



**Essential Service Worker housing update
North Dakota Housing Finance Agency
Division of the State Industrial Commission
Jolene Kline, Executive Director**

September 23, 2015

Chairman Lee and members of the Budget Section:

Subsection 2 of North Dakota Century Code 54-17-40 requires the North Dakota Housing Finance Agency (NDHFA) to report to the Budget Section on progress being made in reducing the number of housing units owned or master leased by cities, counties, school districts and other employers of Essential Service Workers (ESW). This report was required in the context of the priority within the Housing Incentive Fund (HIF) for ESW housing.

Following reauthorization of the program, NDHFA held an allocation round for the \$35 million which was available this year. Twenty-four projects were awarded conditional commitments in July. In total, the Housing Incentive Fund will help create 985 housing units with 285 set aside for Essential Service Workers and 418 income and rent restricted to low- and extremely-low income households. The \$35 million in state funds will spur more than \$181.6 million in housing construction activity. Please find attached the listing of the projects receiving commitments.

Acquisition of existing publicly-owned housing for ESWs was again this year the highest point category in the Allocation Plan with new housing for ESWs as the second highest. Under the Housing Incentive Fund, projects must have demonstrated support from ESW employers before they are awarded points for ESW units. Since the inception of the ESW priority in 2013, 510 ESW units have been or will be created.

As you will recall, HIF is being funded this biennium through \$30 million in income tax credits and an initial \$5 million transfer from Bank of North Dakota profits. An additional \$5 million could be deposited into the fund if BND profits reach \$130 million in 2015. If that funding becomes available in early 2016, NDHFA will hold an additional funding round open only to communities with a population of 12,500 or less in accordance with the reauthorization language.

HIF began accepting contributions in exchange for tax credits on July 1 and we have received \$20,840,210 (as of Sept. 21). Contributions from four companies and financial institutions make up \$15.3 million of that total. The remainder comes from other individuals, financial institutions and businesses. While we have until Dec. 31, 2016, to receive contributions, it is our hope that we will be able to exhaust our \$30 million tax credit authority this year. This would allow the projects which received conditional commitments to proceed with construction as quickly as possible.

I am pleased to report that progress is being made in reducing the number of units owned and master leased by public entities. In a survey conducted in the last two weeks, respondents reported 480 housing units owned for use by their employees, which is a decrease of six units from the October 2014 survey. Three hundred eight units are master leased by ESW employers which is a decrease of 93 units. Rental subsidies for employees not living in owned or master leased units are provided to 192 households.

Type of Respondent	Number of Units Owned	Number of Units Master Leased	Number of Rent Subsidies Provided	Number of Units Needed
City	40	26	136	49
County	51	15	22	20
First Responder*	20	21	16	73
Medical**	143	130	2	232
School Districts	226	116	16	158
Total	480	308	192	532

*Includes law enforcement, emergency medical services and fire departments

** Includes nursing facilities, hospitals and basic care facilities

The focus by HIF project developers on creation of ESW units is helping to slow the necessity for public entities themselves to create more housing for their employees which was the overarching goal of the ESW priority.

As you will note above, survey respondents are still indicating unmet needs for 532 additional housing units for employees. While the ESW units being created under HIF have helped, affordable housing is still a crucial piece of workforce recruitment and retention.

In discussing the Housing Incentive Fund with a long-time market-rate housing developer, he confirmed what we've known – HIF is helping to reach income categories that the private market could not feasibly do on its own. Land and construction costs require higher rents than would be affordable for Essential Service Workers, but thanks to HIF allocations those rents can be lowered and a new pool of tenants is available for those properties. ESW employers have also expressed deep appreciation for the units which allow them to hire qualified candidates and keep them working in the community.

The Housing Incentive Fund is making a difference for thousands of families across the state. Since its creation in 2011, nearly \$84 million in HIF funds has leveraged more than \$429 million in construction activity and produced almost 2,500 housing units.

HIF Project Awards (2015-17)

Project Name	Location	Applicant / Developer	Tenant Type	Project Activity	Total Units	Essential Service Worker Units*	Income Targeted Units	Total Development Cost	HIF Funds Requested	HIF Funds Committed
May 30, 2015 Application Round:										
New Energy Apartments	Beulah	LSS Housing	Family	New Construction	24	12	16	\$3,830,475	\$1,149,143	\$1,149,143
100 West Main	Bismarck	100 West Main LP	Senior	New Construction	30	0	30	\$6,546,962	\$600,000	\$600,000
Sierra Court	Bismarck	Mountain Plains Equity Group	Senior	New Construction	39	0	39	\$7,126,854	\$600,000	\$600,000
FiveSouth 1	Bismarck	Cardon Development Group	Family	New Construction	94	33	94	\$17,765,519	\$3,000,000	\$3,000,000
Prairie Winds (Phase 1)	Dickinson	Roers, Inc.	Family	New Construction	36	18	18	\$6,000,000	\$1,800,000	\$1,512,000
Lincoln Park Townhomes III	Dickinson	G.A. Haan Development	Homeless / Family	New Construction	30	17	23	\$5,780,993	\$2,890,000	\$2,890,000
Northern Place	Dickinson	Housing Solutions	Family	New Construction	36	0	36	\$7,761,566	\$300,000	\$300,000
Jeremiah Program Apartments	Fargo	Jeremiah Program	Homeless / Family	New Construction	20	0	20	\$4,400,000	\$2,200,000	\$2,200,000
North Sky III	Fargo	Beyond Shelter	Senior	New Construction	30	0	30	\$4,475,000	\$600,000	\$600,000
University Flats	Grand Forks	Dakota Commercial	Family	New Construction	70	0	37	\$11,260,000	\$2,800,000	\$2,800,000
Prairie Pointe	Gwinner	Region V Community Development	Disabled / Family	New Construction	17	0	13	\$2,442,518	\$730,869	\$730,869
Harvey Apartments	Harvey	LSS Housing	Family	New Construction	24	12	16	\$3,805,051	\$1,141,725	\$1,141,725
Pioneer Homes Apartments	Hazen	Community Development Group	Senior	Adaptive Reuse	22	0	22	\$3,225,000	\$1,540,000	\$1,347,877
Killdeer Essential Worker Housing	Killdeer	City of Killdeer	Family	New Construction	4	4	4	\$1,086,905	\$326,038	\$326,038
Trails West Townhomes	Mandan	Affordable Housing Developers, Inc.	Family	New Construction	12	0	12	\$2,542,000	\$762,000	\$762,000
Mandan Apartments II	Mandan	Dakota Commercial	Family	New Construction	48	0	48	\$6,950,000	\$2,085,000	\$2,085,000
Park South (Phase 2)	Minot	Park South Holding, LLC	Family	Rehabilitation	35	18	18	\$6,719,915	\$2,015,974	\$2,015,974
Sunset Ridge (Phase I)	Minot	Beyond Shelter	Family	New Construction	35	0	35	\$8,012,724	\$600,000	\$600,000
Sunset Ridge (Phase II)	Minot	Beyond Shelter	Family	New Construction	39	0	39	\$8,904,485	\$600,000	\$600,000
Meadowlark Homes	New Rockford	EPIC Management, LLC	Family	New Construction	10	5	8	\$1,497,379	\$430,000	\$430,000
Eagle Ridge	Ray	SW Design Build	Family	New Construction	47	24	47	\$8,200,000	\$2,400,000	\$2,400,000
Wolf Run Village II	Watford City	Wolf Run Village, Inc.	Family	New Construction	20	10	10	\$3,688,229	\$909,374	\$909,374
Watford City Apartments	Watford City	LSS Housing	Family	New Construction	77	39	47	\$13,775,000	\$3,000,000	\$3,000,000
Williston Station Apartments	Williston	ND Williston Apartments LP	Family	New Construction	186	93	93	\$35,767,000	\$3,000,000	\$3,000,000
Totals for May 30, 2015 Funding Round:					985	285	755	\$181,563,575	\$35,480,123	\$35,000,000
Totals for All Funding Rounds:					985	285	755	\$181,563,575	\$35,480,123	\$35,000,000

* Essential Service Worker Units are included in the Income Targeted Unit count.