

**Housing Finance Agency
Budget 473
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2015-17 legislative appropriation (original)	46.00	\$0	\$37,520,089	\$37,520,089
2013-15 legislative appropriation	<u>46.00</u>	<u>15,400,000</u>	<u>42,507,491</u>	<u>57,907,491</u>
2015-17 appropriation increase (decrease) to 2013-15 appropriation	0.00	(\$15,400,000)	(\$4,987,402)	(\$20,387,402)
2015-17 general fund budget allotment (4.05 percent)	<u>0.00</u>	<u>0</u>	<u>0</u>	<u>0</u>
Adjusted 2015-17 appropriation after budget allotment	46.00	\$0	\$37,520,089	\$37,520,089

Item Description

General fund budget allotment - In February 2016 the Governor ordered a 4.05 percent general fund budget allotment for state agencies.

Housing incentive fund - The Legislative Assembly, in 2011 Senate Bill No. 2210, 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 session increased the aggregate tax credit to \$15 million per biennium.

The Legislative Assembly, in 2013 Senate Bill No. 2014, 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 2013 House Bill No. 1029.

House Bill No. 1014 (2015) continues the housing incentive fund into the 2015-17 biennium. Section 7 of the bill provides for a transfer of \$5 million from the Bank of North Dakota's profits to the housing incentive fund. Section 8 provides 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 limits the origination fee to 5 percent per award. Section 20 increases the funding available to the housing incentive fund from income tax credits from \$20 million to \$30 million. Section 28 provides 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.

Status/Result

The budget allotment did not reduce the appropriation authority for the Housing Finance Agency because the agency did not receive an appropriation from the general fund.

Pursuant to Section 7 of 2015 House Bill No. 1014, the Bank of North Dakota transferred \$5 million of profits to the housing incentive fund. In January 2016, the Bank transferred \$5 million of profits to the housing incentive fund related to the contingency in Section 8 of 2015 House Bill No. 1014. Through April 22, 2016, the Housing Finance Agency has collected \$26,992,895 in contributions, resulting in a corresponding decrease in income tax collections. The agency anticipates collecting the remaining contributions by December 2016.

Through March 2016 the Housing Finance Agency awarded \$29 million of the \$40 million appropriated to 21 projects, which will provide 716 housing units. Of the 716 housing units, 169 units are for essential service workers, 416 units are for extremely low-income, low-income, or moderate-income households, and 131 units available to any renter. The agency is in the process of reviewing applications for another round of awards, and all of the funding is anticipated to be awarded by the end of the 2015-17 biennium.

Flood-impacted housing assistance - In Section 4 of 2013 House Bill No. 1016, the Legislative Assembly provided \$1.5 million from the state disaster relief fund to political subdivisions or nonprofit entities in flood-impacted areas for grants to rehabilitate or replace flood-damaged homes, to retain homeowners, and to assist with transitional expenses. Section 23 of 2015 House Bill No. 1014 provided an exemption to allow the funding to be used during the 2015-17 biennium.

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 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 Housing Finance Agency requested to continue \$1,292,795 of unused appropriation authority from the 2013-15 biennium into the 2015-17 biennium. The Housing Finance Agency is in the process of evaluating a request for the funds from the City of Minot. The agency anticipates that not all of the funds will be spent during the 2015-17 biennium.

In May 2016 the federal Department of Housing and Urban Development allocated \$3 million to the Housing Finance Agency from the federal housing trust fund. The agency anticipates that the allocations from the housing trust fund will occur annually. The agency is in the process of developing a plan to award the funds. The agency anticipates that the funds will be awarded to projects that increase the supply of rental units available for extremely low- and very low-income households to help reduce homelessness in the state.