

**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>
2019-21 legislative appropriation	44.00	\$7,500,000 <sup>1</sup>	\$47,421,891	\$54,921,891
2017-19 legislative appropriation	<u>44.00</u>	<u>0</u>	<u>44,530,239</u>	<u>44,530,239</u>
2019-21 appropriation increase (decrease) to 2017-19 appropriation	0.00	\$7,500,000	\$2,891,652	\$10,391,652

<sup>1</sup>The 2019-21 appropriation amount includes \$7.5 million of one-time funding from the general fund. Excluding this amount, the agency's ongoing 2019-21 biennium general fund appropriation is \$0.

**Item Description**

**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 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.

**Status/Result**

During the 2017-19 biennium, the Housing Finance Agency awarded \$3,708,047 from previously awarded grants that had been returned to the fund. A total of six projects received grant awards in the 2017-19 biennium, which was to provide 258 housing units. Of the 258 housing units, 223 units were for extremely low-income, low-income, or moderate-income households, and the remaining 35 units were available to any renter.

Pursuant to continuing appropriation authority for the housing incentive fund, the agency continued \$3,209,195 into the 2019-21 biennium, all of which was awarded for grants but not yet paid. Of the \$7,500,000 available for new grants, \$7,246,553 was awarded for five projects in September 2019, which will provide 258 housing units, including 255 units for extremely low-income, low-income, or moderate-income households. The agency plans to award the remaining \$253,447 along with any unspent grants returned to the fund in the fall of 2020.

**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 2019-21 biennium appropriation for the Housing Finance Agency includes \$6 million from federal funds for the program.

The agency anticipates receiving approximately \$6 million during the 2019-21 biennium. As of March 31, 2020, \$388,970 has been received and spent by the agency.