

**Housing Finance Agency
Budget No. 473
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriations	49.00	\$9,500,000	\$58,925,532	\$68,425,532
2021-23 base budget	44.00	0	47,421,891	47,421,891
Legislative increase (decrease) to base budget	5.00	\$9,500,000	\$11,503,641	\$21,003,641

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 legislative appropriations	\$0	\$9,500,000	\$9,500,000
2019-21 legislative appropriations	0	7,500,000	7,500,000
2021-23 legislative increase (decrease) to 2019-21 appropriations	\$0	\$2,000,000	\$2,000,000
Percentage increase (decrease) to 2019-21 appropriations	N/A	26.7%	26.7%

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes			(\$1)	(\$1)
Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022			220,847	220,847
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month			2,337	2,337
Transferred the federal HOME program from the Department of Commerce, including 2 FTE positions, \$356,421 for salaries and wages, \$236,950 for operating expenses, \$50,000 for capital assets, and \$7.7 million for grants	2.00		8,343,371	8,343,371
Transferred a mortgage loan program from the Bank of North Dakota and added 3 FTE positions, including \$396,656 for salaries and wages and \$244,883 for operating expenses, for the management of the loan program with 1 FTE position funded for the 2 nd year of the biennium only	3.00		641,539	641,539

Increased funding to reclassify a position due to an increase in mortgage loan servicing activity			70,997	70,997
Increased funding for operating expenses primarily related to information technology costs (\$122,224), added funding for a statewide housing needs assessment (\$80,000), and increased funding for Microsoft Office 365 licensing expenses (\$4,847)			207,071	207,071
Added funding for multifamily housing-related software			173,880	173,880
Increased federal funding for Housing and Urban Development grants			1,808,600	1,808,600
Added one-time funding from the Housing Finance Agency operating fund for a statewide housing needs assessment			35,000	35,000
Added one-time funding from the general fund for a transfer to the housing incentive fund		\$9,500,000		9,500,000
Total	<u>5.00</u>	<u>\$9,500,000</u>	<u>\$11,503,641</u>	<u>\$21,003,641</u>

FTE Changes

The Legislative Assembly approved 49 FTE positions for the Housing Finance Agency for the 2021-23 biennium, an increase of 5 FTE positions from the 2019-21 biennium authorized level of 44 FTE positions. The Legislative Assembly added 3 FTE housing program specialist positions and transferred 2 FTE housing program administrator positions from the Department of Commerce related to the HOME program.

Housing Incentive Fund

Senate Bill No. 2210 (2011) created a special revolving housing incentive fund and provided a continuing appropriation to the Housing Finance Agency for disbursements from the fund to address housing needs in the state. House Bill No. 1014 (2015) continued the housing incentive fund into the 2015-17 biennium and amended the fund to limit the origination fee to 5 percent per award. Senate Bill No. 2014 (2017) removed the expiration date associated with the housing incentive fund and changed the reporting requirements for the Housing Finance Agency. The report to the Budget Section was changed from a quarterly report to a biennial report. The report to the Industrial Commission was incorporated into the reporting requirements of the fund, and a separate section of North Dakota Century Code requiring the report to the Industrial Commission was repealed. House Bill No. 1014 (2019) decreased the amount of funding designated for developing communities by 10 percent, from 25 to 15 percent and removed the prioritization and reporting requirements related to essential service workers. Senate Bill No. 2014 (2021) decreased the amount of funding designated for developing communities by 5 percent, from 15 to 10 percent, and designated 10 percent for projects to prevent homelessness.

The Legislative Assembly provided the following funding for the housing incentive fund:

	General Fund	Income Tax Credits	Bank of North Dakota Profits	Total
2011-13 biennium - Senate Bill No. 2210 (2011) and Senate Bill No. 2371 (2011) ¹		\$15,000,000		\$15,000,000
2013-15 biennium - House Bill No. 1029 (2013) and Senate Bill No. 2014 (2013) ²	\$15,400,000	20,000,000		35,400,000
2015-17 biennium - House Bill No. 1014 (2015) ³		30,000,000	\$10,000,000	40,000,000
2017-19 biennium - Senate Bill No. 2014 (2017) ⁴				
2019-21 biennium - House Bill No. 1014 (2019) ⁵	7,500,000			7,500,000
2021-23 biennium - Senate Bill No. 2014 (2021) ⁶	9,500,000			9,500,000
Total	\$32,400,000	\$65,000,000	\$10,000,000	\$107,400,000

¹Senate Bill No. 2210 (2011) authorized a tax credit for income tax purposes for contributions to the fund, not to exceed an aggregate amount of \$4 million per biennium for all eligible contributors. Senate Bill No. 2371 (2011) increased the aggregate tax credit limit to \$15 million per biennium.

²Senate Bill No. 2014 (2013) provided for a one-time transfer of \$15.4 million from the general fund to the housing incentive fund. The bill continued the housing incentive fund tax credit through the first 2 taxable years after December 31, 2012, and increased the aggregate amount of tax credits allowed to all eligible contributors from \$15 million to \$20 million per biennium. Similar provisions were also included in House Bill No. 1029 (2013).

³House Bill No. 1014 (2015) provided for a transfer of \$5 million from the Bank of North Dakota's profits to the housing incentive fund with an emergency clause. The bill also provided a contingent transfer of \$5 million from the Bank's profits to the housing incentive fund if the Bank's profits exceeded \$130 million during calendar year 2015. The contingency was met, and the \$5 million was transferred to the housing incentive fund. The Legislative Assembly increased the funding available to the housing incentive fund through income tax credits from \$20 million to \$30 million.

⁴The 2017 Legislative Assembly did not provide any new funding for the housing incentive fund for the 2017-19 biennium.

⁵House Bill No. 1014 (2019) transferred \$7.5 million from the general fund to the housing incentive fund for the 2019-21 biennium.

⁶Senate Bill No. 2014 (2021) transfers \$9.5 million from the general fund to the housing incentive fund for the 2021-23 biennium.

Other Sections in Senate Bill No. 2014

Additional income - Section 4 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2021-23 biennium. The section also requires the Housing Finance Agency to notify the Office of Management and Budget and the Legislative Council of additional income received resulting in an increase in appropriation authority.

Transfer to housing incentive fund - Section 5 provides for a transfer of \$9.5 million from the general fund to the housing incentive fund for the 2021-23 biennium. Section 26 decreases the amount of funding designated from the housing incentive fund for small communities by 5 percent, from 15 to 10 percent, and designates 10 percent for projects to prevent homelessness.

Residential mortgages - Section 25 creates two new subsections to North Dakota Century Code Section 54-17-07.3 to authorize the Housing Finance Agency to create a residential mortgage loan program and to allow the agency to purchase, service, and sell residential real estate loans. Section 29 repeals Section 54-17-07.12 relating to authorization for the Housing Finance Agency to participate as a wholesale servicing mortgage lender.

Related Legislation

Senate Bill No. 2089 - Collaboration with Department of Human Services - This bill requires the Department of Human Services to cooperate with the Housing Finance Agency and the Department of Commerce when distributing payments for housing support and rental assistance.