

**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>
<b>2023-25 legislative appropriations</b>	<b>54.00</b>	<b>\$16,250,000</b>	<b>\$68,442,198</b>	<b>\$84,692,198</b>
2023-25 base budget	49.00	0	58,890,532	58,890,532
Legislative increase (decrease) to base budget	5.00	\$16,250,000	\$9,551,666	\$25,801,666

**ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS**

	<b>Ongoing General Fund Appropriation</b>	<b>One-Time General Fund Appropriation</b>	<b>Total General Fund Appropriation</b>
<b>2023-25 legislative appropriations</b>	<b>\$2,500,000</b>	<b>\$13,750,000</b>	<b>\$16,250,000</b>
2021-23 legislative appropriations	0	9,500,000	9,500,000
2023-25 legislative increase (decrease) to 2021-23 appropriations	\$2,500,000	\$4,250,000	\$6,750,000
Percentage increase (decrease) to 2021-23 appropriations	N/A	44.7%	71.1%

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

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
The legislative action:				
Adjusted funding for base payroll changes			\$75,908	\$75,908
Added funding to provide employee salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024			716,072	716,072
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,643 per month			267,478	267,478
Added funding for 2 FTE compliance officer positions (\$437,816), 2 FTE business analyst positions (\$466,592), and 1 contingent FTE mortgage specialist position (\$82,068), which is authorized only if the agency's mortgage loan production exceeds \$435 million during fiscal year 2024	5.00		986,476	986,476
Added funding from federal funds for other salary increases (\$800,102) and temporary salaries (\$78,000)			878,102	878,102
Transferred funding for new FTE positions and estimated savings from vacant FTE positions to a new and vacant FTE funding pool in the Office of Management and Budget			(1,451,641)	(1,451,641)

Transferred homeless shelter grant programs from the Department of Commerce, including \$1,147,341 of federal funds	\$1,570,212	1,147,341	2,717,553
Increased funding for operating expenses, including \$4,531,830 from the agency's operating fund for servicing premiums paid to lenders related to growth in the home loan program, \$165,642 for inflationary increases, \$21,135 from federal funds for miscellaneous increases, and \$13,413 from the agency's operating funds for shared software and service rate increases		4,732,020	4,732,020
Decreased funding from federal funds for capital assets		(130,000)	(130,000)
Added funding for grants, including \$929,788 from the general fund for homeless grants to provide total funding of \$2,500,000 from the general fund, \$1,949,910 for federal grant programs, and \$380,000 from the agency's operating funds for housing rehabilitation grants	929,788	2,329,910	3,259,698
Added <b>one-time funding</b> from the general fund for a transfer to the housing incentive fund	13,750,000		13,750,000
Total	<u>5.00</u>	<u>\$16,250,000</u>	<u>\$9,551,666</u>

#### FTE Changes

The Legislative Assembly approved 54 FTE positions for the Housing Finance Agency for the 2023-25 biennium, an increase of 5 FTE positions from the 2021-23 biennium authorized level of 49 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.

#### 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. House Bill No. 1014 (2023) removed the 10 percent designation for projects to prevent homelessness and expended the eligible uses of funding to include single family housing projects.

The Legislative Assembly has 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) <sup>1</sup>		\$15,000,000		\$15,000,000
2013-15 biennium - House Bill No. 1029 (2013) and Senate Bill No. 2014 (2013) <sup>2</sup>	\$15,400,000	20,000,000		35,400,000
2015-17 biennium - House Bill No. 1014 (2015) <sup>3</sup>		30,000,000	\$10,000,000	40,000,000
2017-19 biennium - Senate Bill No. 2014 (2017) <sup>4</sup>				
2019-21 biennium - House Bill No. 1014 (2019) <sup>5</sup>	7,500,000			7,500,000
2021-23 biennium - Senate Bill No. 2014 (2021) <sup>6</sup>	9,500,000			9,500,000
2023-25 biennium - House Bill No. 1014 (2023) <sup>7</sup>	13,750,000			13,750,000
<b>Total</b>	<b>\$46,150,000</b>	<b>\$65,000,000</b>	<b>\$10,000,000</b>	<b>\$121,150,000</b>

<sup>1</sup>Senate 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.

<sup>2</sup>Senate 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).

<sup>3</sup>House 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.

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

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

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

<sup>7</sup>House Bill No. 1014 (2023) transfers \$13.75 million from the general fund to the housing incentive fund for the 2023-25 biennium.

### Other Sections in House Bill No. 1014

**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 2023-25 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 6 transfers \$13.75 million from the general fund to the housing incentive fund for the 2023-25 biennium.

**Contingent funding and FTE position** - Section 7 authorizes \$82,068 and 1 FTE position contingent upon the agency's mortgage loan production exceeding \$435 million during fiscal year 2024.

### Related Legislation

**Senate Bill No. 2015 (2023) - Funding pools** - Includes funding pools from which the agency may receive allocations, including the:

- Employer retirement contribution pool from which the agency is to receive \$53,004 from other funds in accordance with provisions of Section 23 of Senate Bill No. 2015 for the 1 percent employer retirement contribution increase provided for in House Bill No. 1040 (2023);
- New and vacant FTE funding pool from which the agency may request funding when hiring new FTE positions or if the agency does not realize sufficient savings from vacant FTE positions in accordance with provisions of Section 22 of Senate Bill No. 2015; and
- Targeted market equity pool from which the agency may receive an allocation as determined by the Office of Management and Budget in accordance with provisions of Section 20 of Senate Bill No. 2015.