

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

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriation	49.00	\$9,500,000 ¹	\$58,925,532 ¹	\$68,425,532
2019-21 legislative appropriation	<u>44.00</u>	<u>7,500,000²</u>	<u>47,421,891</u>	<u>54,921,891</u>
2021-23 appropriation increase (decrease) to 2019-21 appropriation	5.00	\$2,000,000	\$11,503,641	\$13,503,641

¹The 2021-23 appropriation amount includes \$9,535,000 of one-time funding, of which \$9,500,000 is from the general fund to provide a transfer to the housing incentive fund and \$35,000 is from the Housing Finance Agency operating fund for a statewide housing needs assessment.

²The 2019-21 appropriation amount includes \$7.5 million of one-time funding from the general fund to provide a transfer to the housing incentive fund.

Item Description

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. 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 federal HOME program.

Residential mortgage loan program - In Senate Bill No. 2014, the 2021 Legislative Assembly transferred the residential mortgage loan program from the Bank of North Dakota to the Housing Finance Agency by creating two new subsections to North Dakota Century Code Section 54-17-07.3. The new subsections authorize the Housing Finance Agency to create a residential mortgage loan program and allow the agency to purchase, service, and sell residential real estate loans.

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 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

Status/Result

The Housing Finance Agency replaced the 3 FTE housing program specialist positions with 3 FTE financial services positions. Of the 3 FTE financial services positions, one was filled in November 2021 to assist with succession planning in the fiscal division, one was filled in March 2022 for the residential mortgage loan program, and one is anticipated to be filled in July 2022 for the residential mortgage loan program. The Department of Commerce transferred 2 FTE housing program administrator positions to the Housing Finance Agency in July 2021 related to the HOME program.

The Bank of North Dakota transferred the residential mortgage loan program to the Housing Finance Agency in July 2021. For the 2021-23 biennium through March 2022, the Housing Finance Agency issued 822 residential mortgage loans under the program totaling \$152 million.

Pursuant to continuing appropriation authority for the housing incentive fund, the agency continued \$5,607,792 into the 2021-23 biennium, all of which was awarded for grants but not yet paid.

In August 2021, \$971,113 was returned to the fund from previously awarded grants and was available for new grants. Of the \$9,500,000 of new funding, \$8,550,000 was designated for project grants, and \$950,000 was designated for initiatives to prevent homelessness. A total of \$9,521,113 was awarded for housing project grants in September 2021, which will provide 341 housing units, including 340 units for extremely low-income, low-income, or moderate-income households. The agency plans to distribute \$950,000 of funding designated for initiatives to prevent homelessness by the end of the biennium.

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), but did not provide any new funding for the housing incentive fund. The 2019 Legislative Assembly transferred \$7.5 million from the general fund to the housing incentive fund for the 2019-21 biennium, and the 2021 Legislative Assembly transferred \$9.5 million from the general fund to the housing incentive fund for the 2021-23 biennium. In addition, the 2021 Legislative Assembly amended the housing incentive fund to designate 10 percent of the funding for initiatives to prevent homelessness.

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 2021-23 biennium appropriation for the Housing Finance Agency includes \$6 million from federal funds for the program.

The agency anticipates receiving approximately \$6,000,000 during the 2021-23 biennium. As of March 31, 2022, \$1,042,500 has been received and spent by the agency.