

**Department 473 - Housing Finance Agency  
House Bill No. 1014**

**First Chamber Comparison to Base Level**

|                               | <b>General Fund</b> | <b>Other Funds</b> | <b>Total</b> |
|-------------------------------|---------------------|--------------------|--------------|
| 2023-25 First Chamber Version | \$15,000,000        | \$69,333,093       | \$84,333,093 |
| 2023-25 Base Level            | 0                   | 58,890,532         | 58,890,532   |
| Increase (Decrease)           | \$15,000,000        | \$10,442,561       | \$25,442,561 |

**First Chamber Changes**

A summary of the first chamber's changes to the agency's base level appropriations and the executive budget is attached as an appendix.

**Selected Bill Sections Included in the First Chamber Version**

**Additional appropriation authority** - 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.

**Housing incentive fund** - Section 6 transfers \$12.5 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.

**Continuing Appropriations**

**Housing incentive fund** - North Dakota Century Code Section 54-17-40 - Provides grants for housing projects.

**Deficiency Appropriations**

There are no deficiency appropriations for this agency.

**Significant Audit Findings**

The financial statement audit for the Housing Finance Agency conducted by Brady, Martz & Associates PC, during the 2021-22 interim identified no significant findings.

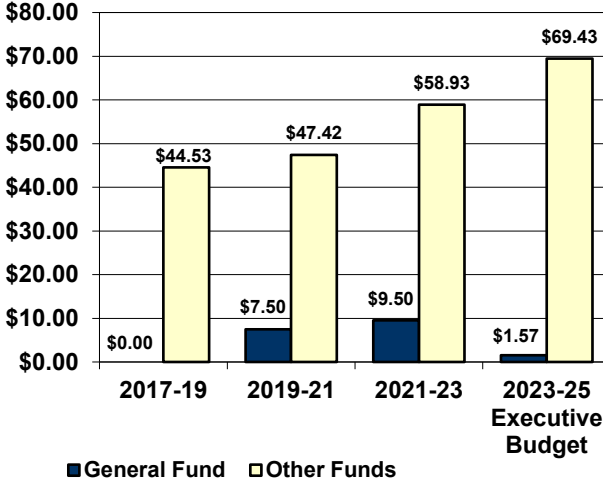
**Major Related Legislation**

At this time, no major legislation has been introduced affecting this agency.

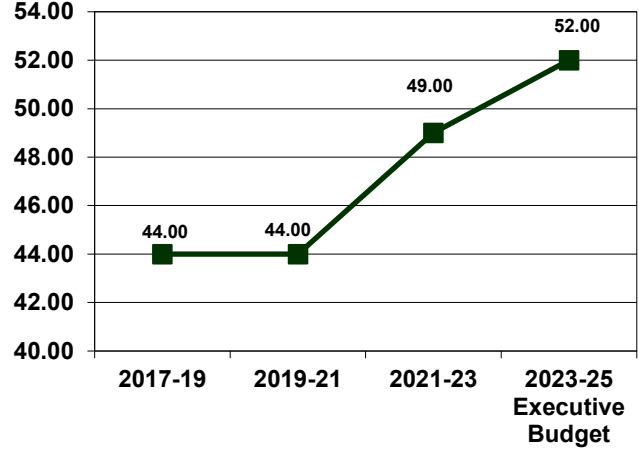
# Historical Appropriations Information

## Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



### Ongoing Other Funds Appropriations

|   | 2015-17      | 2017-19      | 2019-21      | 2021-23      | 2023-25 Executive Budget |
|---|--------------|--------------|--------------|--------------|--------------------------|
| Ongoing other funds appropriations                              | \$37,520,089 | \$44,530,239 | \$47,421,891 | \$58,890,532 | \$69,427,221             |
| Increase (decrease) from previous biennium                      | N/A          | \$7,010,150  | \$2,891,652  | \$11,468,641 | \$10,536,689             |
| Percentage increase (decrease) from previous biennium           | N/A          | 18.7%        | 6.5%         | 24.2%        | 17.9%                    |
| Cumulative percentage increase (decrease) from 2015-17 biennium | N/A          | 18.7%        | 26.4%        | 57.0%        | 85.0%                    |

### Major Increases (Decreases) in Ongoing Other Funds Appropriations

#### 2017-19 Biennium

1. Removed funding for 2 FTE positions and reduced funding for salaries and wages related to a vacant FTE position (\$322,044)
2. Increased funding for operating expenses to continue additional expenses relating to increased volume in mortgage servicing premiums during the 2015-17 biennium, which were paid pursuant to additional income appropriation authority in Section 4 of House Bill No. 1014 (2015) \$970,000
3. Added funding for federal Housing and Urban Development grants related to distributions from the federal Housing Trust Fund \$6,017,048
4. Increased funding for operating expenses \$29,080
5. Reduced grant funding for the helping hand program, technical assistance, and program outreach (\$153,000)

#### 2019-21 Biennium

1. Removed funding for temporary employees (\$57,219)
2. Increased funding for mortgage servicing premium expenses \$602,921
3. Increased funding for agency program grants (\$20,000) and federal housing grants (\$1,651,772) \$1,671,772

#### 2021-23 Biennium

1. 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 \$8,343,371
2. 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<sup>nd</sup> year of the biennium only \$641,539

- 3. 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
  - 4. Added funding for multifamily housing-related software \$173,880
  - 5. Increased federal funding for Housing and Urban Development grants \$1,808,600
- 2023-25 Biennium (Executive Budget Recommendation)**
- 1. Adds 2 FTE home loan program administrator positions (\$466,592) and increases service premium fees (\$4,531,830) for growth in the home loan program \$4,998,422
  - 2. Increases federal funding for salary adjustments \$800,102
  - 3. Transfers the homeless grants program from the Department of Commerce \$1,147,341
  - 4. Increases funding for federal grants to provide total funding of \$44,655,110 from federal sources for grants \$1,949,910
  - 5. Increases funding for housing rehabilitation grants from the agency's operating fund \$380,000

**One-Time Other Funds Appropriations**

|                                      | 2015-17 | 2017-19 | 2019-21 | 2021-23  | 2023-25<br>Executive<br>Budget |
|--------------------------------------|---------|---------|---------|----------|--------------------------------|
| One-time general fund appropriations | \$0     | \$0     | \$0     | \$35,000 | \$0                            |

**Major One-Time Other Funds Appropriations**

**2017-19 Biennium**

None \$0

**2019-21 Biennium**

None \$0

**2021-23 Biennium**

Added one-time funding from the Housing Finance Agency operating fund for a statewide housing needs assessment \$35,000

**2023-25 Biennium (Executive Budget Recommendation)**

None \$0

**Housing Finance Agency - Budget No. 473**  
**House Bill No. 1014**  
**Base Level Funding Changes**

|   | Executive Budget Recommendation |              |              |              | House Version |              |              |              |
|---|---------------------------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
|   | FTE Positions                   | General Fund | Other Funds  | Total        | FTE Positions | General Fund | Other Funds  | Total        |
| <b>2023-25 Biennium Base Level</b>                              | 49.00                           | \$0          | \$58,890,532 | \$58,890,532 | 49.00         | \$0          | \$58,890,532 | \$58,890,532 |
| <b>2023-25 Ongoing Funding Changes</b>                          |                                 |              |              |              |               |              |              |              |
| Cost to continue salary increase                                |                                 |              | \$75,908     | \$75,908     |               |              | \$75,908     | \$75,908     |
| Salary increase   |                                 |              | 716,072      | 716,072      |               |              | 533,723      | 533,723      |
| Health insurance increase                                       |                                 |              | 267,478      | 267,478      |               |              | 273,631      | 273,631      |
| Adds FTE compliance officer position                            | 1.00                            |              | 218,908      | 218,908      | 1.00          |              | 218,908      | 218,908      |
| Adds FTE positions and increases funding for home loan programs | 2.00                            |              | 4,998,422    | 4,998,422    |               |              |              | 0            |
| Increases federal funding for salary adjustments                |                                 |              | 800,102      | 800,102      |               |              | 800,102      | 800,102      |
| Adds federal funding for temporary salaries                     |                                 |              | 78,000       | 78,000       |               |              | 78,000       | 78,000       |
| Transfers homeless grants from Department of Commerce           |                                 | \$1,570,212  | 1,147,341    | 2,717,553    |               | \$1,570,212  | 1,147,341    | 2,717,553    |
| Adds FTE positions for business analyst positions               |                                 |              |              | 0            | 2.00          |              | 466,592      | 466,592      |
| Adds a contingent FTE mortgage specialist position              |                                 |              |              | 0            | 1.00          |              | 82,068       | 82,068       |
| Increases funding for servicing premiums for home loan program  |                                 |              |              | 0            |               |              | 4,531,830    | 4,531,830    |
| Increases federal funding for operating expenses                |                                 |              | 21,135       | 21,135       |               |              | 21,135       | 21,135       |
| Increases funding for shared software and service rates         |                                 |              | 13,413       | 13,413       |               |              | 13,413       | 13,413       |
| Decreases funding for capital assets                            |                                 |              | (130,000)    | (130,000)    |               |              | (130,000)    | (130,000)    |
| Increases funding for homeless grants                           |                                 |              |              | 0            |               | 929,788      |              | 929,788      |
| Increases funding for federal grants                            |                                 |              | 1,949,910    | 1,949,910    |               |              | 1,949,910    | 1,949,910    |
| Increases funding for housing rehabilitation grants             |                                 |              | 380,000      | 380,000      |               |              | 380,000      | 380,000      |
| Total ongoing funding changes                                   | 3.00                            | \$1,570,212  | \$10,536,689 | \$12,106,901 | 4.00          | \$2,500,000  | \$10,442,561 | \$12,942,561 |
| <b>One-Time Funding Items</b>                                   |                                 |              |              |              |               |              |              |              |
| Transfers funding for the housing incentive fund                |                                 |              |              | \$0          |               | \$12,500,000 |              | \$12,500,000 |
| Total one-time funding changes                                  | 0.00                            | \$0          | \$0          | \$0          | 0.00          | \$12,500,000 | \$0          | \$12,500,000 |
| <b>Total Changes to Base Level Funding</b>                      | 3.00                            | \$1,570,212  | \$10,536,689 | \$12,106,901 | 4.00          | \$15,000,000 | \$10,442,561 | \$25,442,561 |
| <b>2023-25 Total Funding</b>                                    | 52.00                           | \$1,570,212  | \$69,427,221 | \$70,997,433 | 53.00         | \$15,000,000 | \$69,333,093 | \$84,333,093 |
| <i>Federal funds included in other funds</i>                    |                                 |              | \$48,099,128 |              |               |              | \$48,057,886 |              |
| <i>Total ongoing changes as a percentage of base level</i>      | 6.1%                            |              | 17.9%        | 20.6%        | 8.2%          |              | 17.7%        | 22.0%        |
| <i>Total changes as a percentage of base level</i>              | 6.1%                            |              | 17.9%        | 20.6%        | 8.2%          |              | 17.7%        | 43.2%        |

**Other Sections in Housing Finance Agency - Budget No. 473**

|                                     | Executive Budget Recommendation  | House Version   |
|-------------------------------------|--|---|
| Additional appropriation authority  | Section 4 would provide 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. | 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. |
| Legacy earnings fund - To discuss   | Section 11 would transfer \$25 million from the legacy earnings fund to the housing incentive fund for the 2023-25 biennium.   | Section 6 transfers \$12.5 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.   |