

# 2025 Legislature

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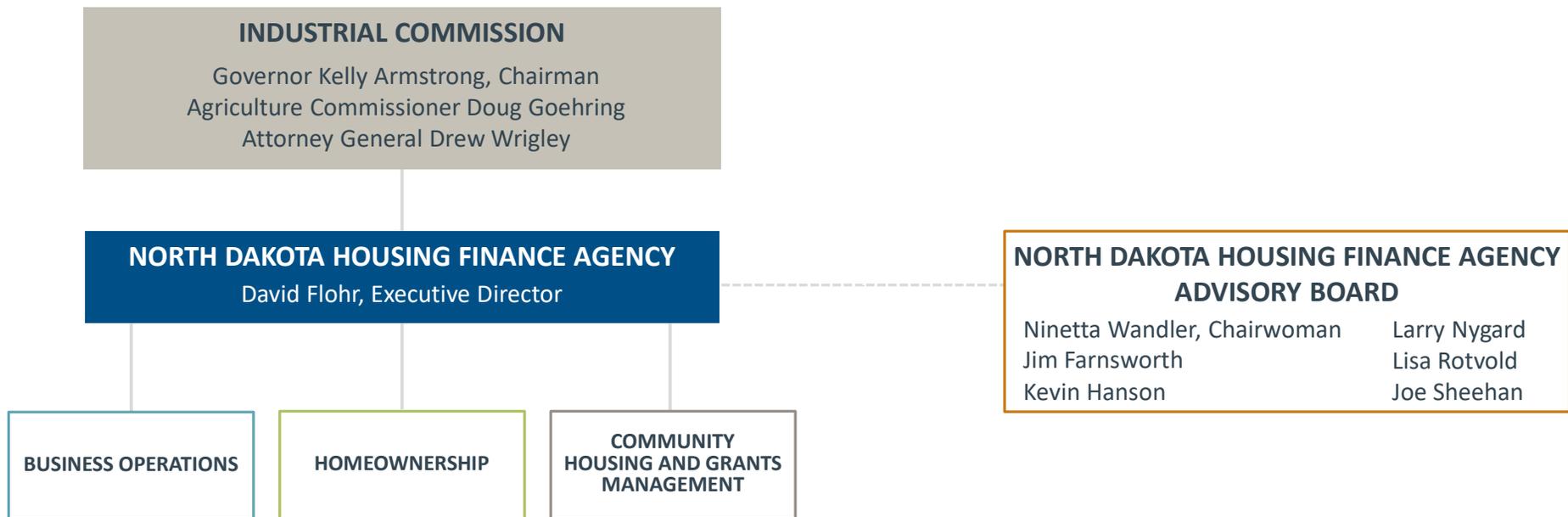
HOUSE APPROPRIATIONS – SB 2014

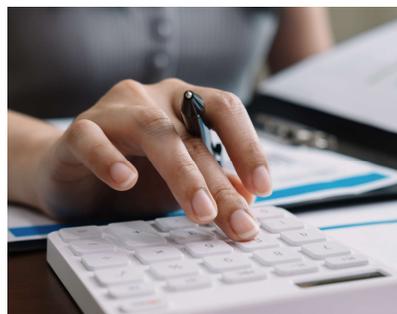
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# NORTH DAKOTA HOUSING FINANCE AGENCY – FTE COUNT 54





# NDHFA Core Operations

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## Homeownership

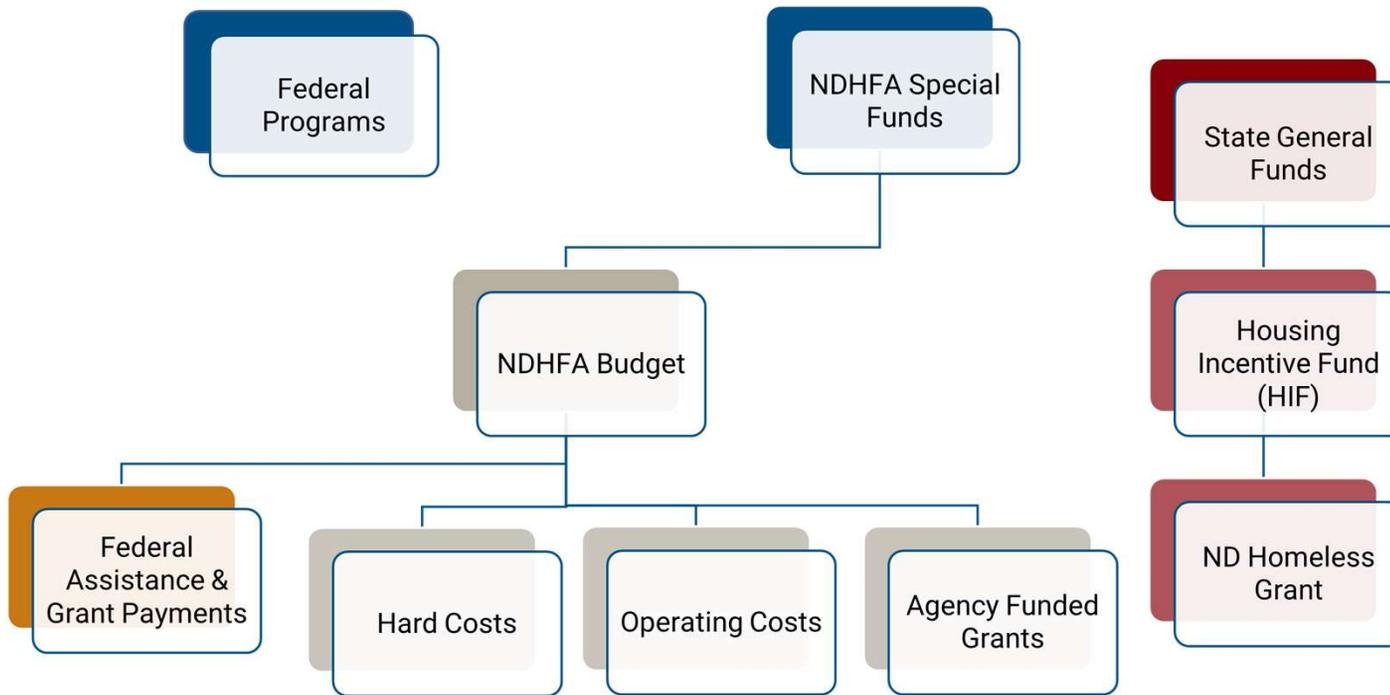
- Acquisition and Loan Servicing

## Federal Programs and Grants Management

- Administration and Compliance Monitoring

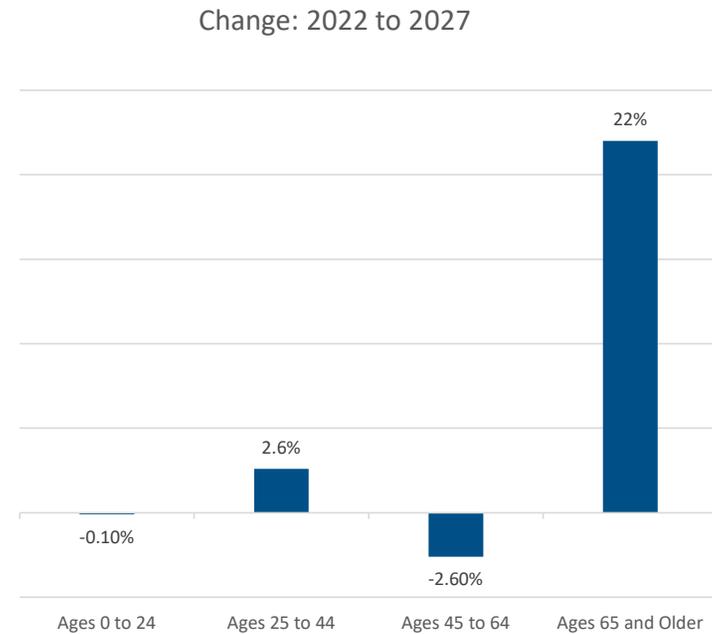
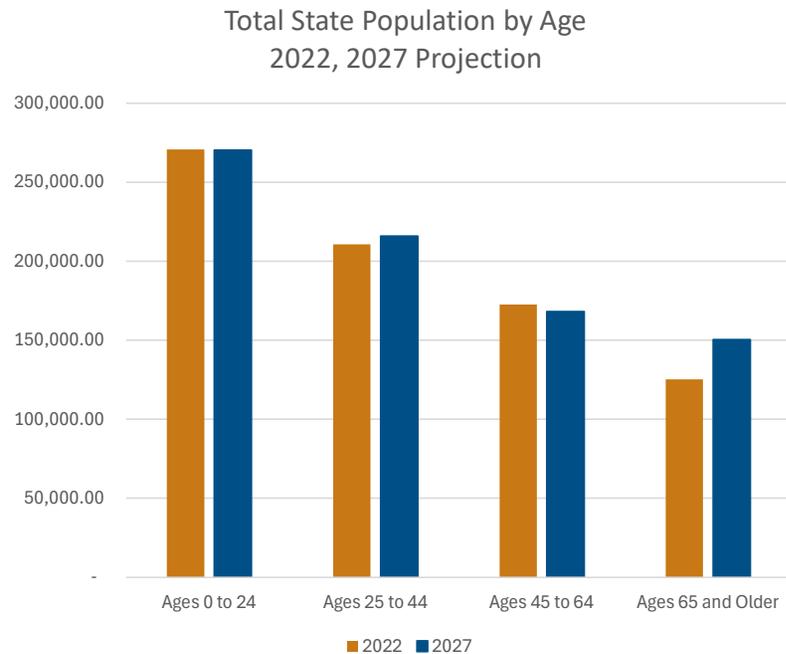
## Business Operations

- Support Staff



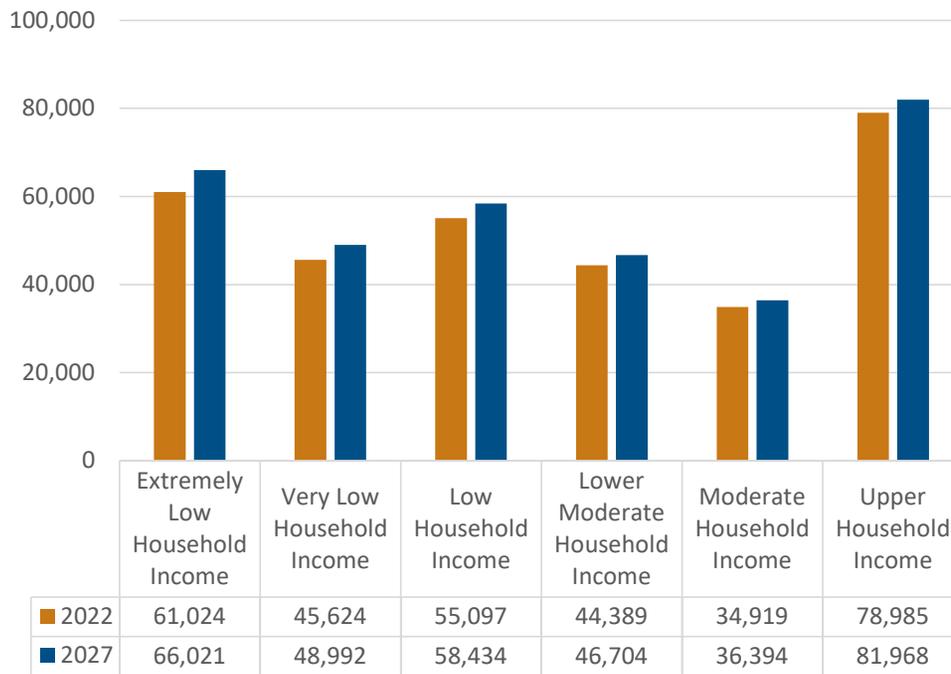
# Total state population by age

## 2022, 2027 projection – and Percent Change from 2022-2027

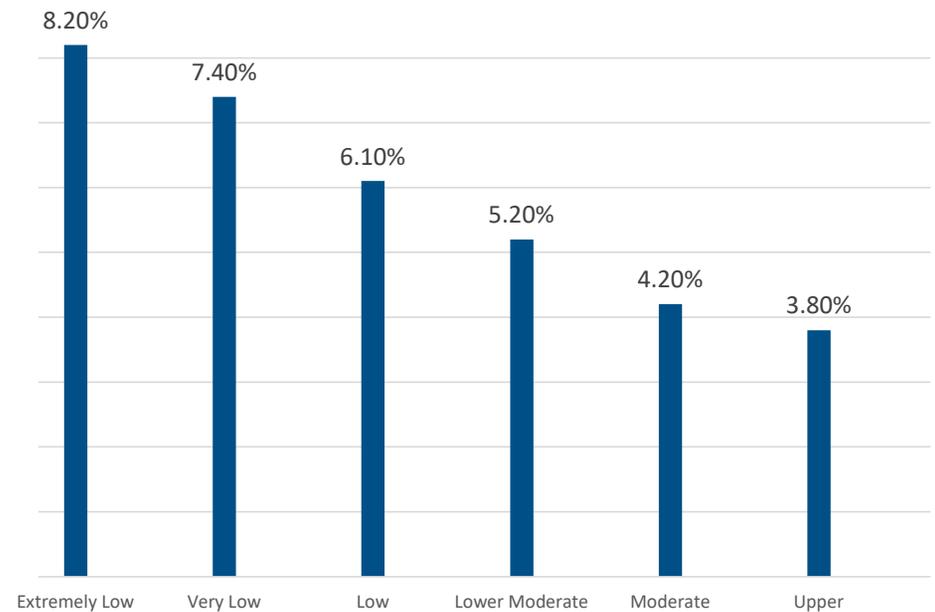


# Household income levels in ND

## 2022 and 2027 Projections



## Household Income % Change 2022-2027



# Housing Needs Assessment

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Housing priorities may need to focus on lower income households.

Large population of households entering homebuying age.

Projections suggest up to 20,000 housing units (single-and multifamily needed by 2027)

# Homeownership Process



# Mortgage Revenue Bonds

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- A type of municipal bond issued by state or local governments to finance affordable housing initiatives
- Funding vehicle for homeownership programs
- Adds additional IRS regulations
  - Income Limits – 100% to 115% of median income (\$103,900-\$128,110)
    - Dependent of family size and County
- Tax exemption allows for lower interest rates

# Payment Savings

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

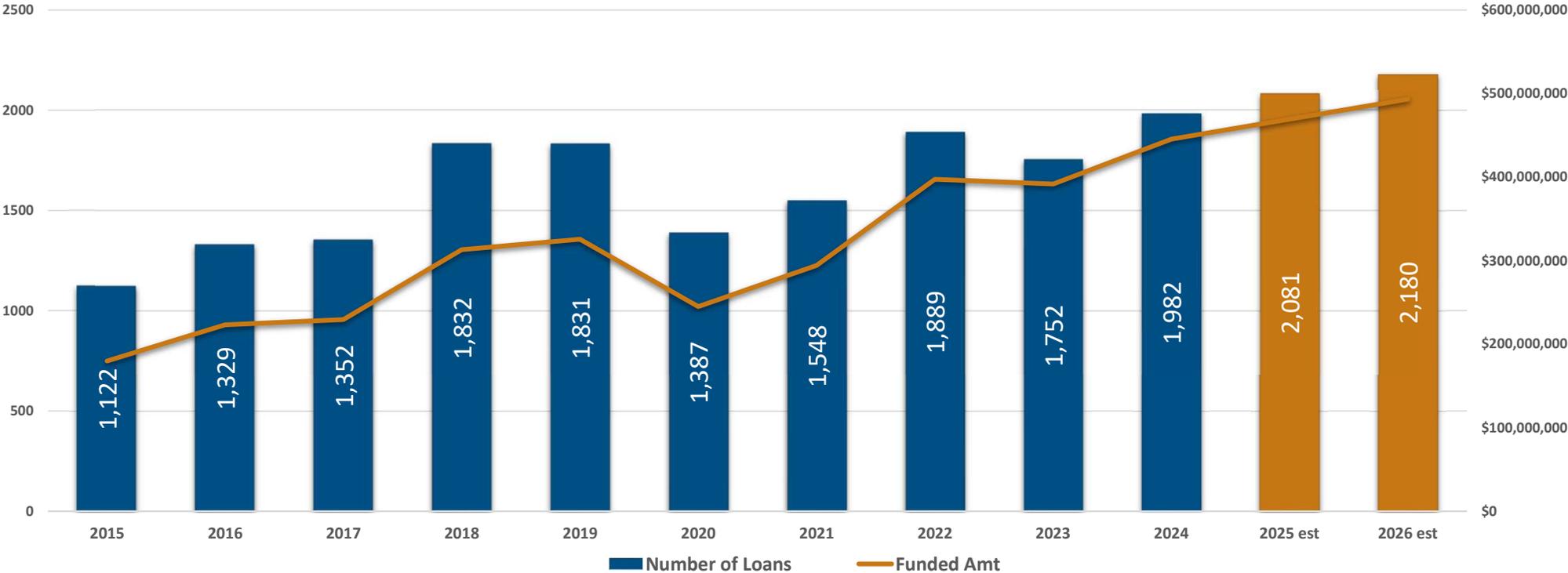
- Saves borrowers \$180.00/month or \$2,160 a year.

# Loan Acquisition

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

# Loan Production



# Loan Acquisition Challenges

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- Compliance reviews prior to loan funding
  - Adequate team members to review files in timely manner
- Underwriting services have increased
  - 32% since 2021
  - 58% since 2023
- Slower loan funding time
  - Issue for borrowers and lenders

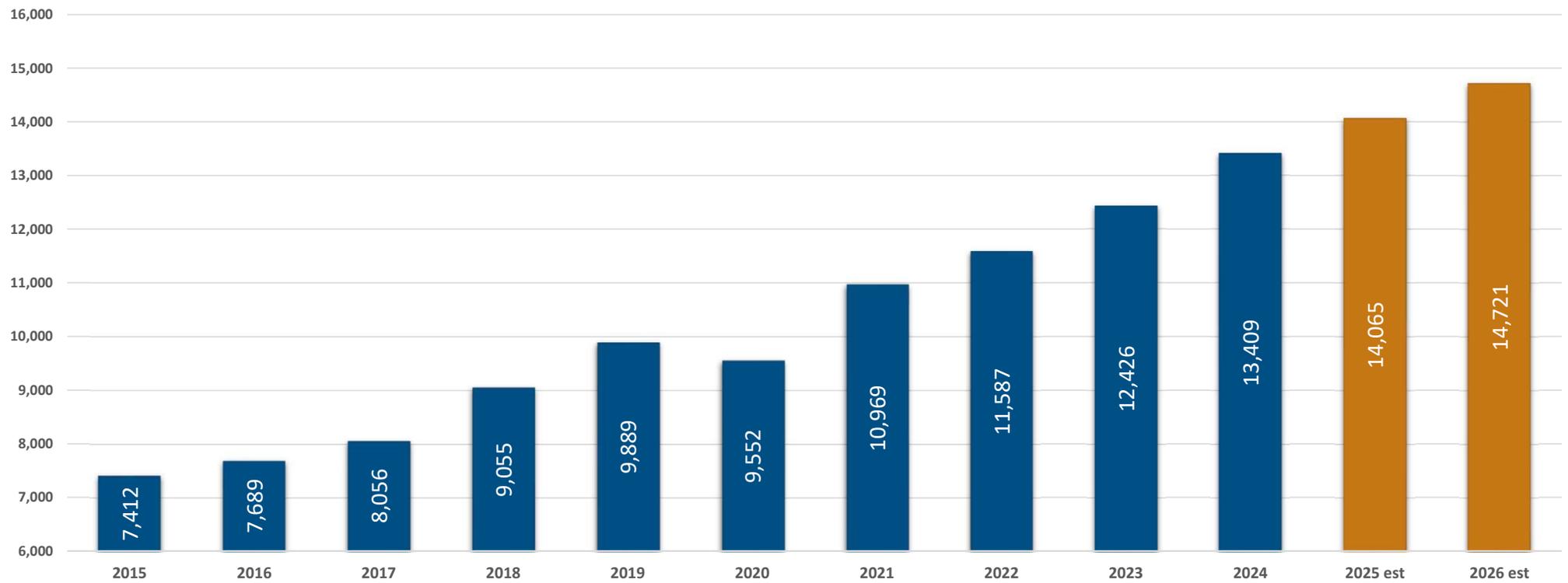
# Loan Servicing

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## Key Responsibilities

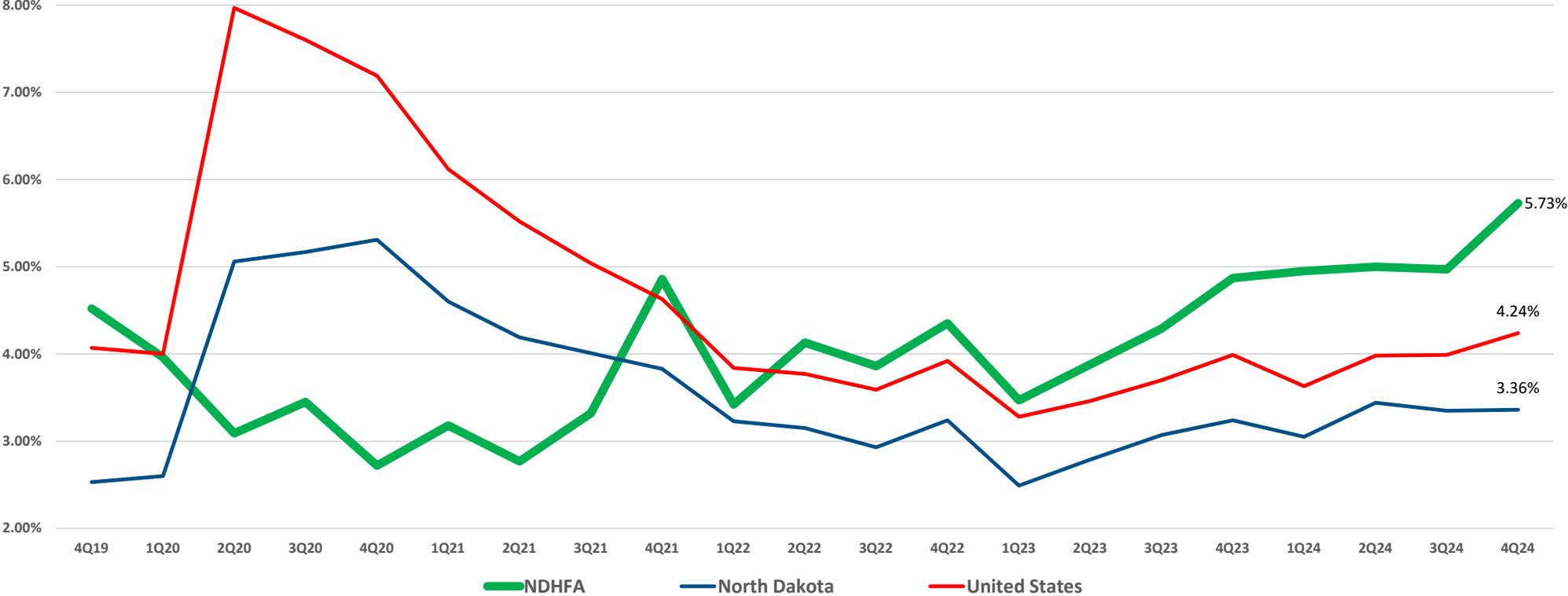
- Payment processing
  - Escrow management
  - Delinquency management
  - Loan record maintenance
  - Customer service
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# Serviced Loans



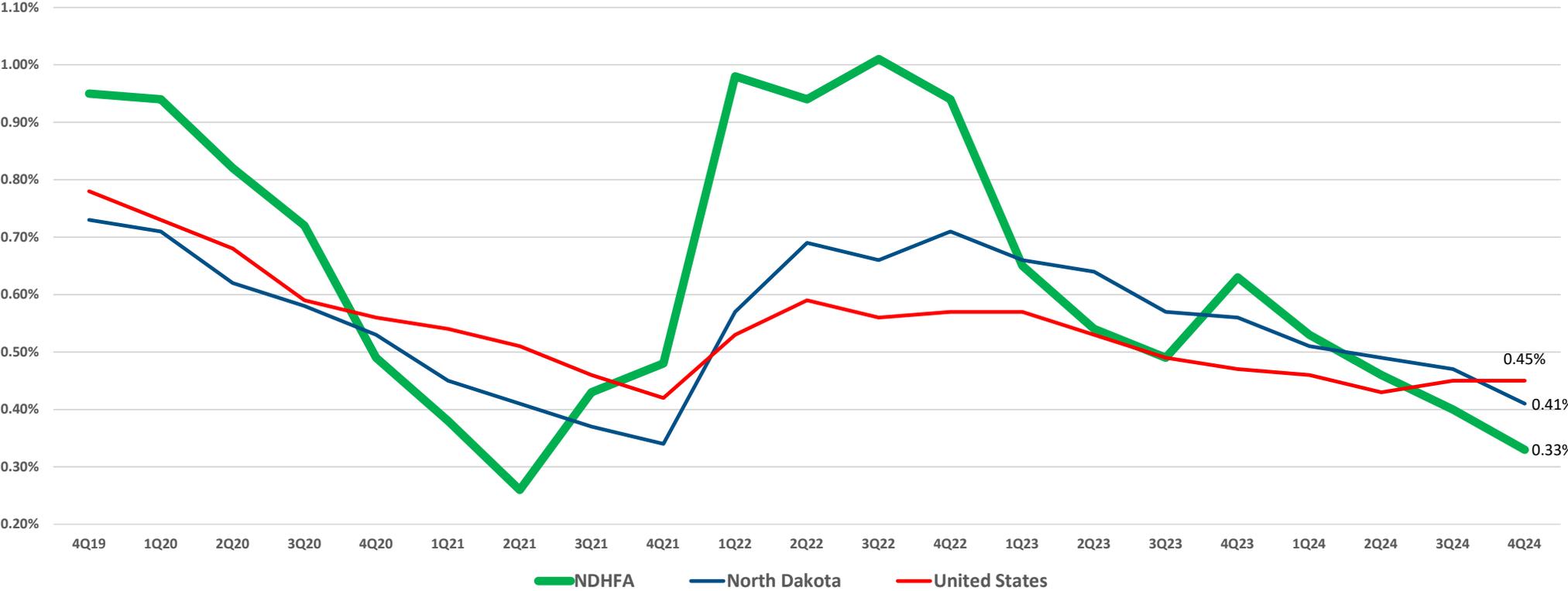
# Mortgage Delinquency Rates

Payments 30-90 days late



# Mortgage Foreclosure Rates

Payments 120 days or more delinquent



# Loan Servicing Challenges

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- Continued portfolio growth
- FTE's to effectively manage portfolio
- Bond regulations
- Federal regulations

# Loan Servicing FTEs

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Mortgage Bankers Association report

- 835 loans per FTE

NDHFA – 1,054/FTE

- Currently short 3 FTEs
- End of the 2027 biennium short 5 FTEs
- Only asking for 2

Both positions funded exclusively with agency earnings, no general fund dollars.



# Homeownership FTE Need

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Governor's budget listed 2 FTEs

SB2014 approved 2 FTEs

What we need:

- 2 Loan Servicing Specialists
- 1 Senior Bond Accountant
- 1 Business Analyst

All 4 FTEs will be paid exclusively from agency earnings, no general fund dollars.

# Effects of no new FTE's

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- Reduced access to affordable financing
  - Due to reduction our program availability
- Higher barriers to entry for first-time homebuyers
  - Higher interest rates
  - Lack of down payment assistance
- Reduced economic growth

# Economic Impact of Lower Interest Rates

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

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

# Economic Impact of Buying a Home in 2024

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HOME PURCHASE RELATED =  
\$5,460.00/HOME



MULTIPLIER EFFECT =  
\$92,300.00/HOME



In 2024, NDHFA’s homeownership programs generated a \$183M economic impact for the state of North Dakota.

# Community Housing and Grants Management

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Multifamily  
Development and  
Rehabilitation

Multifamily  
Compliance

HUD Project Based  
Rental Assistance  
Contracts

Single-Family  
Development

Homeowner  
Rehabilitation and  
Accessibility

Homeless  
Response

# Community Housing and Grants Management Process



Develop allocation plans that address the state's housing priorities.

Execute award contracts with top scoring applications.

Reimburse contracts for eligible expenses, construction monitoring and project completion.

Ongoing monitoring for program compliance.

# Multifamily Development and Rehabilitation Programs

## Low Income Housing Tax Credit

- Federal
- \$3 million

## HOME

- Federal
- \$3 million

## Housing Trust Fund

- Federal
- \$3 million

## Housing Incentive Fund

- State
- Varies



Annually receive 8-20 applications representing (500-1000 units)



Projects are selected competitively based on ability to best address housing priorities and financial feasibility.



Annually 4-6 projects are selected for approval. (250-500 units)



23 projects under various phases of construction (1046 units)

# Multifamily Pipeline Demand

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Program	# of apps	Request	Available	Unfunded
Low Income Housing Tax Credit (federal)	22	\$20,727,710	\$7,358,172	\$13,369,538
HOME (federal)	17	\$17,027,069	\$4,690,866	\$12,336,203
National Housing Trust Fund (federal)	12	\$18,432,666	\$5,925,166	\$12,507,488
Housing Incentive Fund (state funded)	18	\$20,567,605	\$12,097,994	\$8,469,611

2023-2025 Unfunded Applications =14 Projects/ 522 Units  
\$46,682,840

# Multifamily Compliance

11,000 Affordable Housing Units

- 1,044 Projects (9,500 Units) Multifamily Development Programs
- 83 Projects (2,400 Units) Project-Based Rental Assistance Contracts

Conduct Onsite Physical Inspections

Review Tenant Eligibility

Ensure Owners/Managers are meeting program obligations and commitments made.

Tenant/Landlord Rights

# Homeowner Rehabilitation/Accessibility

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## Homeowner Rehabilitation Programs

- Funding to support Community Action Agency programs.
- Provide assistance to low-income homeowners.
- Roof replacement, building system replacement.
- Assist on average 100 households per year.

## Rehab Accessibility Program

- Provides grant assistance to homeowners or renters for accessibility upgrades to home.
- 50% of funding goes towards bathroom accessibility.
- Average 25 households served per year.
- FY 2025 increased funding level to serve more households.

# ND Continuum of Care (ND CoC)

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ND CoC public/private organizations that plan and provide a homeless response system dedicated to preventing and ending homelessness in ND.

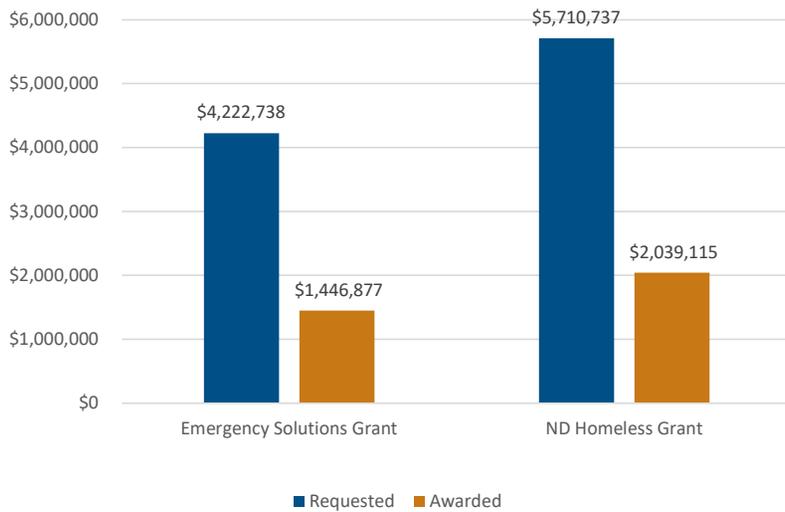


CoC organizations utilize state, federal, local and charitable funds to support operations including, emergency shelter, street outreach, transitional housing, supportive housing, short term rental assistance, housing supports and case management services.

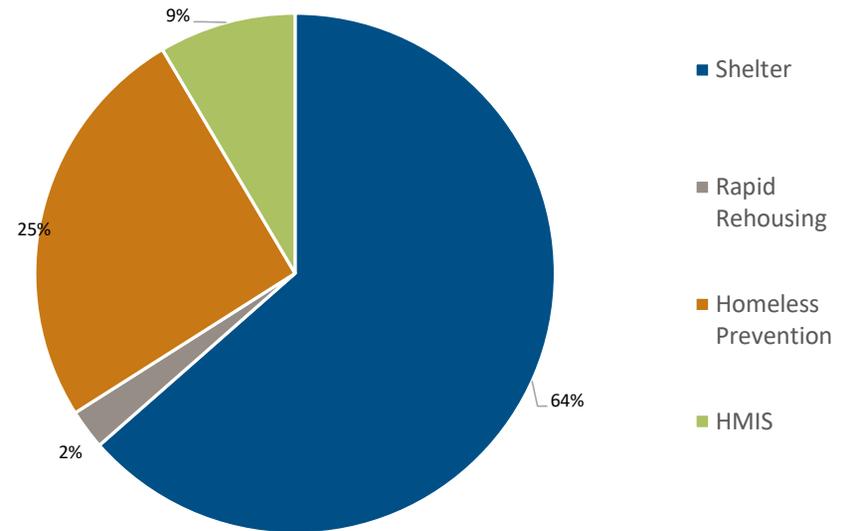
# ESG/NDHG Funding

Emergency Solutions Grant (ESG) and North Dakota Homeless Grant (NDHG) provide funding to local non-profit organizations to support individuals and families experiencing homelessness and those who are at-risk of homelessness by funding emergency shelter operations, housing stabilization and case management services, including short term rental assistance.

ND Homeless Grant/ESG Demand 2023-2025 Biennium



Activities Funded 2023-2025 Biennium



## Community Housing and Grants Management Division Requests

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HIF appropriation \$40 million

North Dakota Homeless Grant \$10 million

Transfer of Homeless Grant to HIF

1 FTE- Homeless Programs

# Agency Budget Request

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	<b>23-25 Base Budget</b>	<b>Governor Armstrong</b>	<b>Senate Version</b>	<b>Agency Request</b>
Salaries & Wages	11,413,354	14,131,527	14,093,671	14,535,873
Operating	10,903,883	9,470,176	9,470,176	9,470,176
Capital Assets	20,000	20,000	20,000	20,000
Grants	48,805,110	46,105,110	46,105,110	46,105,110
HFA Contingency	100,000	100,000	100,000	100,000
<b>Total Appropriation</b>	<b>71,242,347</b>	<b>69,826,813</b>	<b>69,788,957</b>	<b>70,231,159</b>
Federal	48,076,176	47,333,539	47,333,543	47,333,539
Special	20,666,171	22,493,274	22,455,414	22,897,620
General	2,500,000	-	-	-
<b>Total Funding Sources</b>	<b>71,242,347</b>	<b>69,826,813</b>	<b>69,788,957</b>	<b>70,231,159</b>
<b>FTE</b>	<b>54</b>	<b>56</b>	<b>57</b>	<b>59</b>

# Housing Incentive Fund Transfer Request

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<b>Housing Incentive Fund</b>	<b>23-25 HIF Transfer</b>	<b>Governor Armstrong</b>	<b>Senate Version</b>	<b>Agency Request</b>
Housing Development	13,750,000	25,000,000	25,000,000	40,000,000
Homeless	-	10,000,000	10,000,000	10,000,000
<b>Total Appropriation</b>	<b>13,750,000</b>	<b>35,000,000</b>	<b>35,000,000</b>	<b>50,000,000</b>

# FTE Request

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<b>Position</b>	<b>FTE</b>	<b>Senate Version</b>	<b>FTE</b>	<b>Additional Agency Request</b>	<b>Total Special Funds</b>
Homeownership Specialist	1	184,796			184,796
Accountant	1	257,410			257,410
Program Manager - Homeless	1	213,880			213,880
Business Analyst			1	257,408	257,408
Homeownership Specialist			1	184,794	184,794
<b>Additional Agency Request</b>	<b>3</b>	<b>656,086</b>	<b>2</b>	<b>442,202</b>	<b>1,098,288</b>

# Salary and Wages Line

	FTE	Governor Armstrong	Senate Version	Agency Request
<b>23-25 Salary and Benefits Base</b>	<b>54</b>	<b>11,413,354</b>	<b>11,413,354</b>	<b>11,413,354</b>
Restore Vacant FTE Pool		465,165	465,165	465,165
Restore New FTE Pool		986,476	986,476	986,476
Health Insurance Increase		336,296	336,296	336,296
Gov Recommended salary adjustments		488,030	488,030	488,030
FTE - Homeownership Specialist	1	184,796	184,796	184,796
FTE - Accountant	1	257,410	257,410	257,410
FTE - Program Manager - Homeless	1		213,880	213,880
FTE - Homeownership Specialists	1			184,794
FTE - Business Analyst	1			257,408
2025-27 new and vacant FTE Pool Vacant			(186,127)	(186,127)
2025-27 new and vacant FTE Pool New			(65,609)	(65,609)
<b>Total Salary and Benefits Line</b>	<b>59</b>	<b>14,131,527</b>	<b>14,093,671</b>	<b>14,535,873</b>
Federal		2,217,048	2,217,052	2,217,048
Special *		11,914,479	11,876,619	12,318,825
General		-	-	-
<b>Total Funding Sources</b>	<b>-</b>	<b>14,131,527</b>	<b>14,093,671</b>	<b>14,535,873</b>

\* Agency Revenues

# FTE Pool

Combined New FTE / Vacant FTE pool			
	New FTE	Vacant FTE	Total
Appropriation Reduction	986,476	465,165	1,451,641
Pool Reduction	(161,864)	(76,334)	(238,198)
FTE Pool Available	824,612	388,831	1,213,443
Requests:			
July 1, 2023 Vacant New FTE		465,165	465,165
Compliance Specialist	203,797		203,797
Business Analyst	228,980		228,980
Business Analyst	180,141		180,141
<b>Budget:</b> Compliance Specialist			
<b>Hire:</b> Homeownership Specialist	106,356		106,356
<b>Budget:</b> Homeownership Specialist			
<b>Hire:</b> Compliance Specialist	29,004		29,004
			-
Total Pool Requests	748,278	465,165	1,213,443
<b>Balance Remaining</b>	<b>76,334</b>	<b>(76,334)</b>	-
Total Pool Requests	748,278	465,165	1,213,443
<b>Balance Remaining</b>	<b>76,334</b>	<b>(76,334)</b>	-

Turnover	
Retirements	7.41%
Voluntary	11.11%
Other	3.70%
Total Turnover	22.22%
Vacancy Rate	1.85%
Average Days Vacant	45
Average Monthly Vacancies	1
Onboarding	
New FTE	5
Vacant FTE	14
Total Onboarded	19

# Operating Line

	<b>Governor Armstrong</b>	<b>Senate Version</b>	<b>Agency Request</b>
<b>23-25 Operating Base</b>	<b>10,903,883</b>	<b>10,903,883</b>	<b>10,903,883</b>
IT Rate Adjustment	44,453	44,453	44,453
Required reduction (3% special fund) Operating Line	(460,647)	(460,647)	(460,647)
Base Reallocation (federal to special) Operating Line	(1,017,513)	(1,017,513)	(1,017,513)
<b>Total Operating Line</b>	<b>9,470,176</b>	<b>9,470,176</b>	<b>9,470,176</b>
Federal	461,381	461,381	461,381
Special *	9,008,795	9,008,795	9,008,795
General			
<b>Total Funding Sources</b>	<b>9,470,176</b>	<b>9,470,176</b>	<b>9,470,176</b>

\* Agency Revenues

# Grants Line

	<b>Governor Armstrong</b>	<b>Senate Version</b>	<b>Agency Request</b>
<b>23-25 Grants Base</b>	<b>48,805,110</b>	<b>48,805,110</b>	<b>48,805,110</b>
Required reduction (3% special fund) Agency Grants	(200,000)	(200,000)	(200,000)
ND Homeless Grant increase	7,500,000	7,500,000	7,500,000
Move ND Homeless Grant to HIF	(10,000,000)	(10,000,000)	(10,000,000)
<b>Total Grants Line</b>	<b>46,105,110</b>	<b>46,105,110</b>	<b>46,105,110</b>
Federal	44,655,110	44,655,110	44,655,110
Special *	1,450,000	1,450,000	1,450,000
SIIF	-	-	-
<b>Total Funding Sources</b>	<b>46,105,110</b>	<b>46,105,110</b>	<b>46,105,110</b>

\* Agency Revenues

# Housing Incentive Fund

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	<b>Governor Armstrong</b>	<b>Senate Version</b>	<b>Agency Request</b>
<b>Housing Incentive Fund</b>			
Transfer to HIF - Multi and Single Family Development	25,000,000	25,000,000	40,000,000
Transfer to HIF - Homeless Programs	10,000,000	10,000,000	10,000,000
<b>Total Housing Incentive Fund Transfer</b>	<b>35,000,000</b>	<b>35,000,000</b>	<b>50,000,000</b>
General	35,000,000	10,000,000	50,000,000
SIFF	-	25,000,000	-
<b>Total Funding Sources</b>	<b>35,000,000</b>	<b>35,000,000</b>	<b>50,000,000</b>

# Summary of Agency Requests

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- 5 FTEs
- Continuing appropriation language
- HIF appropriation - \$40 million
- ND Homeless Grant - \$10 million
- Transfer of ND Homeless Grant to HIF

# Contact Information

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