

North Dakota Housing Incentive Fund

Frequently Asked Questions

What is the Housing Incentive Fund?

The Housing Incentive Fund (HIF) was authorized by the Legislative Assembly in 2011 to close the gap in financing of affordable housing that would otherwise not be feasible. The HIF will help provide funding for multifamily projects targeted to low and moderate income families and in developing rural communities.

Where does the money come from?

The HIF is capitalized by contributions from taxpayers in exchange for a tax credit. The fund receives no state general fund dollars and relies solely on contributions from taxpayers.

How do the tax credits work?

Taxpayers receive a credit against their state income or financial institutions tax liability equal to their contribution to the HIF. The credits are claimed in the tax year that the contribution was made. If a taxpayer can't use the entire tax credit in the first tax year, it may be carried forward for up to 10 tax years. Once a contribution is received, North Dakota Housing Finance Agency (NDHFA) will issue a tax credit certificate to the contributor and the Office of the Tax Commissioner.

Who can contribute to the HIF?

Any individual, business or financial institution with a potential state tax liability under NDCC § 57-38-30, 57-38-30.3 or 57-35.3-03 is eligible to contribute. As set out in North Dakota state statutes, the tax credits earned for contributions by financial institutions are able to be applied only to the 3/13ths portion of that tax liability which goes to the state general fund and are payable to the Tax Commissioner by April 15 of the year in which the return is due. A government entity or a tax-exempt organization is not precluded from making a contribution to the HIF, however no tax credit certificate will be issued.

What is the deadline for contributing to HIF?

Contributions must be received by the HIF no later than December 31, 2011, to be eligible to receive a 2011 tax credit. To receive a 2012 tax credit, contributions must be received by December 31, 2012. Tax credits will be issued to contributors on a first-come, first-served basis until the \$15 million maximum threshold is reached.

What if I have already paid my state taxes, can I still support HIF?

Wage earners who fulfilled their state income tax obligation through payroll deduction and businesses and others who made their tax payments for the year before contributing to HIF will receive a tax refund from the state when they file their state tax return and include a HIF tax credit certificate.

Can I sell my tax credits to another taxpayer?

No. The tax credits are not transferrable and must be used by the taxpayer

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who makes the contribution. Passthrough entities like partnerships, limited liability companies, S corporations and limited partnerships must pass the credit through to the owners based on their respective ownership interest.

Why should I contribute to the HIF?

The Housing Incentive Fund is all about helping build needed housing that would likely not otherwise be built. A contribution to HIF assists worthy housing projects in your area. A contribution to HIF has a direct benefit in building safe, decent and affordable housing that helps communities prosper and grow.

Can I direct where I want my contribution to go?

Contributors may express a preference that their contribution benefit a specific eligible housing project. Allocations to projects depend on many factors and NDHFA will use its best efforts to fulfill the contributor's preferences. If a project does not meet the conditions of the program or does not come to fruition, contributions will be directed to other eligible projects. Once a contribution is received into the fund, it is not refundable.

How does HIF help my community?

The housing projects that are eligible for an allocation from HIF help create additional multifamily housing units that are affordable to individuals and families of modest means. Half of the funds are set aside to create housing for households with an income at or below 50 percent of the area median income. A quarter of the fund is reserved for communities with a population under 10,000 people and have unmet housing needs. The HIF program is meant to help make stronger communities by providing affordable housing choices for all of its residents.

Can I use HIF for my single family home?

No. The Legislature limited HIF to multifamily housing facilities which are defined as four or more units. Eligible users of HIF funds include local, state and tribal entities, as well as non-profit and for-profit housing developers. Individuals may not receive an allocation from the fund.

Where can I get more information about HIF?

More information about the Housing Incentive Fund is available on the Internet at www.NDHousingIncentiveFund.org or by contacting NDHFA.

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