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## **AGENCY OVERVIEW**

**473** ND HOUSING FINANCE AGENCY

**Date:** 12/13/2006

**Time:** 09:55:44

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## **STATUTORY AUTHORITY**

North Dakota Century Code Chapter 54 - 17

## **AGENCY DESCRIPTION**

The 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**

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, as has been the case in prior years, 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 \$629,290,000 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 a A2 issuer rating to the NDHFA which is an Agency general debt rating.

## **MAJOR ACCOMPLISHMENTS**

Funded 28,700 home loans at a value of more than \$1.46 billion.

Administered rental assistance for 3,774 affordable apartment units.

Assisted in the development of 4,962 Low Income Housing Tax Credit rental units.

## **FUTURE CRITICAL ISSUES**

NDHFA's budget does not contain any one-time expenditure items.

**REQUEST SUMMARY**

Date: 12/13/2006

473 ND HOUSING FINANCE AGENCY

Bill#: HB 1014

Time: 09:55:44

Biennium: 2007-2009

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
<b>BY MAJOR PROGRAM</b>					
ND HOUSING FINANCE AGENCY	33,043,204	33,910,014	7,300,448	41,210,462	0
<b>TOTAL MAJOR PROGRAMS</b>	<b>33,043,204</b>	<b>33,910,014</b>	<b>7,300,448</b>	<b>41,210,462</b>	<b>0</b>
<b>BY LINE ITEM</b>					
SALARIES AND WAGES	3,622,666	4,413,156	-35,272	4,377,884	0
OPERATING EXPENSES	2,762,437	2,805,578	6,607,200	9,412,778	0
GRANTS	26,658,101	26,591,280	728,520	27,319,800	0
HFA CONTINGENCY	0	100,000	0	100,000	0
<b>TOTAL LINE ITEMS</b>	<b>33,043,204</b>	<b>33,910,014</b>	<b>7,300,448</b>	<b>41,210,462</b>	<b>0</b>
<b>BY FUNDING SOURCE</b>					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	25,756,651	25,421,280	-411,480	25,009,800	0
SPECIAL FUNDS	7,286,553	8,488,734	7,711,928	16,200,662	0
<b>TOTAL FUNDING SOURCE</b>	<b>33,043,204</b>	<b>33,910,014</b>	<b>7,300,448</b>	<b>41,210,462</b>	<b>0</b>
<b>TOTAL FTE</b>	<b>43.00</b>	<b>43.00</b>	<b>.00</b>	<b>43.00</b>	<b>.00</b>

**REQUEST DETAIL**

Date: 12/13/2006

473 ND HOUSING FINANCE AGENCY

Bill#: HB 1014

Time: 09:55:44

Biennium: 2007-2009

Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
<b>SALARIES AND WAGES</b>					
SALARIES - PERMANENT	2,734,410	3,261,485	-41,165	3,220,320	0
TEMPORARY SALARIES	0	0	20,000	20,000	0
OVERTIME	4,344	20,000	0	20,000	0
FRINGE BENEFITS	883,912	1,131,671	-14,107	1,117,564	0
SALARY INCREASE	0	0	0	0	0
BENEFIT INCREASE	0	0	0	0	0
<b>TOTAL</b>	<b>3,622,666</b>	<b>4,413,156</b>	<b>-35,272</b>	<b>4,377,884</b>	<b>0</b>
<b>SALARIES AND WAGES</b>					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	3,622,666	4,413,156	-35,272	4,377,884	0
<b>TOTAL</b>	<b>3,622,666</b>	<b>4,413,156</b>	<b>-35,272</b>	<b>4,377,884</b>	<b>0</b>
<b>OPERATING EXPENSES</b>					
TRAVEL	136,646	152,070	37,530	189,600	0
SUPPLIES - IT SOFTWARE	21,019	22,790	-3,840	18,950	0
OFFICE SUPPLIES	59,093	66,010	6,810	72,820	0
POSTAGE	105,618	134,740	-10,620	124,120	0
IT EQUIP UNDER \$5,000	30,005	29,000	7,000	36,000	0
OTHER EQUIP UNDER \$5,000	2,543	4,000	0	4,000	0
INSURANCE	9,550	6,448	0	6,448	0
RENTALS/LEASES-EQUIP & OTHER	11,893	11,130	300	11,430	0
RENTALS/LEASES - BLDG/LAND	213,846	223,400	9,480	232,880	0
IT - DATA PROCESSING	63,003	86,000	1,000	87,000	0
IT-COMMUNICATIONS	47,696	50,540	26,590	77,130	0
IT CONTRACTUAL SERVICES AND RE	39,663	49,390	-1,260	48,130	0
PROFESSIONAL DEVELOPMENT	88,912	96,770	0	96,770	0
OPERATING FEES AND SERVICES	1,568,940	1,671,720	6,507,800	8,179,520	0
FEES - PROFESSIONAL SERVICES	261,671	201,570	26,410	227,980	0
INTEREST EXPENSE	102,339	0	0	0	0
<b>TOTAL</b>	<b>2,762,437</b>	<b>2,805,578</b>	<b>6,607,200</b>	<b>9,412,778</b>	<b>0</b>

**REQUEST DETAIL**

473 ND HOUSING FINANCE AGENCY  
 Biennium: 2007-2009

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Description	Expenditures 2003-2005 Biennium	Present Budget 2005-2007	Budget Request Change	Requested Budget 2007-2009 Biennium	Optional Budget Request
<b>OPERATING EXPENSES</b>					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	2,762,437	2,805,578	6,607,200	9,412,778	0
<b>TOTAL</b>	<b>2,762,437</b>	<b>2,805,578</b>	<b>6,607,200</b>	<b>9,412,778</b>	<b>0</b>
<b>GRANTS</b>					
GRANTS, BENEFITS & CLAIMS	26,658,101	26,591,280	728,520	27,319,800	0
<b>TOTAL</b>	<b>26,658,101</b>	<b>26,591,280</b>	<b>728,520</b>	<b>27,319,800</b>	<b>0</b>
<b>GRANTS</b>					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	25,756,651	25,421,280	-411,480	25,009,800	0
SPECIAL FUNDS	901,450	1,170,000	1,140,000	2,310,000	0
<b>TOTAL</b>	<b>26,658,101</b>	<b>26,591,280</b>	<b>728,520</b>	<b>27,319,800</b>	<b>0</b>
<b>SPECIAL LINES</b>					
HFA CONTINGENCY	0	100,000	0	100,000	0
<b>TOTAL</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>	<b>0</b>
<b>SPECIAL LINES</b>					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0
SPECIAL FUNDS	0	100,000	0	100,000	0
<b>TOTAL</b>	<b>0</b>	<b>100,000</b>	<b>0</b>	<b>100,000</b>	<b>0</b>
<b>FUNDING SOURCES</b>					
GENERAL FUND	0	0	0	0	0
FEDERAL FUNDS	25,756,651	25,421,280	-411,480	25,009,800	0
SPECIAL FUNDS	7,286,553	8,488,734	7,711,928	16,200,662	0
<b>TOTAL FUNDING SOURCES</b>	<b>33,043,204</b>	<b>33,910,014</b>	<b>7,300,448</b>	<b>41,210,462</b>	<b>0</b>

**CHANGE PACKAGE SUMMARY**

473 ND HOUSING FINANCE AGENCY

Biennium: 2007-2009

Bill#: HB 1014

Date: 12/13/2006

Time: 09:55:44

Description	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<b>AGENCY BUDGET CHANGES</b>					
Cost To Continue	.00	0	0	-35,272	-35,272
1 Program Growth	.00	0	0	1,350,000	1,350,000
2 Inflation	.00	0	0	16,650	16,650
3 ITD Rates and Usage	.00	0	0	27,590	27,590
4 HUD Grants	.00	0	-411,480	-100,000	-511,480
5 Program Ended	.00	0	0	-100,000	-100,000
6 Other	.00	0	0	-25,720	-25,720
7 Operating Fees and Services	.00	0	0	382,170	382,170
8 Program Outreach	.00	0	0	196,510	196,510
9 Housing Priorities	.00	0	0	6,000,000	6,000,000
<b>Agency Total</b>	<b>.00</b>	<b>0</b>	<b>-411,480</b>	<b>7,711,928</b>	<b>7,300,448</b>

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**BUDGET CHANGES NARRATIVE**  
473 ND HOUSING FINANCE AGENCY

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<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 1</b>	<b>Priority:</b>
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Program Growth - Increase in program utilization.

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Increase in program utilization.

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 2</b>	<b>Priority:</b>
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Inflation - Increase in cost over time.

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Increase in cost over time.

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 3</b>	<b>Priority:</b>
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ITD Rates and Usage - Change in NDHFA usage and rates charged by ITD.

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Change in NDHFA usage and rates charged by ITD.

<b>Change Group: A</b>	<b>Change Type: A</b>	<b>Change No: 4</b>	<b>Priority:</b>
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HUD Grants - Change in federal funds received.

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Change in federal funds received.

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 5	<b>Priority:</b>
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Program Ended - NDHFA fulfilled their commitment.

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NDHFA fulfilled their commitment.

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 6	<b>Priority:</b>
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Other - Change in previous utilization projections.

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Change in previous utilization projections.

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 7	<b>Priority:</b>
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Operating Fees and Services - Increase in anticipated Service Release Premium purchased.

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Increase in anticipated Service Release Premium purchased.

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 8	<b>Priority:</b>
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Program Outreach - Develop financial and technical assistance to North Dakota communities for housing development.

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

<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 9	<b>Priority:</b>
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Housing Priorities - Required loan loss for new housing priority programs.

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NDHFA anticipates starting two new programs. The first is the Community Housing Development Assistance Pilot Program that will provide interim financing for predevelopment soft costs, land acquisition, site development. The second is the Housing Rehab and Revitalization Pilot Loan Program for the rehabilitation of either single-family or multi-family properties. The pilot programs are committing three million per year to these programs. The loan payments received from these programs is intended to make new loans under the program thus creating a revolving fund. The loan would have something less than a first lien on real estate and therefore require a reserve for losses. The amount of the loss reserve would likely to be assessed on a loan by loan basis. Currently the agency doesn't have any details as to whom the borrower may be or the potential collateral. Therefore, for budget purposes 100% of the anticipated loans are included in the budget in anticipation of a 100% loan loss reserve.