

**FIRST ENGROSSMENT
with House Amendments
ENGROSSED SENATE BILL NO. 2271**

Introduced by

Senators Kreun, Osland, Vedaa

Representatives Blum, Mock, Vetter

1 A BILL for an Act to amend and reenact section 54-17-40 of the North Dakota Century Code,
2 relating to the housing incentive fund; to provide a transfer; and to provide an appropriation.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **54-17-40. Housing incentive fund - Continuing appropriation - Report to budget**
7 **section.**

- 8 1. The housing incentive fund is created as a special revolving fund at the Bank of North
9 Dakota. The housing finance agency may direct disbursements from the fund and a
10 continuing appropriation from the fund is provided for that purpose.
- 11 2. a. After a public hearing, the housing finance agency shall create an annual
12 allocation plan for the distribution of the fund. At least ~~twenty-five~~fifteen percent of
13 the fund must be used to assist developing communities to address an unmet
14 housing need or alleviate a housing shortage.
- 15 b. The annual allocation plan must give first priority through its scoring and ranking
16 process to housing for essential service workers. For purposes of this subsection,
17 "essential service workers" means individuals employed by a city, county, school
18 district, medical or long-term care facility, the state of North Dakota, or others as
19 determined by the housing finance agency who fulfill an essential public service.
- 20 c. The second priority in the annual allocation plan must be to provide housing for
21 individuals and families of low or moderate income. For purposes of this ~~second-~~
22 priority, eligible income limits are determined as a percentage of median family
23 income as published in the most recent federal register notice. Under this ~~second-~~
24 priority, the annual allocation plan must give preference to projects that benefit

- 1 households with the lowest income and to projects that have rent restrictions at
2 or below department of housing and urban development published federal fair
3 market rents or department of housing and urban development section 8
4 payment standards.
- 5 3. The housing finance agency shall adopt guidelines for the fund so as to address
6 unmet housing needs in this state. Assistance from the fund may be used solely for:
- 7 a. New construction, rehabilitation, or acquisition of a multifamily housing project;
8 b. Gap assistance, matching funds, and accessibility improvements;
9 c. Assistance that does not exceed the amount necessary to qualify for a loan using
10 underwriting standards acceptable for secondary market financing or to make the
11 project feasible; and
12 d. Rental assistance, emergency assistance, or targeted supportive services
13 designated to prevent homelessness.
- 14 4. Eligible recipients include units of local, state, and tribal government; local and tribal
15 housing authorities; community action agencies; regional planning councils; and
16 nonprofit organizations and for-profit developers of multifamily housing. Individuals
17 may not receive direct assistance from the fund.
- 18 5. Except for subdivision d of subsection 3, assistance is subject to repayment or
19 recapture under the guidelines adopted by the housing finance agency. Any
20 assistance that is repaid or recaptured must be deposited in the fund and is
21 appropriated on a continuing basis for the purposes of this section.
- 22 6. The agency may collect a reasonable administrative fee from the fund, project
23 developers, applicants, or grant recipients. The origination fee assessed to grant
24 recipients may not exceed five percent of the project award.
- 25 7. The housing finance agency shall maintain a register reflecting the number of housing
26 units owned or master leased by cities, counties, school districts, or other employers
27 of essential service workers. This register must also reflect those entities that are
28 providing rent subsidies for their essential workers.
- 29 8. Upon request, the housing finance agency shall report to the industrial commission
30 regarding the activities of the housing incentive fund.

- 1 9. At least once per biennium, the housing finance agency shall provide a report to the
2 budget section of the legislative management regarding the activities of the housing
3 incentive fund. The report must include the following:
- 4 a. The overall number of units owned, master leased, or subsidized by political
5 subdivisions or other employers of essential service workers; and
- 6 b. A listing of projects approved and the number of units within those projects that
7 provide housing for essential service workers.

8 **SECTION 2. APPROPRIATION - TRANSFER - GENERAL FUND TO HOUSING**

9 **INCENTIVE FUND.** There is appropriated out of any moneys in the general fund in the state
10 treasury, not otherwise appropriated, the sum of \$40,000,000, or so much of the sum as may be
11 necessary, which the office of management and budget shall transfer to the housing incentive
12 fund, for the biennium beginning July 1, 2019, and ending June 30, 2021. The funding provided
13 in this section is considered a one-time funding item.