

2006
NDHFA
Housing
Priorities



2006 North Dakota Housing Finance Agency Housing Priorities

The 2006 Housing Priorities proposal is intended to begin addressing the housing challenges outlined in the Statewide Housing Needs Assessment conducted by the North Dakota State Data Center in 2004. In addition to the needs assessment, these priorities take into account input from major housing professionals in North Dakota, the North Dakota Housing Finance Agency's (NDHFA) staff priorities, and discussions with the Agency's Advisory Board.

NDHFA's goal is to establish priorities that could be successfully completed or have measurable successes within one to two years. Each priority has more than one initiative listed. Where appropriate, a working group will be created to assist in refining listed initiatives when necessary to achieve targeted results; defining additional initiatives along the way; and to play a role in accomplishing the initiative(s) themselves. Working group members will be selected by the NDHFA with consultation from our Advisory Board and other housing professionals.

It is anticipated the core working group participants will include, but not be limited to, representatives from NDHFA, North Dakota Department of Commerce-Division of Community Services, USDA Rural Housing, Housing and Urban Development, Fannie Mae, the North Dakota Indian Affairs Commission, and CommunityWorks North Dakota. Individual working groups may vary depending on the initiative.

The priorities are listed in order of importance, with number one being the most important. The initiatives under each priority were also ranked with the first objective listed given the highest priority. The NDHFA does not have the capacity to take on each and every objective from the onset. The Agency intends to begin working on the initiatives with the highest priority first. Other initiatives will be worked on as time and resources become available. An annual review and update of the housing priorities will be made.

1. Expanding New Housing for Developing Communities

Many medium and small (rural) communities are experiencing a shortage of housing mostly due to, but not limited to, economic successes. These communities lack the resources necessary to be able to define their specific housing needs, develop necessary housing projects, or see a housing project through completion. Additionally, many lack the financial resources to keep the housing affordable, attract developers, or overcome certain financial and value gap. NDHFA staff has identified several initiatives upon which the Agency could focus.

Technical Assistance This would involve three related efforts. The first would be to create models or schematics for the appropriate process. These models or schematics could assist each community with creating its own blueprint for determining and addressing its housing needs. The second effort would be to organize a Statewide Technical Assistance Team (STAT team) that would: 1) Go on-site to assist a community in developing its blueprint, 2) Continue to provide necessary support throughout the process, and 3) Develop a proactive educational forum or forums to orientate all communities on anticipating their housing needs.

Financial Gap Most rural communities lack affordable funding resources for project start-up costs, site development, construction, etc. A low interest bridge/interim loan program could be created to assist in the development and construction of affordable housing in rural communities. The loan would be repaid as the homes are sold (single family) or permanent financing is closed (multifamily).

Rural Value Gap Previous efforts to solve rural value gap have been largely unsuccessful. There is no easy solution for the gap between the cost of creating and the market value of rural housing. Compromises in underwriting standards with respect to the property can have some measurable success as long as there is a viable secondary market for the first mortgage loans. NDHFA will explore expanding secondary market options.

2. Housing for the Aging Population

There are several possible avenues to be considered with respect to elderly housing. They included:

Owner-Occupied Aging In Place Many seniors prefer to remain in the homes they own. However, they may lack a monthly income for this to be a viable option. There have been several inquiries recently about Reverse Equity Mortgages, including lenders asking if the NDHFA could offer such a program. These mortgages, utilizing the homeownership equity, can provide a monthly income to the elderly homeowner. The Agency will explore the feasibility and demand for a Reverse Equity Mortgage program.

Empty Nesters Also referred to as pre-elderly or pre-retirement, these households are often looking at life-style changes that involve changing their housing situation. This may mean downsizing and/or different housing environment such as condo/townhouse or rental unit. If the housing they are looking for is not available, they may move out of their current community or even out of state. NDHFA will explore what role it could play in developing a housing niche for empty nesters.

Assisted Living There continues to be a debate as to whether there are enough beds for those in need of assisted living. NDHFA will explore what role it could play in encouraging the creation of additional affordable capacity. There has been some success in using the Low Income Housing Tax Credit (LIHTC) program in this venue, although bringing in services seems to be the biggest hurdle.

Congregate Housing Like assisted living, congregate housing could play a significant role in meeting the state's growing demand for elderly housing. The Agency will explore what role it could play in developing affordable congregate housing.

3. Aging Housing Stock

Due to the challenges of building new housing, rural areas of the state are forced to continue to rely heavily on existing aging housing stock. Much of this housing needs to be updated and/or maintained in order to remain viable. There are several avenues to be considered with respect to rehabilitation/revitalization of the state's housing stock.

Single Family NDHFA will explore expanding and making more accessible our special rehab programs — Helping HAND, RAP, and HARP. Additional funds will be dedicated to our single family program with an emphasis on lower income households. In addition, the Agency will explore creating a revolving low interest rehab loan program for moderate income households that could be either soft second and/or amortizing mortgages.

Multifamily The LIHTC program currently has a ten percent set-a-side for preservation of existing affordable housing properties. The Agency will explore whether this set-a-side is sufficient. Also like for single family, the NDHFA could explore creating a revolving low interest rehab/revitalization loan program for rehab projects for affordable multifamily housing projects. It has also been suggested that some of these rural projects could become more viable if converted to other uses, such as assisted living facilities.

4. Native Americans

Housing on the state's Indian reservations has been called an anomaly. Although some of them are realizing significant successes in creating housing for tribal members, others continue to struggle to make progress. All have a long way to go in meeting their housing needs. One could argue there is not sufficient funding for Native American housing needs, but resources that are or could be available to the reservations are plentiful. Therefore, in addition to the initiatives undertaken to provide housing assistance in other parts

of the state, an emphasis will be placed on providing technical assistance that will aid the tribes in more efficient and timely resource utilization.

Technical Assistance The Agency will explore a technical assistance initiative similar to the suggestion in priority number one.

Education The broad observation is that there continues to be a significant need not only for homebuyer education, but for financial literacy in general within the state's reservations. If this remains true, the Agency should posture itself and offer necessary resources and services to substantially address this shortcoming.

5. Homelessness Including Ex-Criminals

Even though this priority is an activity NDHFA is already involved in, because it is ranked high in the priorities listed in the needs assessment, it is articulated in the NDHFA's 2006 Housing Priorities. The Agency's efforts with respect to this priority will be to continue to actively participate in the current initiatives already in progress and to be committed to support whatever initiatives come out of these groups. Current initiatives include:

Governor's North Dakota Interagency Council on Homelessness NDHFA is an active participant in the Council which is charged with creating a ten-year plan for eliminating chronic homelessness. One of the initiatives being discussed by the Council that is gaining broad support is the creation of a statewide Housing Trust Fund that would supply critical funding resources to this effort, as well as similar needs involving other special populations. Although the Agency should not take the lead on lobbying for a trust fund, it could provide support and resources for that effort.

Transition From Prison to Community Initiative A committee, including an NDHFA staff person, has been meeting and discussing the problem of preventing ex-criminals from becoming homeless upon release from prison. These individuals have difficulty finding employment and, depending on the nature of their crime, are not eligible for assisted housing.



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