that were previously affordable were increased due to the robust economy. While there is no doubt that some market adjustment

was probably warranted (because rents were too low to be sustainable before), the extreme changes in price seen in many communities has caused significant financial hardship for low and moderate income households.

3. Housing demand has far outstripped housing supply in many communities statewide as the Bakken impact had a very broad spectrum. As such, many families who have moved to ND to work are forced to live in marginal conditions, often homeless while waiting for suitable housing to become available even now.
4. This issue doesn't just affect new arrivals into the state. Individuals who lose housing because they can no longer afford market rents can be thrown into homelessness or an otherwise precarious housing situation because they have no viable options.

The question we need to ask ourselves when making a decision whether or not to support SB 2192 is, if we built more housing would the problem be solved? Certainly more housing takes the pressure off the supply side of the market. But since the market will only produce units it can afford to produce, can we expect this housing to serve everyone's needs? I think the answer will be no. In the current market without housing that is specifically tied to affordability requirements, market pressures will eliminate any affordability.

Very simply, I would ask you to consider that housing markets in North Dakota have been stressed by the economic success of the state and now the downturn in the economy. Increased development of affordable rental housing in North Dakota is important for continued business and community sustainability, maintaining a quality of life for our limited-income seniors, providing for employee and workforce needs, and most importantly as a necessary component of individual and -family stability and success. The Housing Incentive Fund passed in the last session was a success and many individuals and families were able to secure housing in the state because of the activity generated by the investment. But housing continues to be a challenge in our state. The program needs to continue. We would encourage your support of SB 2192.

1/18/17

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Testimony in support of SB2192

John Phillips, Lutheran Social Services Housing

John Phillips, Director

Real Estate Development

Lutheran Social Services Housing (LSS Housing)

January 18, 2017

Testimony for Senate Industry, Business and Labor Committee

Chairman Klein and members of the committee, thank you for the opportunity to testify today in favor of SB No. 2192

A Housing Incentive Fund, or something like it, is in place in most growing states and larger cities in the country. We need it to help preserve the existing affordable housing we have and, to attempt to keep up with the expanding need that comes with population growth.

As we know, our state population is still growing and, we are aging like the rest of the country. We are projected to have an additional 55,000 persons over age 65 in the next 15 years; a 50% increase (a 100% increase in Fargo). About a third of this group will be renters. The average social security income is about \$14,000 a year, which is equal to the income of someone with a full time job at about \$1,165/month or \$6.55/hr. Using the accepted standard that no more than 30% of income should go towards housing costs: this household can afford a rent of less than \$350/month.

To afford an average market rate apartment these days a full time worker needs to make over \$15.00/hr.

People on disability and lots of young families are in the same position. There are thousands of workers who are earning less than \$15/hr. as retail clerks, teacher's aids, waitresses, bank tellers and various service jobs. About 1/3 of the Fargo Housing Authorities 5,000 tenants are young families in this situation. Typically it's a single mom with a couple of kids and she is working full time in one of these positions and is trying to keep up with rent and daycare and all of the other expenses we all have.

The projection for affordable housing is that we will need about 1,700 new units a year to keep up with demand. The Federal Low Income Housing Tax Credit program supplies at most about 200 units a year. Too, we are at risk of losing up to 3,000 units of existing affordable Federally subsidized housing across the state in the next 15 years. In Fargo we have an at risk building with 248 apartments. The HIF is needed to help preserve these units.

Every community needs an inventory of affordable housing to maintain both its social and its economic health and vibrancy.

We understand the need to reduce spending in this session and realize that every program needs to be scrutinized for its value and return on investment. The HIF program has shown that it is very effective at leveraging private investment in our communities across the state. We understand too, that the program may not be funded at previous levels. We are fearful though, that if it is allowed to sunset that it may never be revived. We ask that you support SB 2192 as an enduring and high return investment in the social and economic well-being of the state. Thank you.

Lynn Fundingsland - Executive Director – Fargo Housing and Redevelopment Authority

Testimony in Support of SB 2192
Senate Industry, Business and Labor
Chairman: Senator Jerry Klein
January 18, 2017

Submitted by: Dan Madler, Chief Executive Officer - Beyond Shelter Inc. (BSI),
701-730-2734, dmadler@beyondshelterinc.com, Lobbyist #29

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

My name is Dan Madler, I live in ND District 27 and I am the CEO of Beyond Shelter, Inc. (BSI), a mission driven North Dakota nonprofit developer of affordable housing.

Since the Housing Incentive Funds (HIF) inception and through today, BSI has closed on the financing of 346 HIF units, providing quality affordable housing to Elderly and Physically Disabled households, Law Enforcement, and Essential Service Workers 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 HIF funds to work quickly, leveraging approximately \$11M in HIF's to produce \$62.3M in long-term quality affordable housing assets. Essentially for every \$1 of HIF investment, BSI has been able to produce \$5.65 in long-term affordable housing assets.

In regards to SB 2192, I have 2 main topics that I would like to comment on.

The first comment relates to the importance of reauthorizing the HIF through June 30, 2019. Without reauthorization, HIF funding commitments made to projects that are under development now, could go away. For example, in the community of Fargo, where I live, there is a \$2.2M HIF commitment to the Jeremiah Project, a 20-unit apartment campus for low-income single mothers and their children. The Jeremiah Project is close to securing all of the capital needed and is hoping to start construction of the 20-unit project in April 2017. If the HIF is not reauthorized, the Jeremiah Project would lose all HIF's not drawn by June 30, 2016. Reauthorization of the HIF is critical, not only for the Jeremiah Project, but for several other HIF projects that face similar circumstances. These project need to be able to draw all of their HIF's.

The second comment that I have relates to the \$40M funding that SB 2192 would provide to the HIF through June 30, 2019. The need for quality, safe, and affordable housing is ongoing and is statewide. In support, I offer the following examples:

- 1) In the community of Fargo, on October 13, 2016, BSI received a certificate of occupancy for a 30-unit affordable housing project that serves low-income elderly households. The 30-unit project was fully leased in less than 45-days.
- 2) In the community of West Fargo, on this past Monday night, the City Commission of West Fargo unanimously approved the first funding for a proposed YWCA permanent supportive housing project that will serve women and children that have been victims of domestic abuse.
- 3) I have and/or will be having conversations with the communities of Bismarck, Minot, and Dickinson as it relates to developing permanent supportive housing for long-term homeless individuals and possibly homeless families.

The need for affordable housing that serves our most vulnerable populations like seniors and people with disabilities is not going to go away anytime soon. The HIF will be and is needed to serve as a critical funding gap filler in the financing of affordable housing. For example, since the presidential election, the private investment market for Federal Low Income Tax Credits (LIHTC) has been turned upside down. The LIHTC is currently the most powerful Federal tool used to produce affordable housing. It truly is a private-public partnership as private investors purchase federal tax credits and the capital raised from the sale of the tax credits is invested in an affordable housing project. Because of the possibility of Federal tax reform, the price that investors are willing to pay for LIHTC's has decreased in value by 10-12 cents on the dollar. What does that mean? Well, if BSI had a \$500,000 LIHTC award 1 penny is worth \$50,000. \$50,000 times 10-12 cents equals a \$500,000 - \$600,000 loss in private capital and thus creating a \$500,000 - \$600,000 funding gap for an affordable housing project. If the HIF is funded through SB 2192, the HIF could be used to fill the funding gap and allow the affordable housing project to move forward.

Funding the HIF at \$40M would be a long-term 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.

In closing, I respectfully request your support for SB 2192. Reauthorization and funding of the HIF 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 in Support of SB 2192
Senate Industry, Business and Labor
January 18, 2017

Chairman Klein and members of the Committee,

Today you will hear testimony regarding the reauthorization and funding for the Housing Incentive Fund via discussion on Senate Bill 2192. I am writing to share with you one story about the significant impact this program has on the lives of people who need access to safe and affordable housing in the state of North Dakota.

Jeremiah Program is a non-profit that assists determined single mothers with very young children living in poverty, by providing them with wrap-around supports including affordable housing that includes an early childhood education center, and Empowerment and Life Skills training and career/coaching assistance. Their participation in our program is predicated on their pursuit of a two or four year college degree so they can obtain a career track job to lift their family out of poverty permanently.

In 2015, Jeremiah Program applied for a grant from the Housing Incentive Fund in order to raise the necessary capital to build our affordable apartment building in Fargo. We were awarded \$2.2 million through this competitive process and *that award was the game changer for our ability to go out and raise the rest of the funds from other sources, both public and private!*

The Housing Incentive Fund is instrumental in assisting innovative affordable housing programs with the critical capital funding for a variety of critical housing programs that benefit low income families, seniors, children and native tribes in North Dakota. And it does this by soliciting support from businesses who contribute to the fund and give back to their communities and state. The Housing Incentive fund is a win/win/win!

Thank you for your previous support of this innovative program and I urge you to pass all necessary legislation to authorize and fund it to continue to serve more North Dakota families well into the future.

Sincerely,

Diane Solinger
Executive Director
Jeremiah Program Fargo-Moorhead
701-212-8849
dsolinger@jeremiahprogram.org

Testimony from Erin Prochnow, CEO, YWCA Cass Clay
North Dakota Senate Industry, Business and Labor Committee
January 18, 2017
SB 2192

Introduction:

Good morning Chairman Klein and members of the committee, my name is Erin Prochnow, the CEO of YWCA Cass Clay. Our agency offers the largest Emergency Shelter serving women and children in the state of North Dakota and northwestern Minnesota. We have been providing services in our community for over 110 years, spending the past 40 years providing emergency shelter and housing services to women and their children escaping domestic violence and abusive situations.

If SB 2192 is approved, the North Dakota Hosing Incentive Fund will help women and families served by YWCA escape abuse, move out of homelessness, and live independent lives.

Proposed Private - Public Partnership Project:

In early 2016 Pastor Joel Baranko from Lutheran Church of the Cross in West Fargo reached out to YWCA inquiring about areas of community need where vacant land owned by the church may be most useful. The most significant unmet need for women and children served at YWCA, as documented in the 2015 YWCA Cass Clay Strategic Plan is supportive affordable housing.

Together with Lutheran Church of the Cross, YWCA have developed a proposed project that includes 30 apartments ranging in size from one to four bedrooms; two office spaces for our support services staff, a community room, playground, and patio are included in the preliminary design concepts.

The demand for the YWCA Housing Program is significant. Last year alone, 147 women and children were eligible for the program, but only 51 women and children were able to be accepted (35% were able to be accepted). We simply don't have enough affordable homes to meet the growing need. Permanent supportive housing is a strategy that has proven successful and documented to be the most cost-effective prevention to chronic homelessness.

Changing the Course of Her Life: From Crisis to Independence:

When a woman arrives at the YWCA, she often lacks the building blocks to independence: a living wage, adequate credit, childcare and transportation. At the YWCA we provide comprehensive programs and services to help each woman to overcome these barriers.

In 2016, the average length of stay at our Emergency Shelter was 42 days. While women can make significant progress in just over a month, this is typically not enough time to gain lasting financial security and independence. Often a woman's road to independence is longer because she is recovering physically or mentally from abuse, has a disability, is going back to school, or working hard to regain her financial footing.

To help a woman move from crisis to independence and extend the amount of time she has to rebuild, the YWCA's Supportive Housing Program provides ongoing support and advocacy for women and their families. The reality is the women we serve are just like all of us – to live independently, and provide for their families.

On average, a woman stays in our Supportive Housing Program just 24 months. The YWCA Supportive Housing Program is a proven solution for helping families break the cycles of poverty and violence. A woman who participates in the program earns more money, is healthier, and is better equipped to live independently and create an environment for her children to thrive.

- 71% of women increase their education or income while in the program
- 78% of women improve their physical and/or mental health while in the program
- 92% of families secure independent, permanent homes within just two years of beginning the Supportive Housing Program.

Wherever a woman may be on her journey, together we must walk alongside her to ensure she has access to the tools and resources necessary to heal, reach her goals and ultimately, build a future free from violence for her family.

Thank you for your time and consideration.

Senate Industry, Business and Labor
65th LEGISLATIVE ASSEMBLY
JANUARY 18, 2017
SB 2192

Chairman Klein, 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 400 households on a waiting list for housing assistance and the list continues to grow on a daily basis. At the same time that the demand for affordable housing still exist. For example, our average Housing Assistance Payments per landlord is currently \$560 per month compared to \$290 in 2008. We are helping less people today than we were in 2008 due to the steady rent increases that have occurred in Minot.

MHA was approached by Beyond Shelter, a nonprofit affordable housing developer in Fargo in 2012/13 to partner on a variety of projects to create affordable housing in Minot area. To date, this partnership has completed a two phase 64 unit affordable town home project called Washington Town Homes (SE Minot), a 42 unit called Fieldcrest (NE Minot), a 55 and older apartment setting with 40 units called Cooks Court (SE – just north of Kmart), a 40 unit town home style called The Burlington Willows (Burlington, ND) and a 35 unit apartment called Sunset Ridge (NW Minot).

Since 2012/13 BSI and MHA have created 221 affordable units for essential workers, seniors and low income. It is my hope that this partnership continues to grow to ensure that future and maintain affordable housing units for the community of Minot. Having said that, the Housing Incentive Fund has been very instrumental in putting the funding together to ensure that the rents remain affordable for the above mentioned projects.

MHA fully supports Senate Bill 2192 as before you today. In my opinion, the Housing Incentive Fund has been a very successful program that has created affordable housing units all over the state of North Dakota.

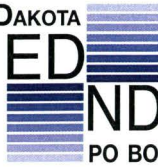
Thank you and I would be happy to answer any questions you may have.
My contact information is,

Tom Alexander – Minot Housing Authority

tom.alexander@minothousing.com

701-852-0485 ext. 103

ECONOMIC DEVELOPMENT ASSOCIATION OF NORTH DAKOTA



PO BOX 1091 • BISMARCK, NORTH DAKOTA 58502

January 19, 2017

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

The Economic Development Association of North Dakota represents more than 80 large and small and rural and urban economic development organizations on the front line of growing businesses and communities in North Dakota. The primary purpose of the organization is to support the creation of new wealth and the diversification of North Dakota's economy. It is for these reasons our organization and its members want to express support for SB 2192.

Workforce and affordable housing continues to be a priority for expansion of North Dakota's businesses and communities in all areas of North Dakota. The Housing Incentive Fund capitalizes contributions from state taxpayers developing affordable multi-family housing for essential service workers, main street employees and fixed-income households. The lack of available affordable housing in North Dakota is often a stumbling block to people who might otherwise relocate and accept jobs that serve to form the state's infrastructure of basic services.

A recent high impact example of the housing incentive program's benefit is in the Beulah/Hazen area, where a housing study of the region identified a need for additional apartments. The community came together and utilized the fund to create new housing for a variety of its citizens. An abandoned piece of land where mobile homes stood in the 1980s is now home to New Energy Apartments. These one to three bedroom units are open to a range of families, including low-income and essential workers. This is one of the many examples where these funds return investment into the rural and urban communities throughout North Dakota.

In order to diversify our economy, we need to partner with our communities to create livable spaces. A part of this formula is affordable housing, and this fund creates an economic 'win-win' for both the employees and the communities.

Thank you for the opportunity to express our support for SB 2192 and for your continued commitment to keeping North Dakota globally competitive to recruit and retain the state's workforce.

Sincerely,

Connie Ova
President



Jolene Kline Executive Director

INDUSTRIAL COMMISSION

Doug Burgum Governor

Wayne Stenehjem Attorney General

Doug Goehring Agriculture Commissioner

SB 2192

January 27, 2017

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

Chairman Holmberg and members of the Senate Appropriations Committee:

Senate Bill 2192 received a unanimous "do pass" out of the Industry, Business and Labor Committee. The Housing Incentive Fund program works. It is positively impacting people across the state.

I understand the fiscal reality of the state's general fund. I understand that at the end of the day (or session) there has to be a balanced budget. As I travel around the state I have the opportunity to meet the people who are living in our HIF assisted units and are better able to balance their budgets because shelter costs are now more affordable. I have seen first-hand that what we do is not only about dollars, it is about real people whose lives we are impacting in a positive way.

I've met Jeri in Fargo who was afraid she was going to become homeless because her market rate rent was taking up more and more of her Social Security disability check; and Miriam, a nurse who moved to Williston from Georgia and is comforted knowing that her rent will remain affordable in her HIF assisted apartment due to a long term deed restriction; and George, now in his 70s, who had lived his entire life in institutional or group homes and moved into a HIF assisted apartment in Bowman with appropriate supportive services through ABLE Inc. These are real people. The state dollars invested in HIF are not only a long term investment in the community but they are an investment in the lives of the people who call these apartments "home."

Affordable housing built with HIF plays an important role in the system of care supporting the most vulnerable in the community. As our senior population continues to grow, if just one low-income person is able to age in place in a HIF assisted unit and avoid a more costly nursing home placement; if one person with behavioral health issues is able to transition out of a half-way house into a HIF assisted rental unit making room for others to exit institutionalization into a safe and suitable situation; if just one homeless person is taken off the street or a HIF assisted unit

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keeps one person from becoming homeless...than we have realized a positive return on the long-term investment in the future of our state through HIF.

In hearing Governor Burgum talk about his Main Street Initiative, I believe the Housing Incentive Fund can play a vital part in revitalizing neighborhoods, maximizing the impact of housing development on the economy and assisting communities in achieving their strategic goals because it has already been doing that. In-fill, rehab and adaptive reuse of non-housing structures are common among HIF projects. They have helped turn blighted buildings and empty lots into drivers of vibrancy in their neighborhoods and communities. Some prominent examples include Legacy at Central Place and Renaissance on Main in Williston, Meadowlark Homes in New Rockford, Cooks Court and Artspace in Minot, Sierra Court in Bismarck, Collins Place in Mandan, Jamestown Court Rowhomes, Pioneer Homes in Hazen and the list goes on and on. While oftentimes building new is cheaper than rehab, there are opportunities to do both in our communities that will add value and support the local economy, but programs like HIF are needed to be sure that affordability is part of the mix.

The HIF program has been an effective and efficient use of state resources. It has been a model of public-private partnership. Every dollar of HIF funding has spurred \$4.50 in construction activity and created long-term assets in the local community. The \$88.4 million state investment in HIF since 2011 has resulted in \$397.9 million of construction and will create a pipeline of long-term affordable rental units.

Background

The Housing Incentive Fund was first authorized by the 62nd Legislative Assembly in 2011 which also approved \$4 million in state income tax credits to capitalize it. During the special session in November 2011, the tax credit authority was increased to \$15 million. HIF was reauthorized in 2013 with \$20 million in tax credit authority and a \$15.4 million general fund transfer. It was reauthorized during the 64th Legislative Assembly in 2015 with \$30 million in tax credit authority and a transfer of \$5 million from profits of the Bank of North Dakota. An additional \$5 million transfer was contingent on Bank profits reaching a certain threshold for calendar year 2015, which was achieved.

In the history of the program, 74 projects with 2,324 housing units have been funded. Of those 2,324 units, 409 are targeted to ESWs, 214 are income restricted to extremely low-income households, 825 are restricted to low-income households and 729 are restricted to moderate-

income households. Attached please find a complete listing of HIF projects and a sheet that shows some of the people who call HIF projects home. More of their stories can be found at www.ndhfa.org/publications/facesofhome.

HIF has been an important tool for our communities to respond to the pressing and changing needs they have faced. It has helped create long-term affordable rental options. HIF projects serve people with some of the greatest housing challenges including low-income workers, the elderly, people who are homeless or at risk of homeless, and people with a disability. These populations are the ones that are projected to see the greatest growth in North Dakota in the next 15 years, according the 2016 Statewide Housing Needs Assessment.

Lower-income households (those below 80 percent of Area Median Income) are projected to increase by more than 39,000 by 2029, with the fastest growth coming among extremely low- (30 percent of AMI or less than \$20,000 per year) and very low-income households (50 percent of AMI or between \$20,000 and \$35,000 per year).

The number of seniors is projected to increase significantly as the Baby Boom generation ages – growing by 52.4 percent by 2029. That is nearly 55,000 more people over the age of 65 who will need appropriate and affordable housing options. Without those options, seniors can be cost burdened (putting more than 30 percent of their income toward their housing costs). Today, nearly half of senior renters are cost burdened.

People with a disability, both physical and intellectual, also are expected to increase by 23,200 people. Housing with supportive services and accessibility features, which often times is key to allowing people with a disability to live independently, will be more and more in demand in the state. Affordability is also key as the median earnings of people with a disability in North Dakota are \$781 less per month than for people without a disability.

Additional information from the Statewide Housing Needs Assessment is available at www.ndhfa.org/publications/housingneeds.

Without the appropriate housing for all of these populations, our smaller communities will lose them to larger communities in North Dakota as well as outside of the state where their needs can be better served. That has an immense impact on the economic and social fabric of our state. It means the loss of workers, tax revenue, bank deposits, medical services, volunteers, retail sales and a whole host of other things that contribute to a good quality of life. The effects ripple across

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our communities and to remain vibrant and stable, we need people of all ages, incomes and experiences. To attract and retain these residents, we need affordable housing options.

Through our collaborative efforts with the Department of Human Services and the Department of Corrections and Rehabilitation, we have learned that affordable housing with appropriate supportive services is critical to the successful discharge of people with behavioral health issues and ex-offenders from institutionalization. There is a backlog at half-way houses and other transitional housing programs due to a lack of permanent supportive housing.

Federal housing resources are not enough to deal with the housing needs of the state today or into the future. Today with the federal resources available for the development of affordable housing, we can produce or rehabilitate about 150-200 units per year. However, according to the projections in the Statewide Housing Needs Assessment, we need 882 per year that are affordable for extremely low-income households with rents under \$500 per month. The private market cannot and will not produce units at this rent level considering the cost of land, labor and materials.

Rehabilitation of our existing affordable housing stock will also be a key issue for our communities going forward. Much of the affordable housing in the state was developed in the 1960s, 1970s and 1980s and is nearing the end of its useful life. There are 13,430 rental housing units in service under state and federal programs across the state and 3,004 are scheduled to leave affordable programs by 2029. Another 4,138 units could be lost at any time due to program opt outs or just plain loss of habitability. If we very conservatively estimated that each of these units needed \$10,000 in rehab, we have a more than \$71.4 million price tag. These affordable housing units are resources that have served North Dakota, especially our rural communities, well and with some assistance could continue to be valuable assets in serving people in the greatest need.

With the slow down in oil development in the west, there has been much talk of overbuilt housing. While market rents have come down, they have not dropped enough to affordably serve a senior who relies on an average \$1,200 per month Social Security check and can only afford rent of \$360 or less or an extremely low-income household that can only afford housing costs of less than \$425 per month. In working to address the pressing needs of the day, a portion of the units under HIF were developed for moderate-income households that made too much to be eligible for traditional subsidized housing, but could not reasonably afford the dramatically inflated market rents. As market rents improved, the challenges for these households lessened and today we recognize that deeper income targeting would be the most efficient use of funds. This could be

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accomplished through buying down the debt of existing apartment projects, which in turn ensures that units will remain affordable in the community long term.

Affordable housing challenges are present in every community big and small. While western communities experienced building booms in the past decade, many central and eastern towns did not. There are unmet needs that exist and our rural communities provide the best example of that. In communities like Jamestown, Valley City and Devils Lake, there are a number of open jobs, but employers have been constrained in recruiting workers because of the availability of decent and affordable housing options. Things like affordable senior projects, for example, can help with that by giving options to those homeowners who want to downsize and get away from maintaining a single-family home. That opens up options for young families to come to a community. But those projects aren't feasible without assistance like HIF can bring.

One of the changes in SB 2192 is the removal of the priority for Essential Service Worker (ESW) housing. ESWs are employees of cities, counties, schools, medical or long-term care facilities, the state or others determined by the Agency as fulfilling an essential public service. That priority was first put into HIF in 2013 and continued in reauthorization of the program in 2015. As I said, 409 units for ESWs have been built under HIF and these have been very important in helping our political subdivisions keep good help, but we feel that the need for ESW targeted housing has subsided and that other priorities are more pressing.

This bill, as does Senate Bill 2074, also includes an extension of the expiration date of the HIF program. That was included because there are a number of projects which received a commitment from HIF and are under development now. HIF funds flow to a project on a reimbursement basis for costs incurred and construction may not be far enough along to have fully drawn their award.

HIF is a solid investment in the future of our state and the lives of our residents. It is allowing main street businesses to attract and retain employees. It is helping to appropriately house our seniors. It can be a vital financial resource to ensure the long-term viability of our existing and aging affordable housing stock. It can provide a stable housing platform for the successful delivery of supportive services for people with a disability or behavioral health issues.

Again, I am fully aware of the budget constraints and simply ask for your thoughtful consideration of reauthorization of this program as well as funding for another biennium.

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Project Name	Location	Applicant / Developer	Project Type	Use of HIF Funding	Total Units	Total Development Cost	HIF Funds Committed	HIF Program
Arrowhead Estates	Amegard	Big Mountain Development	Workforce/ Family	New Construction	16	\$3,673,093	\$1,021,000	HIF 2
Belfield Law Enforcement Housing	Belfield	HA for City of Belfield	Workforce/ Family	New Construction	4	\$744,484	\$96,000	HIF 1
Greenfield Heights	Belfield	LSS Housing Belfield LLC	Family	New Construction	12	\$1,551,650	\$225,000	HIF 1
New Energy Apartments	Beulah	LSS Housing, Inc.	Workforce/ Family	New Construction	24	\$3,830,475	\$1,149,143	HIF 3
100 West Main	Bismarck	100 W Main LP (Metro Plains)	Senior	New Construction	30	\$6,546,962	\$600,000	HIF 3
Boulevard Ave Community Center	Bismarck	Ruth Meiers Hospitality House	Homeless	Adaptive Reuse	85	\$10,752,617	\$2,855,500	HIF 2
FiveSouth 1	Bismarck	CDG Bismarck Housing, I, LLC	Workforce/ Family	New Construction	96	\$17,117,226	\$3,000,000	HIF 3
Independence Living	Bismarck	Independence Living LLC	Disabled	New Construction	14	\$1,697,003	\$483,045	HIF 2
Independence Pointe	Bismarck	Independence Pointe, LP	Disabled	New Construction	24	\$3,800,563	\$425,000	HIF 2
North 19th Street 5-Plex	Bismarck	Community Homes of Bismarck, Inc	Disabled	New Construction	5	\$1,205,610	\$361,683	HIF 2
Sierra Court	Bismarck	Sierra Court, LLP (MPEG)	Senior	New Construction	40	\$7,126,854	\$600,000	HIF 3
The Landing	Bowman	LSS Housing Bowman, LLC	Disabled / Family	New Construction / Debt Retirement	26	\$3,672,251	\$1,130,264	HIF 1 & HIF 3
The Willows	Burlington	Beyond Shelter, Inc.	Workforce/ Family	New Construction	40	\$8,206,120	\$3,000,000	HIF 2
Divide Vista Apartments	Crosby	DCEDC	Family	New Construction	12	\$1,200,000	\$240,000	HIF 1
Northern Lights Apartments	Crosby	Loretto Bay Six, LLC	Family	New Construction	18	\$3,979,127	\$1,000,000	HIF 1
Agassiz Circle Phase 2 Part 1	Devils Lake	Agassiz Properties LLLP	Family	New Construction	10	\$1,434,283	\$333,333	HIF 1
Agassiz Circle Phase II	Devils Lake	Agassiz Properties LLLP	Family	New Construction	8	\$1,287,599	\$385,269	HIF 2
Lakeland Court	Devils Lake	SW Design Build, Inc.	Family	New Construction	24	\$3,750,000	\$1,125,000	HIF 3
Heritage Hills	Dickinson	Heritage Hills I LLLP	Senior	New Construction	42	\$8,194,643	\$200,000	HIF 2
Heritage Hills II	Dickinson	Beyond Shelter, Inc.	Senior	New Construction	39	\$7,138,819	\$600,000	HIF 2
Lincoln Park Townhomes II	Dickinson	G.A. Haan Development, L.L.C.	Workforce/ Family/ Homeless	Debt Retirement	32	\$5,780,832	\$2,890,000	HIF 3
Northern Place	Dickinson	Northern Place LLLP (Housing Solutions)	Family/ Homeless	New Construction	36	\$7,761,566	\$600,000	HIF 3
Patterson Heights	Dickinson	Beyond Shelter, Inc.	Family	New Construction	24	\$3,440,008	\$1,376,003	HIF 1
Prairie Winds (Phase 1)	Dickinson	Roers, Inc.	Workforce/ Family	New Construction / Debt Retirement	36	\$6,105,803	\$1,512,000	HIF 3
Prairie Winds (Phase 2)	Dickinson	Prairie Winds Apartments 2 LLC	Family	Debt Retirement	36	\$6,000,000	\$1,512,000	HIF 3
South Main Apartments	Dickinson	AK Investments LLP	Family	Adaptive Reuse	10	\$1,526,502	\$410,852	HIF 1
Sullivan Apartments	Dickinson	Sullivan Properties	Family/ Disabled	New Construction	30	\$4,794,132	\$1,416,837	HIF 2
Jeremiah Program Apartments	Fargo	Jeremiah Program of Fargo-Moorhead	Homeless/ Family	New Construction	20	\$4,400,000	\$2,200,000	HIF 3
North Sky I	Fargo	Beyond Shelter, Inc.	Senior	New Construction	24	\$2,855,460	\$1,142,184	HIF 2
North Sky II	Fargo	Beyond Shelter, Inc.	Senior	New Construction	30	\$4,251,383	\$600,000	HIF 2
North Sky III	Fargo	Beyond Shelter, Inc.	Senior	New Construction	30	\$4,475,000	\$600,000	HIF 3
Cherrywood Village	Grand Forks	Valley Homes and Services	Senior	New Construction	30	\$5,235,244	\$454,545	HIF 1
University Flats	Grand Forks	Dakota Commercial	Family	New Construction	70	\$11,244,299	\$2,800,000	HIF 3
Prairie Pointe	Gwinner	Region V Community Development Corp	Family	New Construction	17	\$2,929,353	\$976,109	HIF 3
Pioneer Homes Apartments	Hazen	Hazen Community Development Group	Senior	Adaptive Reuse	18	\$4,181,237	\$2,102,000	HIF 3
Courtside Village	Hettinger	LSS Housing, Inc.	Workforce/ Family	New Construction	24	\$3,811,442	\$1,493,663	HIF 2
Garden Hills II	Jamestown	Hometown Living LLC	Senior	New Construction	40	\$4,995,084	\$1,497,625	HIF 2
Jamestown Court Rowhomes	Jamestown	Jamestown Rowhomes LP	Family/ Senior	New Construction	24	\$4,716,588	\$400,000	HIF 2
Kenmare CDC Housing 12-Plex	Kenmare	Kenmare Development Corp	Family	New Construction	12	\$1,350,000	\$240,000	HIF 1
Kenmare Gooseneck 12-Plex	Kenmare	Moure Equipment LLP	Family	New Construction	12	\$1,350,000	\$240,000	HIF 1
Kildeer Essential Worker Housing	Kildeer	City of Kildeer	Workforce/ Family	New Construction	4	\$1,090,904	\$326,072	HIF 3
Prairie Gold Apartments	Kildeer	Prairie Gold Real Estate, LLC	Family	New Construction	24	\$3,300,000	\$1,000,000	HIF 1
Bel Tower Apartments	Kulm	BEL Tower LLC	Family	Adaptive Reuse	6	\$527,473	\$120,198	HIF 1
Lignite Housing Project	Lignite	Lignite Investments, LLC	Workforce/ Family	New Construction	28	\$4,564,060	\$1,265,000	HIF 2
Collins Place	Mandan	Dakota Commercial & Development	Family/ Senior	New Construction	29	\$3,885,000	\$1,100,000	HIF 2
Shoal Creek Apartments	Mandan	Dakota Commercial	Family	New Construction	48	\$6,990,462	\$2,085,000	HIF 3
Trails West Townhomes	Mandan	AHDI	Family	New Construction	12	\$2,542,000	\$762,000	HIF 3
Cook's Court	Minot	Beyond Shelter, Inc.	Senior	New Construction	40	\$6,830,000	\$600,000	HIF 2
Fieldcrest	Minot	Beyond Shelter, Inc.	Workforce/ Family	New Construction	42	\$8,110,069	\$2,310,000	HIF 2
Mainstreet Artspace Lofts	Minot	Minot Artspace Lofts LP	Family and Disabled	New Construction	34	\$7,480,422	\$200,000	HIF 1
Minot Place Rowhomes	Minot	MetroPlains LLC	Family	New Construction	30	\$6,525,150	\$200,000	HIF 1
Oakwood Court	Minot	Minot Housing Authority	Disabled	Rehabilitation	7	\$389,000	\$155,600	HIF 1

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Project Name	Location	Applicant / Developer	Project Type	Use of HIF Funding	Total Units	Total Development Cost	HIF Funds Committed	HIF Program
Park South (Phase 2)	Minot	Park South Holding, LLC	Workforce/ Family	Rehabilitation of Habitable	35	\$7,329,729	\$2,015,974	HIF 3
Rolling Ridge Estates (aka Kerwood on 5th)	Minot	SW Design Build	Workforce/ Family	New Construction	50	\$7,613,000	\$2,250,000	HIF 2
Sunset Ridge (Phase I)	Minot	Beyond Shelter, Inc.	Family	New Construction	35	\$8,012,724	\$600,000	HIF 3
Meadowlark Homes	New Rockford	EPIC Management, LLC	Workforce/ Family	New Construction	10	\$1,497,379	\$430,000	HIF 3
Second Avenue Apartments	New Rockford	Lesmeister Enterprises, LLC	Workforce/ Family	New Construction	8	\$800,000	\$240,000	HIF 2
Meridian Apartments	Valley City	George Gaukler	Family	New Construction	36	\$4,772,000	\$1,431,600	HIF 3
Valley Bluffs	Valley City	SW Design Build, Inc.	Family	New Construction	40	\$6,200,000	\$1,860,000	HIF 3
McKenzie Healthcare 6-Plex	Watford City	McKenzie County Healthcare Systems	Workforce/ Family	Retirement of Debt	6	\$550,000	\$136,950	HIF 2
McKenzie Healthcare Systems Employee Housing	Watford City	McKenzie County Healthcare Systems	Workforce/ Family	New Construction	24	\$6,311,017	\$1,830,000	HIF 2
McKenzie Park Apartments	Watford City	G.A. Haan Development	Workforce/ Family	New Construction / Debt Retirement	60	\$11,650,173	\$3,490,000	HIF 2 & HIF 3
Watford City Apartments	Watford City	LSS Housing, Inc.	Workforce/ Family	New Construction	77	\$13,775,000	\$3,000,000	HIF 3
Wolf Run Village	Watford City	Wolf Run Village, Inc	Workforce/ Family	New Construction	42	\$6,721,699	\$1,483,231	HIF 2
Wolf Run Village II	Watford City	Wolf Run Village, Inc.	Workforce/ Family	New Construction	20	\$3,721,544	\$909,374	HIF 3
Prairie Heights Phase I	Watford City	LSS Housing Watford City LLC	Workforce/ Family	New Construction	58	\$8,277,730	\$1,000,000	HIF 1
Prairie Heights Phase II	Watford City	LSS Housing Watford City LLC	Workforce/ Family	New Construction	66	\$8,878,413	\$1,000,000	HIF 1
714 Place	Williston	Envision Land & Development	Workforce/ Family	Retirement of Debt	5	\$1,125,000	\$315,000	HIF 2
Mercy Heights	Williston	CHI Housing Initiatives	Family	New Construction	66	\$10,959,000	\$1,000,000	HIF 1
ParkRidge Townhomes	Williston	ParkRidge Townhomes LLC	Workforce/ Family	New Construction	36	\$6,827,414	\$2,048,224	HIF 2
Renaissance on Main	Williston	Renaissance Station LLC	Workforce/ Family	New Construction	30	\$10,014,069	\$3,000,000	HIF 2
WSC Foundation Housing Phase 1	Williston	Williston State Foundation Housing, LLC	Family	New Construction / Debt Retirement	74	\$10,086,286	\$3,000,000	HIF 1 & HIF 3
WSC Foundation Housing Phase II	Williston	Dakota Commercial & Development	Workforce/ Family	New Construction	74	\$10,000,000	\$3,000,000	HIF 2
Legacy at Central Place	Williston	LSS Housing Williston LLC	Senior	Adaptive Reuse	44	\$12,482,215	\$949,898	HIF 1
74					2324	\$397,952,244	\$88,408,176	

As of: 01/16/2016



*"The place is **outstanding**. It was such a relief to find a place to live, truly a weight off my shoulders."*

Hunter Easterling,
Patterson Heights,
Dickinson



*"I've **dreamed** of living in a place like this."*

Katrina Henry, Renaissance on Main, Williston



FACES OF HOME



*"This is my **home** now. I've made the decision I will be happy here. You have blessed us with good housing."*

Betty Voth, Cook's Court, Minot



*"I love my home so much I can't explain it sometimes... IT'S MINE! I'm so **proud** to show it off and I take great pride in it."*

Jeri Fick, North Sky Apartments, Fargo



The Housing Incentive Fund is about making homes for people of all types. HIF affordable housing projects touch the lives of thousands of people across North Dakota.



*"I thank God and all of you for the **opportunity** to live in this beautiful building."*

Sandra Benedict, Sierra Court, Bismarck

*"The promise that the price would remain **affordable** for 15 years is very nice."*

Miriam Shaw,
ParkRidge Townhomes,

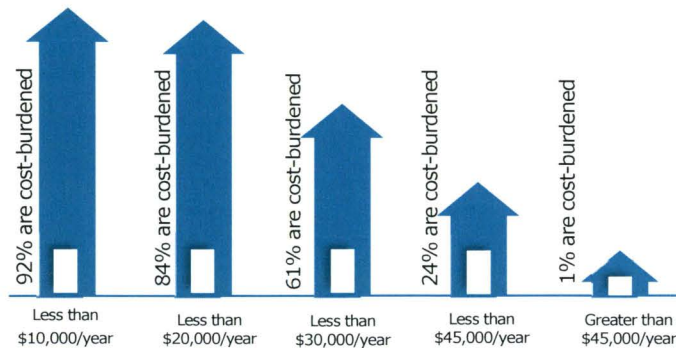


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One third of North Dakota households live in rental housing.¹ It can be a convenient and economic choice for individuals and families when rents are **affordable**.

Housing is defined as affordable if its occupants pay **no more than 30 percent of their income** on rent. If they pay more than 30 percent, that cost-burdened household has less money to pay for other necessities like food, clothing, healthcare, childcare and education.

Cost-Burdened Households by Income Level in 2014²



\$15.66

The hourly wage needed for a single adult to rent an affordable two-bedroom apartment in North Dakota, costing \$814, based on HUD's fair market rents.

North Dakota occupations that pay less than \$15.66/hr.³

	Daycare Provider	\$9.88		Ambulance Driver	\$11.70
	Waiter/Waitress	\$10.13		Office Assistant	\$12.95
	Grocery Checker	\$10.65		Bank Teller	\$13.57
	Pharmacy Clerk	\$11.21		Dietary Technician	\$14.28

What About Seniors?

For fixed-income households, affordable rent is even more important. On average, North Dakota **seniors receive \$1,152 per month⁴** in social security benefits. If social security is their only source of income, these individuals cannot afford rent greater than \$345 per month.

How are Communities Impacted?

Low-wage earners and seniors help make up an **economically, well-rounded and socially healthy community**. Without affordable housing, jobs remain unfilled, stores close, school districts suffer, we lose our volunteer base, existing businesses are unable to expand and new businesses are unable to open.

¹American Community Survey, 2014; ²National Low Income Housing Coalition tabulations of 2014 American Community Survey; Labor Market Information, Job Service North Dakota, 2015; and ⁴ www.aarp.org.

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SENATE APPROPRIATIONS COMMITTEE

TESTIMONY IN SUPPORT OF SB 2192: "Housing Incentive Fund Tax Credit"

Senator Holmberg and Committee Members. I am John Phillips Director of Real Estate Development for Lutheran Social Services Housing. We are a non-profit housing development organization that works across North Dakota to help communities address housing challenges they may be facing. We work primarily in rural North Dakota, with projects in almost every corner of the state.

Jolene has presented an excellent story of the people that live in the HIF project housing units that were constructed from previous legislative funding. She has also presented the Housing Needs Assessment Numbers that were developed by Nancy Hodur in the recent 2016 North Dakota Statewide Housing Needs Assessment and I won't repeat that. In our experience one of the most pressing questions of the Housing Study is whether or not we have addressed the housing need for the more vulnerable population statewide -- that being the low and very low income individuals and families. I wanted to focus my testimony on how the Housing Incentive Fund can be a tool that helps us preserve affordable rental housing where there is already a federal rent subsidy available to low income tenants.

I think we all recognize that the availability of affordable housing is a fundamental element that provides North Dakota communities the ability to sustain their economy, allowing individuals to stay in the community or relocate to a community if they wish, whether they choose to retire there or enter the workforce. Different communities have different needs.

In addition to communities where housing shortages are the primary challenge, there are many, many communities across North Dakota that are faced with the challenge of preserving and modernizing the affordable housing that already exists in their community as likely that will be the only practical option for the community to address its need. This

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preservation of a critical housing resource is more important for those communities than new construction.

You are probably familiar with affordable housing that was developed in the 1970s and 1980s through USDA Rural Development or the Department of Housing and Urban Development. Thousands of housing units were built in both rural and urban communities across the state with the help of low interest loans made available by HUD and USDA. In addition, these properties often were able to offer a **rent subsidy** to the low income tenants who lived in the units. This subsidy comes from HUD or USDA, and pays the difference between what the low income tenant can afford and what the rent is at the property. It is a lifeline resource for many of the fixed income households who live in these units in our communities.

The challenge we are facing today is that this housing stock is aging and needs re-investment to remain viable. If we can identify resources to help preserve and renovate existing affordable housing we know it can be a cost effective and practical way for communities to make sure their housing needs are addressed. We are often able to renovate and preserve this affordable housing at a much lower cost than it would take to build new replacement units. And it is an existing housing stock that already is served with infrastructure and should be able to continue to meet the needs of those community residents with thoughtful re-investment.

As an example, over the last few years LSS Housing has taken on the renovation of projects in Northwood, Lakota, and Mayville as well as one that will start in Rolla this summer. It took many years to complete these small renovation projects as it was difficult to secure the funds needed for rehab. All of these units needed both a change in ownership and rehabilitation to remain viable as affordable units. Today they are newly renovated and occupied by income based tenants that chose to stay or relocate in those communities. We have also been asked by a number of other communities to assist them with the

Testimony in support of SB2192

John Phillips, Lutheran Social Services Housing

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preservation of their existing affordable housing as they know without preservation they will not have that affordable option for their residents.

To give you a sense of scale of the preservation need in our state I will provide you a snapshot of the USDA Rural Development portfolio in North Dakota. As of 2015 there were 146 properties in the North Dakota USDA RD portfolio; the average size of a property is 16 units. The majority of these properties are owned by the same entity that originally built them. 70% of current owners are the original community volunteer groups that built the property. Almost 30% of these properties are set to "expire" or exit the subsidy program over the next several years without an active preservation effort.

For preservation to be truly successful, many of these properties will require renovation to remain functional but funds for rehabbing subsidized properties is scarce. What we know is that the renovation of existing subsidized property can be a very cost effective way to ensure that good quality housing is available in rural communities to serve the lowest income residents of the community.

The Housing Incentive Fund is a highly effective, flexible tool designed to serve all North Dakota communities. We believe it could be a very powerful tool in helping to preserve North Dakota's valuable affordable housing stock, which once lost, can be very costly to replace.

If even half of the above-noted expiring portfolio could be affected, the Housing Incentive Fund would be able to preserve more than 300 units of much-needed affordable housing in some of the most isolated rural communities in North Dakota.

We believe that tools like the Housing Incentive Fund can make a significant impact on the very pressing need to preserve the state's affordable housing stock. These subsidized rental properties have been a backbone of our housing system in North Dakota for more than 40

Testimony in support of SB2192

John Phillips, Lutheran Social Services Housing

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years. We encourage you to support the Housing Incentive Fund as a way to help bring these community assets forward for the benefit of future generations.

As we talk with city leaders and others in the smaller communities, they talk about their need to figure out how to address the housing needs of seniors and households with limited incomes. They talk about how they have some housing units in their communities that "need work" to make them a desirable place to live again and they need to preserve them.

The Housing Incentive Fund can be an important and cost effective tool in facilitating the preservation of existing affordable housing properties across North Dakota. It has already helped many individuals and families find housing in our state but we know there is more work that needs to be done. The program needs to continue. We would encourage your support of SB 2192.

John Phillips, Director

Real Estate Development

Lutheran Social Services Housing (LSS Housing)



Real Possibilities in

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North Dakota

Senate Bill 2192 - SUPPORT

January 27, 2017

Senate Appropriations Committee

Mike Chaussee- AARP-ND

mchaussee@aarp.org or (701) 390-0161

Chairman Holmberg, members of the Senate Appropriations Committee, I am Mike Chaussee, representing AARP North Dakota. We stand in support of Senate Bill 2192.

There are some bills that hit home with us at AARP more than others. This bill is one of them. Dr. Ethel Percy Andrus founded what would become AARP. The moment of awakening for Dr. Andrus happened when she found a retired former colleague living alone, in a chicken coop, because she had run out of options. From that moment on, she set out to help older Americans live safe, secure and dignified lives.

AARP has grown to a membership of 38 million people nationwide - 87,000 live in North Dakota. They all want to live fulfilling lives.

Bills like Senate Bill 2192 help older North Dakotans, especially those with low or fixed incomes, live in safe, comfortable housing at an affordable price. This bill provides the state assistance necessary for low-to-moderate-income people to find a comfortable place to live. The effort began with legislation in 2011 and while tweaks have been made to the program since then, its intent has remained the same. Help people find a place to live.

The changes in the North Dakota economic environment have been a roller-coaster ride the last few years. Those changes affect rents and home prices – and many older adults are caught on this roller-coaster with no way off. The ones affected most live on fixed incomes, which make it very difficult to adjust when even small changes arise.

To illustrate the number of people living on fixed incomes I'd like to call your attention to the bar graph at the bottom right of the fact sheet accompanying this testimony. It shows that more than a third of North Dakotans 65-years-old and older live on Social Security alone. Another 27-percent rely on it for more than half of their income. That's more than six out of 10 older North Dakotans who rely heavily (or fully) on Social Security.

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Providing incentives to developers to include low- to moderate-income set-aside units in their developments is one way to promote affordable housing. 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.”

We also recognize the need for designated units for essential service workers. They are important to every community. However, we can't afford to risk losing housing for the group of people this legislation was originally intended to help.

There are tough decisions ahead, but we know we can't leave the most vulnerable people out in the cold. The Housing Incentive Fund is one way private and public interests can work together to build homes – and help keep North Dakotans safe and secure.

Again, we support Senate Bill 2192.



Social Security: 2014 North Dakota Quick Facts

North Dakota's 65+ population is 101,000.

In 2012, North Dakota's population was about 700,000, with 101,000 being age 65 and older residents.¹

Social Security generates \$2.5 billion in economic output for North Dakota.

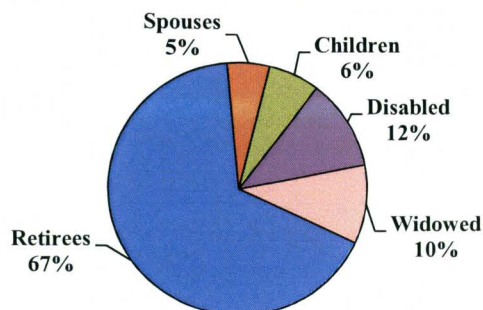
In 2012, North Dakota residents received \$1.6 billion from Social Security.⁴ Every \$1 dollar of Social Security received in North Dakota generates \$1.67 of economic output. Spending related to Social Security by beneficiaries, businesses and workers on goods and services generates \$2.5 billion in economic output for North Dakota.²

One in six North Dakota residents receives Social Security.

The Social Security program not only provides monthly benefits to retired workers, but also to families when the worker retires, dies, or becomes disabled. In 2012, over 56 million Americans received Social Security benefits; of these, 122,104 lived in North Dakota.³

In 2012, one in six North Dakota residents received Social Security.¹ While 67% of beneficiaries are retirees, 33% are not: 12,270 are widows and widowers; 14,187 are people with disabilities; 6,402 are spouses; and 7,848 are children.³

North Dakota Social Security Beneficiaries



Nearly all North Dakota residents age 65 or older receive Social Security.

Over 18% of all people receive Social Security benefits; in North Dakota, 18% of residents also do. However, older people are more likely to receive the benefit, with 92% of those ages 65 and over receiving it nationwide, and 92% of older North Dakotans receiving it too.¹

On average, North Dakotan retirees receive about \$1,152 a month from Social Security.

The average yearly Social Security benefit for a North Dakota retiree in 2012 was \$13,821.⁵

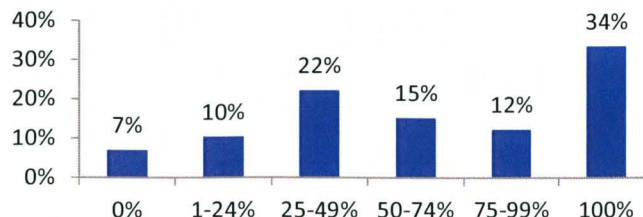
Social Security lifts 28,000 North Dakotan retirees from poverty.

About 44% of the nation's older population would be living in poverty if they were not receiving Social Security. In North Dakota, 42% of state's 65+ population would have incomes below the poverty line if they did not receive Social Security.⁶

Social Security is the only source of income for one in three North Dakotans age 65+.

Social Security makes up 50 percent or more of the income for 61 percent of North Dakotans age 65 and older. One in three older North Dakotans rely on Social Security as their only source of income.⁷

Income Percentage from Social Security for North Dakotans 65+



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End Notes

¹ OASDI Beneficiaries by State and County, 2012. Social Security Administration:
http://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2012/table01.html

² Social Security's Impact on the National Economy, AARP Public Policy Institute, 2013:
<http://www.aarp.org/work/social-security/info-09-2013/social-security-impact-on-the-national-economy-AARP-ppi-econ-sec.html>

³ OASDI Beneficiaries by State and County, 2012. Social Security Administration:
http://www.ssa.gov/policy/docs/statcomps/oasdi_sc/2012/table02.html

⁴ OASDI Estimated Total Benefits Paid, 2013, Social Security Administration:
<http://www.ssa.gov/policy/docs/statcomps/supplement/2013/5j.html#table5.j1>

⁵ OASDI Number and Total Monthly Benefits for Beneficiaries, age 65 or older, 2013:
<http://www.ssa.gov/policy/docs/statcomps/supplement/2013/5j.html#table5.j3>

⁶ Effect of Social Security on Poverty Among the Elderly by State, 2009-2011:
<http://www.cbpp.org/cms/?fa=view&id=3851>

⁷ 2011 ACS Percent of Income from SS- SPSS calculation by AARP Research:
http://www.census.gov/acs/www/data_documentation/data_main/

AARP is a nonprofit, nonpartisan organization, with a membership of nearly 38 million, that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as healthcare, employment and income security, retirement planning, affordable utilities and protection from financial abuse. We advocate for individuals in the marketplace by selecting products and services of high quality and value to carry the AARP name as well as help our members obtain discounts on a wide range of products, travel, and services. A trusted source for lifestyle tips, news and educational information, AARP produces AARP The Magazine, the world's largest circulation magazine; AARP Bulletin; www.aarp.org; AARP TV & Radio; AARP Books; and AARP en Español, a Spanish-language website addressing the interests and needs of Hispanics. AARP does not endorse candidates for public office or make contributions to political campaigns or candidates. The AARP Foundation is an affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. AARP has staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Learn more at www.aarp.org.

Testimony in Support of SB 2192

Senate Appropriations

Chairman: Senator Ray Holmberg

January 27, 2017

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Submitted by: Dan Madler, Chief Executive Officer - Beyond Shelter Inc. (BSI),
701-730-2734, dmadler@beyondshelterinc.com, Lobbyist #29

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

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

I have found the Housing Incentive Fund (HIF) to be a great tool for Community and Economic Development and its design to be very nimble. Since the inception of the HIF and through today, BSI has been able to leverage approximately \$11M in HIF's to produce \$62.3M in long-term quality affordable housing assets serving Elderly and Physically Disabled households, Law Enforcement, and Essential Service Workers living in the communities of Dickinson, Minot, Burlington, and Fargo. Essentially for every \$1 of HIF investment, BSI has been able to produce \$5.65 in long-term affordable housing assets.

In regards to SB 2192, I have 2 main topics that I would like to comment on.

The first comment relates to the importance of reauthorizing the HIF through June 30, 2019. Without reauthorization, HIF funding commitments made to projects that are under development now, could go away. For example, in the community of Fargo, where I live, there is a \$2.2M HIF commitment to the Jeremiah Project, a 20-unit apartment campus for low-income single mothers and their children. The Jeremiah Project is close to securing all of the capital needed and is hoping to start construction of the 20-unit project in April 2017. If the HIF is not reauthorized, the Jeremiah Project would lose all HIF's not drawn by June 30, 2017. Reauthorization of the HIF is critical, not only for the Jeremiah Project, but for several other HIF projects that face similar circumstances. These project need to be able to draw all of their HIF's.

The second comment that I have relates to the \$40M funding that SB 2192 would provide to the HIF through June 30, 2019. Over the past few months I have heard and read comments like, "The HIF has outlived its usefulness," "The HIF has served its purpose," "The HIF is not needed now." Well I am here today to

challenge that thinking. The HIF has not outlived its usefulness, its purpose and it is clearly needed to help finance quality, safe and affordable housing in North Dakota.

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Last week when I testified before this committee in support of SB 2074, I talked about North Dakota's ongoing need for affordable housing and I gave specific examples related to senior housing, and housing homeless individuals and families. I also said that future funding of the HIF could serve as key gap financing for future LIHTC projects.

Today, I would like to talk about North Dakota's economic competitiveness as it relates to the workforce. Like many communities across the state, workforce has emerged as a key challenge as businesses struggle to find the talent they need to grow. This is especially true for businesses in low-skill industries such as retail, food service, manufacturing, childcare, health care, and hospitality. Many businesses in these industries are struggling to find and retain lower-skill workers essential to sustain core operations. This results in reduced operating hours, closures, relocations, and ultimately lost economic opportunity and negative impact on the livability of communities in the state. This workforce challenge has emerged as a key challenge in Fargo, the community where I live. According to the June 2015 Regional Workforce Study of the Greater Fargo/Moorhead Region, 45% or 13,500 of an estimated 30,000 job opening through 2019 will be in low-skill positions paying less than \$17/hour.

If Fargo and/or other communities across the state that are facing similar workforce challenges want to remain competitive, access to affordable housing, where households do not have to spend more than 30% of their income on housing costs, needs to increase. Funding the HIF will help increase that access.

I know you need to make tough and responsible appropriation decisions this legislative session. You need to spend and invest ND state tax dollars wisely by considering things like, return on investment, creation of jobs, financial leverage, forward thinking related to demographics/population growth, investments that would provide long-term benefits to the state and ND communities. With that said, I would say investment in affordable housing, where households do not have to spend more than 30% of their income on housing costs, does all of these things.

In closing, I would say that housing is foundational to everything else (i.e. health, education, safety, quality of life) and I respectfully request your support for SB 2192.

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

Testimony in Support of SB 2192
Senate Appropriations
January 27, 2017

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Chairman Holmberg and members of the Committee,

Today you will hear testimony regarding the reauthorization and funding for the Housing Incentive Fund via discussion on Senate Bill 2192. I am writing to share with you one story about the significant impact this program has on the lives of people who need access to safe and affordable housing in the state of North Dakota.

Jeremiah Program is a non-profit that assists determined single mothers with very young children living in poverty, by providing them with wrap-around supports including affordable housing that includes an early childhood education center, and Empowerment and Life Skills training and career/coaching assistance. Their participation in our program is predicated on their pursuit of a two or four year college degree so they can obtain a career track job to lift their family out of poverty permanently.

In 2015, Jeremiah Program applied for a grant from the Housing Incentive Fund in order to raise the necessary capital to build our affordable apartment building in Fargo. We were awarded \$2.2 million through this competitive process and *that award was the game changer for our ability to go out and raise the rest of the funds from other sources, both public and private!*

The Housing Incentive Fund is instrumental in assisting innovative affordable housing programs with the critical capital funding for a variety of critical housing programs that benefit low income families, seniors, children and native tribes in North Dakota. And it does this by soliciting support from businesses who contribute to the fund and give back to their communities and state. The Housing Incentive fund is a win/win/win!

Thank you for your previous support of this innovative program and I urge you to pass all necessary legislation to authorize and fund it to continue to serve more North Dakota families well into the future.

Sincerely,

Diane Solinger
Executive Director
Jeremiah Program Fargo-Moorhead
701-212-8849
dsolinger@jeremiahprogram.org

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Testimony in Support of SB 2192
Senate Appropriations
Chairman: Senator Holmberg
January 27, 2017

Submitted by: Dwight Barden, Executive Director – Burleigh County Housing Authority
701-255-2540, Dwight@bchabis.com

Chairman Holmberg and members of the Committee, thank you for your time and consideration in regards to what we can do for the Homeless, Veterans of our State, Elderly and Special Needs populations as it regards to affordable housing.

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

I am also the CEO of a non-profit organization in Bismarck called Community Homes of Bismarck, Inc.. We were fortunate to be selected to receive Housing Incentive Funds for a four unit project in North Bismarck for the special needs population. 30 % of the cost of this project was provided by the HIF program. Without these funds this project would not have been built due to construction costs at the time. All four of the current tenants living in the units are all in wheelchairs and we continue to get additional requests for these types of units due to the fact the private sector does not build accessible units. We have a waiting list but we work with the agencies of HIT, Inc., Pride, Inc., Enable and Support Systems to monitor these populations. They also provide supportive services.

Due to the multiple programs we need to use to fund this type of project, we are restricted in the rents that can be charged. The restricted rents do not allow us to provide enough cash flow to support debt service on this type of project. With the limited amount of funding, such as the Federal Low Income Housing Tax Credit program, for this type of development it is important that we continue to fund the HIF program.

Our Voucher Program, where the tenants find a unit that qualifies in the Private Sector, currently has 860 on the waiting list. Our Contract with HUD states that we can work with 1117 families, veterans and homeless. Due to the current Federal Funding shortfalls and the rents in our community, we are only able to support 780 units. State wide we have about 4,500 on the waiting lists of the different housing authorities. As you can see, there is still a high demand for affordable housing in our state.

I am also on the board of Community Works of North Dakota. In partnering with Lutheran Social Services, we are pursuing the conversion of multiple USDA projects across the state that may be lost to these rural communities without the support of funding such as the HIF program.

The other issue is that the current units that have been developed for affordable housing are now getting on in age to where they need major renovation or replacement. We have a 96 unit Multi-Family project in the Non-Profit that is 45 years old and is in need of some modernization. Here again the low rents do not support sufficient debt service to do the modernization work without alternative funding sources such as the HIF program. Our Public Housing units are also in the 45 year range and HUD has cut back on their capital funding so we are not able to keep up with the modernization that is needed. At some point we will need to look at alternative funding for our public housing units or we will be looking at losing them like Fargo Housing with their High-rise. Our communities do not have sufficient inventories of affordable units to begin with let alone loosing additional units that become substandard.

The other consideration in regards to the HIF program is that there are projects that have HIF money obligated but may not be able to get the funds spent by the time the sunset clause kicks in around June 30th. If the funds are not spent and the HIF program is not continued the funds left unspent will go back to the General Fund and the projects will not be started or completed depending on where they are with the construction.

As you can see, there is a continued need for affordable housing in our state. I respectfully request your support for the reauthorization of the HIF and your consideration in funding the HIF for the next biennium. In no means will this funding solve all the affordable housing needs but it will continue to be a sound investment in providing quality affordable housing for those with the most need in our state.

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

1-27-17 SB 2192

Attachment # 7 pg 1

Testimony from Erin Prochnow, CEO, YWCA Cass Clay, 701-232-2547, Lobbyist #436
North Dakota Senate Appropriations
January 27, 2017
SB 2192

Introduction:

Good morning Chairman Holmberg and members of the committee, my name is Erin Prochnow, the CEO of YWCA Cass Clay. Our agency offers the largest Emergency Shelter serving women and children in the state of North Dakota and northwestern Minnesota. We have been providing services in our community for over 110 years, spending the past 40 years providing emergency shelter and housing services to women and their children escaping domestic violence and abusive situations.

If SB 2192 is approved, the North Dakota Hosing Incentive Fund will help women and families served by YWCA escape abuse, move out of homelessness, and live independent lives.

Proposed Private - Public Partnership Project:

In early 2016 Pastor Joel Baranko from Lutheran Church of the Cross in West Fargo reached out to YWCA inquiring about areas of community need where vacant land owned by the church may be most useful. The most significant unmet need for women and children served at YWCA, as documented in the 2015 YWCA Cass Clay Strategic Plan is supportive affordable housing.

Together with Lutheran Church of the Cross, YWCA have developed a proposed project that includes 30 apartments ranging in size from one to four bedrooms; two office spaces for our support services staff, a community room, playground, and patio are included in the preliminary design concepts.

The demand for the YWCA Housing Program is significant. Last year alone, 147 women and children were eligible for the program, but only 51 women and children were able to be accepted (35% were able to be accepted). We simply don't have enough affordable homes to meet the growing need. Permanent supportive housing is a strategy that has proven successful and documented to be the most cost-effective prevention to chronic homelessness.

Changing the Course of Her Life: From Crisis to Independence:

When a woman arrives at the YWCA, she often lacks the building blocks to independence: a living wage, adequate credit, childcare and transportation. At the YWCA we provide comprehensive programs and services to help each woman to overcome these barriers.

In 2016, the average length of stay at our Emergency Shelter was 42 days. While women can make significant progress in just over a month, this is typically not enough time to gain lasting financial security and independence. Often a woman's road to independence is longer because she is recovering physically or mentally from abuse, has a disability, is going back to school, or working hard to regain her financial footing.

To help a woman move from crisis to independence and extend the amount of time she has to rebuild, the YWCA's Supportive Housing Program provides ongoing support and advocacy for women and their families. The reality is the women we serve are just like all of us – to live independently, and provide for their families.

On average, a woman stays in our Supportive Housing Program just 24 months. The YWCA Supportive Housing Program is a proven solution for helping families break the cycles of poverty and violence. A woman who participates in the program earns more money, is healthier, and is better equipped to live independently and create an environment for her children to thrive.

- 71% of women increase their education or income while in the program
- 78% of women improve their physical and/or mental health while in the program
- 92% of families secure independent, permanent homes within just two years of beginning the Supportive Housing Program.

Wherever a woman may be on her journey, together we must walk alongside her to ensure she has access to the tools and resources necessary to heal, reach her goals and ultimately, build a future free from violence for her family.

Thank you for your time and consideration.

January 27, 2017

Chairman Holmberg and Members of the Senate Appropriations Committee:

The Economic Development Association of North Dakota represents more than 80 large and small and rural and urban economic development organizations on the front line of growing businesses and communities in North Dakota. The primary purpose of the organization is to support the creation of new wealth and the diversification of North Dakota's economy. It is for these reasons our organization and its members want to express support for SB 2192.

Workforce and affordable housing continues to be a priority for expansion of North Dakota's businesses and communities in all areas of North Dakota. The Housing Incentive Fund capitalizes contributions from state taxpayers developing affordable multi-family housing for essential service workers, main street employees and fixed-income households. The lack of available affordable housing in North Dakota is often a stumbling block to people who might otherwise relocate and accept jobs that serve to form the state's infrastructure of basic services.

A recent high impact example of the housing incentive program's benefit is in the Beulah/Hazen area, where a housing study of the region identified a need for additional apartments. The community came together and utilized the fund to create new housing for a variety of its citizens. An abandoned piece of land where mobile homes stood in the 1980s is now home to New Energy Apartments. These one to three bedroom units are open to a range of families, including low-income and essential workers. This is one of the many examples where these funds return investment into the rural and urban communities throughout North Dakota.

In order to diversify our economy, we need to partner with our communities to create livable spaces. A part of this formula is affordable housing, and this fund creates an economic 'win-win' for both the employees and the communities.

Thank you for the opportunity to express our support for SB 2192 and for your continued commitment to keeping North Dakota globally competitive to recruit and retain the state's workforce.

Sincerely,



Connie Ova
President



North Dakota Association of REALTORS®

North Dakota Association of REALTORS®

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Attachment # 9
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2016

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Written Testimony in Support of

SB 2192

Related to the Housing Incentive Fund

The North Dakota Association of REALTORS®, representing more than 1,700 REALTOR® and 350 Business Partner members would like the Senate Appropriations Committee to know that we are in strong support of SB 2192 in its present form or, if amended, in a form that reauthorizes the Housing Incentive Fund (HIF) and allows it to continue to provide affordable housing for those most in need.

Currently the Housing Incentive Fund is restricted in Century Code to be used only for multi-family rental housing. We have been asked if this does not discourage home buying? Our answer is no. Because of the oil boom and our recent good economy, there are few places where land valuations have not increased substantially. We also are experiencing a shortage of labor tradespeople such as plumbers, electricians, carpenters, etc. And recently the cost of materials used in homebuilding and home renovation also has been higher. When taken together, it has become unaffordable for low income families to buy a home. Add to that the challenge it takes to save a down payment on a minimum wage salary.

There have been declines in rental prices now and the cost of materials has lessened as well, but land values have not dropped. So, affordable homes for low income families still are out of reach. For that reason, we would like to see the HIF continue and would support lifting or changing restrictions to allow HIF funds also to be used to renovate multi-family and senior housing in rural communities.

We also have heard that there is a perception that housing subsidized with HIF funds is in competition with the private housing market. We again would dispute that perception. The HIF is

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only responsible for a small amount of units developed in the last few years. The majority of housing built has been built without subsidy and rents being charged are at market rates. Much of the choice in housing has been as a result of the private investment that occurred because of the good economy we have experienced. The HIF provides 30% of the total development cost of a project in exchange for restricting some units by income and the amount of rent charged for at least 15 years. We believe that the need will continue for some time, especially with the projection for the number of baby boomers in North Dakota in the near future.

Others who will testify will provide data on the specific groups of individuals – senior, disabled, low income and homeless – that the HIF has assisted in finding housing, so we will not repeat that testimony. As REALTORS® we are committed helping people to find affordable housing. We hope that the Appropriations Committee will give this bill a Do Pass and that the Legislature will continue to assist the state in finding housing for the most vulnerable of our citizens. Thank you for your consideration of this bill.

If you have questions or need further information from our Association please feel free to call or email our Government Affairs Director, Nancy R. Willis at 701-355-1010 or nancy@ndrealtors.com.

