
AGENCY OVERVIEW**473 ND Housing Finance Agency****Date:** 12/23/2014**Time:** 12:59:05

Statutory Authority

North Dakota Century Code Chapter 54-17.

Agency Description

North Dakota Housing Finance Agency is a public financial institution established to develop and administer affordable housing finance and assistance programs for eligible parties.

Agency Mission Statement

NDHFA's mission is to make housing more affordable for North Dakota's low and moderate-income residents by providing financing, management, information and other appropriate assistance.

Agency Performance Measures

NDHFA is audited annually by an independent auditing firm. This past year the Agency received a clean, unqualified financial audit opinion and further there were no findings stated in the audit report.

Moody's Investors Service analyzes the NDHFA bond issue debt outstanding and has issued an Aa1 rating for the Agency's 1994 General Bond Resolution, which at the present time has \$363,615,000 in bond debt outstanding. Moody's issued an Aa3 rating for the Agency's 2009 General Bond Resolution, which at the present time has \$206,115,000 in bond debt outstanding. Aa1 is the second highest letter grade rating assigned by Moody's and is considered a very strong financial rating by the national financial markets.

Moody's also has assigned an A2 issuer rating to the NDHFA which is an Agency general debt rating.

Major Accomplishments

1. Funded more than \$2.70 billion (38,411) in home loans.
2. Administered rental assistance and compliance oversight for 3,397 Housing and Urban Development (HUD) and 5,250 Low Income Housing Tax Credit (LIHTC) affordable apartment units.
3. Assisted in the development of 6,428 LIHTC rental units.
4. Administered the housing incentive fund, which has committed just under \$50.4 million of the authorized funds, adding 1,512 units of much needed affordable housing.
5. Undertook an update of the Statewide Housing Needs Assessment to give local and state leaders accurate information to formulate housing plans.
6. Continued to partner with rural communities to help identify housing shortages and challenges and work toward effective planning.
7. Continued to partner with rural communities to help identify housing shortages and challenges and work toward effective planning.

Future Critical Issues

1. Maintaining sufficient levels and sufficient financial resources necessary to support program demands and bond covenants.
2. Preserving the federal Low Income Housing Tax Credit and tax exempt Mortgage Revenue Bond (first time homebuyer) program under any form of federal tax reform legislation.
3. Potential changes in Federal housing policy and programs, such as a shift in administrative responsibilities to the state level and shrinking federal funding.
4. Adapting housing policy and redirecting housing resources to North Dakota's changing population demographics.
5. Finding solutions to North Dakota's growing affordability gap and rural value gap.
6. Addressing the growing shortage of affordable housing particularly in the oil and gas impact areas of the state.
7. Preserving the state's affordable housing inventory in areas of high housing demand.
8. Find and direct resources to preserving the state's aging housing stock.

In previous appropriation budgets, NDHFA has had the following section incorporated into its budget to facilitate the utilization of unanticipated additional revenue. In addition to the amount appropriated the Housing Finance Agency in subdivision of section 1 of the Act, there is hereby appropriated any additional or unanticipated income

AGENCY OVERVIEW**473 ND Housing Finance Agency**

Date: 12/23/2014**Time:** 12:59:05

from federal or other funds which may become available to the Agency for the biennium beginning July 1, 2015. Accordingly, the Agency is submitting this budget in its entirety, which includes the additional paragraph.

REQUEST SUMMARY

473 ND Housing Finance Agency

Bill#: HB1014

Date: 12/23/2014

Biennium: 2015-2017

Time: 12:59:05

Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
By Major Program					
ND Housing Finance Agency	39,889,848	57,907,491	(20,823,255)	37,084,236	0
Total Major Program	39,889,848	57,907,491	(20,823,255)	37,084,236	0
By Line Item					
Salaries and Wages	6,008,646	7,434,877	(125,696)	7,309,181	0
Accrued Leave Payments	0	147,806	(147,806)	0	0
Operating Expenses	3,422,299	3,791,758	(47,483)	3,744,275	0
Grants	29,467,640	31,033,050	(5,102,270)	25,930,780	0
HFA Contingency	0	100,000	0	100,000	0
Federal Stimulus Funds 2009	991,263	0	0	0	0
General Fund Transfers	0	15,400,000	(15,400,000)	0	0
Total Line Items	39,889,848	57,907,491	(20,823,255)	37,084,236	0
By Funding Source					
General Fund	0	15,400,000	(15,400,000)	0	0
Federal Funds	28,531,808	26,177,975	(950,195)	25,227,780	0
Special Funds	11,358,040	16,329,516	(4,473,060)	11,856,456	0
Total Funding Source	39,889,848	57,907,491	(20,823,255)	37,084,236	0
Total FTE	46.00	46.00	0.00	46.00	0.00

REQUEST DETAIL473 ND Housing Finance Agency
Biennium: 2015-2017

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Salaries and Wages					
Salaries - Permanent	4,322,256	5,356,066	(161,290)	5,194,776	0
Overtime	0	19,920	0	19,920	0
Fringe Benefits	1,686,390	2,058,891	35,594	2,094,485	0
Total	6,008,646	7,434,877	(125,696)	7,309,181	0
Salaries and Wages					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	6,008,646	7,434,877	(125,696)	7,309,181	0
Total	6,008,646	7,434,877	(125,696)	7,309,181	0
Accrued Leave Payments					
Salaries - Other	0	147,806	(147,806)	0	0
Total	0	147,806	(147,806)	0	0
Accrued Leave Payments					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	147,806	(147,806)	0	0
Total	0	147,806	(147,806)	0	0
Operating Expenses					
Travel	137,977	165,850	39,745	205,595	0
Supplies - IT Software	26,884	22,000	16,060	38,060	0
Office Supplies	36,955	40,890	(6,040)	34,850	0
Postage	96,364	105,650	9,130	114,780	0
Printing	25,981	27,240	10,460	37,700	0
IT Equip Under \$5,000	52,577	15,200	24,000	39,200	0
Other Equip Under \$5,000	0	2,000	0	2,000	0
Insurance	4,550	4,600	0	4,600	0
Rentals/Leases-Equip & Other	6,051	6,440	1,400	7,840	0
Rentals/Leases - Bldg/Land	447,919	448,538	21,302	469,840	0
IT - Data Processing	119,003	118,600	18,200	136,800	0
IT - Communications	58,512	62,660	(10,320)	52,340	0
IT Contractual Srvcs and Rprs	52,560	64,300	8,990	73,290	0
Professional Development	81,564	96,450	27,420	123,870	0
Operating Fees and Services	1,410,974	2,002,900	(28,310)	1,974,590	0
Fees - Professional Services	385,273	503,440	(74,520)	428,920	0

REQUEST DETAIL473 ND Housing Finance Agency
Biennium: 2015-2017

Bill#: HB1014

Date: 12/23/2014

Time: 12:59:05

Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Interest Expense	479,155	105,000	(105,000)	0	0
Total	3,422,299	3,791,758	(47,483)	3,744,275	0
Operating Expenses					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	3,422,299	3,791,758	(47,483)	3,744,275	0
Total	3,422,299	3,791,758	(47,483)	3,744,275	0
Grants					
Grants, Benefits & Claims	29,467,640	31,033,050	(5,102,270)	25,930,780	0
Total	29,467,640	31,033,050	(5,102,270)	25,930,780	0
Grants					
General Fund	0	0	0	0	0
Federal Funds	27,540,545	26,177,975	(950,195)	25,227,780	0
Special Funds	1,927,095	4,855,075	(4,152,075)	703,000	0
Total	29,467,640	31,033,050	(5,102,270)	25,930,780	0
HFA Contingency					
Other Expenses	0	100,000	0	100,000	0
Total	0	100,000	0	100,000	0
HFA Contingency					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	100,000	0	100,000	0
Total	0	100,000	0	100,000	0
Federal Stimulus Funds 2009					
Grants, Benefits & Claims	991,263	0	0	0	0
Total	991,263	0	0	0	0
Federal Stimulus Funds 2009					
General Fund	0	0	0	0	0
Federal Funds	991,263	0	0	0	0
Special Funds	0	0	0	0	0
Total	991,263	0	0	0	0

REQUEST DETAIL

473 ND Housing Finance Agency
Biennium: 2015-2017

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Time: 12:59:05

Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
General Fund Transfers					
Transfers Out	0	15,400,000	(15,400,000)	0	0
Total	0	15,400,000	(15,400,000)	0	0
General Fund Transfers					
General Fund	0	15,400,000	(15,400,000)	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	15,400,000	(15,400,000)	0	0
Funding Sources					
General Fund	0	15,400,000	(15,400,000)	0	0
Federal Funds	28,531,808	26,177,975	(948,555)	25,227,780	0
Special Funds	11,358,040	16,329,516	(4,473,060)	11,856,456	0
Total Funding Sources	39,889,848	57,907,491	(20,821,615)	37,084,236	0

CHANGE PACKAGE SUMMARY

473 ND Housing Finance Agency
Biennium: 2015-2017

Bill#: HB1014

Date: 12/23/2014

Time: 12:59:05

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
Base Budget Changes						
One Time Budget Changes						
A-E 10 Housing Incentive Fund		0.00	(15,400,000)	0	0	(15,400,000)
A-E 9 Emergency Service Grant		0.00	0	0	(1,500,000)	(1,500,000)
Total One Time Budget Changes		0.00	(15,400,000)	0	(1,500,000)	(16,900,000)
Ongoing Budget Changes						
A-A 3 Rates and Usage		0.00	0	0	(683)	(683)
A-A 4 HUD Grants		0.00	0	(950,195)	(1,264,250)	(2,214,445)
A-A 5 Program Outreach		0.00	0	0	(1,287,825)	(1,287,825)
A-A 6 Agency Loans		0.00	0	0	(146,800)	(146,800)
Base Payroll Change		0.00	0	0	(273,502)	(273,502)
Total Ongoing Budget Changes		0.00	0	(950,195)	(2,973,060)	(3,923,255)
Total Base Budget Changes		0.00	(15,400,000)	(950,195)	(4,473,060)	(20,823,255)

BUDGET CHANGES NARRATIVE

473 ND Housing Finance Agency

Bill#: HB1014

Date: 12/23/2014

Time: 12:59:05

Change Group: A	Change Type: A	Change No: 3	Priority:
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Rates and Usage

Change in NDHFA usage and rates charged by other entities.

Change Group: A	Change Type: A	Change No: 4	Priority:
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HUD Grants

Change in federal funds received.

Change Group: A	Change Type: A	Change No: 5	Priority:
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Program Outreach

Develop and provide technical and financial assistance to North Dakota communities for housing development.

Change Group: A	Change Type: A	Change No: 6	Priority:
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Agency Loans

Costs associated with Agency owned loans.

Change Group: A	Change Type: E	Change No: 9	Priority:
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Emergency Service Grant

Emergency Service Grant for Flood Impacted Areas. Funded through Department of Emergency Services Fund 352 - State Disaster Relief Fund.

Change Group: A	Change Type: E	Change No: 10	Priority:
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Housing Incentive Fund

Remove 2013-2015 General Fund Appropriation for the Housing Incentive Fund.

Change Group: R	Change Type: A	Change No: 100	Priority:
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Executive compensation adjustment package

This budget change provides funding for recommended 2015-17 compensation adjustments.

Change Group: R	Change Type: B	Change No: 1	Priority:
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Housing incentive fund

BUDGET CHANGES NARRATIVE**473 ND Housing Finance Agency****Bill#: HB1014****Date:** 12/23/2014**Time:** 12:59:05

Provides one-time funding of \$20 million from the general fund for a transfer to the housing incentive fund.