



# INDUSTRIAL COMMISSION OF NORTH DAKOTA

Jack Dalrymple  
Governor

Wayne Stenehjem  
Attorney General

Doug Goehring  
Agriculture Commissioner

For Immediate Release

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## HOUSING DOLLARS DIRECTED TO ENERGY AND DISASTER NEEDS TAX PAYERS ENCOURAGED TO CONTRIBUTE TO FUND

BISMARCK, ND – The state will direct more than \$13 million of its housing incentive fund credit authority to disaster and energy impacted communities.

“There is a critical need for affordable rentals in oil and gas producing communities, and in areas across the state recovering from flooding,” said Gov. Jack Dalrymple. “The Housing Incentive Fund (HIF) can strengthen our communities, with neighbor helping neighbor.”

The HIF is capitalized by contributions from state income and financial institution taxpayers. Contributors receive a dollar-for-dollar state tax credit that may be fully claimed in the year their contribution is made, essentially prepaying their state income taxes by contributing to the HIF. Contributions made before Dec. 31 can be taken on your 2011 return.

“Gaps in financing are slowing down and even keeping good projects from being built,” said Attorney General Wayne Stenehjem. “We need to create more housing now for the individuals and families that are the lifeblood of our continued economic growth.”

Contributors can target their contributions to a specific project, or a specific community or area so their funds help build affordable rental housing in their community.

“Every dollar counts in affordable housing development,” said Agriculture Commissioner Doug Goehring. “This fund can get much needed projects built while offering a unique way for individuals and businesses to make an impact in their communities.”

The HIF was created during the 2011 Legislative Assembly, and is administered by NDHFA. During the recent Special Legislative Session, the fund’s credit authority was increased from \$4 million to \$15 million.

NDHFA’s amendments to the HIF plan set aside 90 percent of the credit authority for use in disaster- and energy-impacted areas, allowed for the substantial rehab of existing rental units damaged by disasters, and increased the cost caps for construction of new units. Other changes allow projects to qualify for more funding if units are provided for extremely low-income households and tenants that require supportive services.

“North Dakota needs safe, decent and affordable housing for our workers, families and seniors,” said Mike Anderson, NDHFA executive director. “The program builds public-private partnerships that are vital to successful affordable housing projects.”

To date, NDHFA has issued two conditional commitments for allocations under the HIF program totaling \$464,000 – one supports the construction of a 12-unit property in Crosby and the other fills a funding gap on a 32-unit project in Minot. Project proposals are reviewed quarterly. The next application deadline is Dec. 31, 2011.

More information on the Housing Incentive Fund is available at [www.ndhousingincentivefund.org](http://www.ndhousingincentivefund.org) or by contacting NDHFA’s Planning and Housing Development Division Director Jolene Kline at [jkline@ndhfa.org](mailto:jkline@ndhfa.org), (701) 328-8080, (800) 292-8621, or (800)366-6888 (TTY).

The Industrial Commission of North Dakota, consisting of Governor Jack Dalrymple, as chairman, Agriculture Commissioner Doug Goehring and Attorney General Wayne Stenehjem, oversees the NDHFA.

- 30 -

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# HOUSING INCENTIVE FUND TALKING POINTS

## **BACKGROUND**

- The Housing Incentive Fund (HIF) was created in SB 2210 which was passed by the 62<sup>nd</sup> Legislative Assembly and signed into law by Gov. Dalrymple on April 26, 2011. Its purpose is to assist in the development of affordable multifamily housing.
- The legislation was advanced by the Housing Alliance of North Dakota (HAND) and the Economic Development Association of North Dakota (EDND).
- HIF is administered by the North Dakota Housing Finance Agency (NDHFA).
- HIF is authorized through the 2011-13 biennium.
- Upon request, NDHFA will report to the Industrial Commission on activities of the HIF.
- During the November 2011 special legislative session, changes were made to the program to accelerate the ability to claim the credits and to increase the tax credit authority from \$4 million to \$15 million.

## **HOW HIF WORKS:**

### **TAX CREDITS**

- The HIF is capitalized by contributions from state income and financial institution taxpayers. Contributors will receive a dollar-for-dollar tax credit that may be fully claimed in the year the contribution is made.
- In the event tax liability is less than the contribution amount, the taxpayer has up to 10 tax years to completely exhaust their credits.
- Individuals, corporations and financial institutions are eligible to receive credits for contributions to the HIF. Within 30 days of receipt of a contribution, NDHFA will issue a tax credit certificate to the contributor and the Tax Commissioner.
- Contributions may be made on a project-specific or general pool basis.
- Tax credits are limited to \$15 million and are on a first-come, first-served basis.
- The tax credits are not transferrable and may only be used by the taxpayer making the contribution.

## **HOW HIF WORKS:**

### **ALLOCATING THE FUNDS**

- NDHFA is required to establish an allocation plan through a public hearing process. Final approval of the allocation plan is made by the Industrial Commission.
- Net Allocations from the HIF for a single eligible project (comprised of one or more buildings) and that receives no other equity under the 9 percent federal Low Income Housing Tax Credit program or the federal Historic Preservation Tax Credit program will be limited to the lesser of the equity required to secure project financing and make the project feasible or \$1 million.
- If a minimum of 10 percent of the total project is income and rent restricted for households at or below 30 percent Area Median Income (AMI) or the project is designed to serve populations requiring permanent supportive services, the project maximum would be \$1.5 million or 40 percent of the cost of construction.

- If a project has received a federal tax credit allocation, the amount of HIF funds allocated is limited to \$200,000 unless the project is in a difficult-to-develop area and can demonstrate an appraisal gap in which case it is eligible for up to \$300,000; or unless the project serves populations requiring permanent supportive services in which case it is eligible for up to \$400,000. Assistance to federal tax credit projects is limited to no more than 30 percent of the total project costs.
- Assistance from HIF is in the form of a loan with terms determined on a case by case basis to achieve project feasibility.
- At least 25 percent of the fund must be used in developing communities of less than 10,000 people to address an unmet housing need or to alleviate a housing shortage.
- At least 50 percent of the fund must be used to benefit households at 50 percent or less of area median income.
- Ninety percent (90%) of the fund is set aside for oil or flood impacted areas.
- Eligible housing projects include new construction of multifamily housing; substantial rehab of uninhabitable residential structures that create additional housing units; or the adaptive reuse of existing non-residential buildings that create additional housing units.
- Eligible users include local, state and tribal entities, as well as non-profit and for-profit housing developers. Individuals may not receive direct assistance from the fund.
- Successful applicants will be issued a 60-day conditional commitment during which time they will be required to meet certain benchmarks including soliciting contributions into the HIF. Upon satisfactory review of these items, a financial award will be issued.
- Housing projects assisted by HIF must have at least 20 percent of the units targeted to low- and moderate-income households.
- HIF assisted units are income and rent restricted to the target income ranges.
- Repayment or recapture of HIF funds will be required. Repaid or recaptured funds will be reallocated to other eligible projects.

### **KEY MESSAGES**

- Contributions to the HIF are an investment in your community and its future.
- Contributions to the HIF stay here to better our North Dakota communities by helping finance safe, decent and affordable housing for the state's workers, families and seniors.
- Contributions unlock the door for other funding. The HIF helps leverage other private, local, state and federal resources for housing development.
- Local housing projects stimulate the economy and create jobs.
- Contributions to HIF make all the difference. There is no state appropriation to the Housing Incentive Fund so it is up to donors to make the program work. Without contributions, there is no Housing Incentive Fund.
- The HIF helps strengthen communities by providing affordable housing choices for all of its residents.