

**Housing Finance Agency  
Budget No. 473  
House Bill No. 1014**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
2023-25 legislative appropriation	54.00	\$16,250,000 <sup>1</sup>	\$68,442,198	\$84,692,198 <sup>2</sup>
2021-23 legislative appropriation	<u>49.00</u>	<u>9,500,000</u>	<u>58,925,532</u>	<u>68,425,532</u>
2023-25 appropriation increase (decrease) to 2021-23 appropriation	5.00	\$6,750,000	\$9,516,666	\$16,266,666

<sup>1</sup>The amount shown includes \$13,750,000 of one-time funding and \$2,500,000 of ongoing funding from the general fund.

<sup>2</sup>The 2023-25 legislative appropriation does not include any transfers of appropriation authority from the Office of Management and Budget funding pools for targeted market equity adjustments, retirement contribution increases, or new and vacant FTE positions.

**Item Description**

**Full-time equivalent changes** - The Legislative Assembly approved 54 FTE positions for the Housing Finance Agency for the 2023-25 biennium, an increase of 5 FTE positions. The Legislative Assembly added 2 FTE compliance officer positions, 2 FTE business analyst positions, and 1 contingent FTE mortgage specialist position, which is available if the agency's mortgage loan volume exceeds \$435 million during fiscal year 2024.

**Targeted market equity** - The Legislative Assembly appropriated \$82.5 million, including \$45.1 million from the general fund and \$37.4 million from other funds, to the Office of Management and Budget for a targeted market equity pool to be distributed to state agencies.

**New and vacant FTE funding pool** - The Legislative Assembly reduced the 2023-25 biennium other funds appropriation authority for the agency by \$1,451,641 for the new and vacant FTE funding pool, of which \$986,476 is for new FTE positions and \$465,165 is for vacant FTE position savings.

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

The Legislative Assembly, in Senate Bill No. 2014 (2013), provided for a one-time transfer of \$15.4 million from the general fund to the housing incentive fund and authorized \$20 million per biennium of income tax credits

**Status/Result**

Of the 5 new FTE positions, 1 FTE compliance officer position was filled in July 2023 and 2 FTE business analyst positions were filled in October 2023 and January 2024. The agency also replaced 1 FTE compliance officer position with 1 FTE mortgage specialist position, which was filled in April 2024. The agency anticipates replacing the 1 contingent FTE mortgage specialist position with 1 contingent FTE compliance officer position. The contingency is anticipated to be met and the position is anticipated to be filled in July 2024.

The agency received \$257,443 of other funds authority for targeted market equity increases which were provided to 27 employees.

Through January 2024, the agency received \$897,942 of other funds authority from the new and vacant FTE funding pool for 2 new FTE positions (\$432,777) and 2 vacant FTE positions (\$465,165) and reported estimated vacant FTE position savings of \$27,277 related to an average of one vacancy, ranging from zero to one vacancy, for the first 7 months of the 2023-25 biennium. Of the \$27,277, the agency has not used any of the vacancy savings funding.

Pursuant to continuing appropriation authority for the housing incentive fund, the agency continued \$2,584,504 into the 2023-25 biennium, all of which was awarded for grants but not yet paid.

Of the \$13.75 million of new funding, \$7.2 million was awarded for grants as of March 31, 2024, which will provide 190 housing units. The agency anticipates the entire \$13.75 million of funding will be awarded during the 2023-25 biennium.

for contributions to the fund. Similar provisions were also included in House Bill No. 1029 (2013).

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

The Legislative Assembly continued the housing incentive fund for the 2017-19 biennium in Senate Bill No. 2014 (2017) by removing the expiration date for the fund but did not provide any new funding for the housing incentive fund. Subsequent transfers from the general fund to the housing incentive approved by the Legislative Assembly include \$7.5 million for the 2019-21 biennium, \$9.5 million for the 2021-23 biennium, and \$13.75 million for the 2023-25 biennium.

The 2021 Legislative Assembly amended the housing incentive fund to designate 10 percent of the funding for initiatives to prevent homelessness, but the 2023 Legislative Assembly removed the designation for funding to prevent homelessness and expanded eligible uses of the housing incentive fund to include single family housing projects.

**Federal housing trust fund allocation** - The federal housing trust fund was created in 2008 as a funding source for affordable housing. The federal housing trust fund receives contributions from the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. The federal Department of Housing and Urban Development allocates the funds to states to improve the supply of affordable housing for extremely low- and very low-income households. The federal Department of Housing and Urban Development began allocating funds on an annual basis to states starting in calendar year 2016. The allocations are based on a formula which includes a minimum dollar amount that states must receive. The funds may be used to develop, rehabilitate, and operate rental units for extremely low- and very low-income households. The 2023-25 biennium appropriation for the agency includes \$6 million from federal funds for the program, the same as the 2021-23 biennium.

**Homeless shelter grants** - The 2023 Legislative Assembly transferred the federal emergency solutions grant program and North Dakota homeless grant program from the Department of Commerce to the agency. The federal emergency solutions grant program provides financial assistance to identify

The agency anticipates receiving approximately \$6,000,000 during the 2023-25 biennium, including \$600,000 for administrative expenses associated with compliance monitoring. Through March 2024, \$1,705,372 has been received and spent by the agency.

The 2023 Legislative Assembly transferred \$2,717,553 from the Department of Commerce to the agency, including \$1,570,212 from the general fund and \$1,147,341 of federal funds, and provided \$929,788 of additional funding from the general fund to provide total funding of \$3,647,341 for homeless shelter

individuals who are homeless or at risk of becoming homeless and to provide services to those individuals. The North Dakota homeless grant program provides additional state funding for the same purpose as the federal emergency solutions grant program.

**Additional appropriation authority** - Section 4 of House Bill No. 1014 provides additional appropriation authority to the agency for the 2023-25 biennium if the agency receives additional or unanticipated income from federal or other funds.

programs. Of the \$3,647,341, the agency spent \$971,070 through March 31, 2024.

The agency receives a portion of the interest payments from mortgages financed through the agency's programs. The portion of the interest payments received by the agency are used for the agency's operations and programs and to pay mortgage servicing premiums to banks that originate the loans. The agency continues to monitor mortgage volume for the 2023-25 biennium, and the agency may rely on the additional appropriation authority if the agency receives additional income and has an increase in related expenditures.

In April 2024, the agency received a federal grant of approximately \$3.82 million from the Federal Home Loan Bank to support affordable housing programs, including training, software, planning, and program capacity expansion. The federal grant required 25 percent matching funds, and the Bank of North Dakota provided \$1.28 million from its capital for the matching requirement. As a result, the agency increased its appropriation authority for the 2023-25 biennium pursuant to Section 4 of House Bill No. 1014 by \$5.1 million to receive the federal grant and matching funds to support affordable housing programs.