

2006 NDHFA Housing Priorities Progress Report - One Year Later

The 2006 Housing Priorities were adopted by the North Dakota Housing Finance Agency (NDHFA) to begin addressing the challenges outlined in the Statewide Housing Needs Assessment published in 2004. The Agency's goal was to establish priorities that could be successfully completed or have measurable successes within one to two years. This is a progress report on the priorities and the various initiatives taken on by NDHFA one year later.

During much of the past year, NDHFA has concentrated on creating the necessary infrastructure required to successfully address the priorities. There are three components to this infrastructure.

The first component involved NDHFA reorganization and staffing changes. A Planning and Housing Development Division was created and staffed with two new and one reassigned positions. The new positions are the division director and the Native American housing coordinator. The housing tax credit coordinator position was renamed the housing development officer and was assigned to the new division. In addition, the Agency is in the process of adding a technician level position. All the new positions are being filled with authorized unfilled FTE's.

In order to provide flexibility to react to individual community and special populations' housing needs, the second component of infrastructure was to expand NDHFA's mission. Accordingly, the Agency proposed legislation during the recent legislative session. There were three key elements to the legislation. First, it would allow NDHFA to target its programs beyond low- and moderate-income to include assisting developing communities meet a housing need or shortage. The second element would allow the NDHFA to provide financial assistance for land development intended for residential property. The third element allows NDHFA the option of providing loan guarantees. This legislation was included in a much larger economic development bill introduced by the Legislative Council's Economic Development Committee and was successful.

The third component of infrastructure was to increase NDHFA's budget to include funding for the new programs and initiatives being contemplated. The proposed 2007-2009 Biennium Budget included an additional \$7.6 million for priority initiatives. Most notable among the items for the increase were a \$6 million loan loss provision for two new loan programs for housing development and rehab, and a \$1.35 million increase for existing Agency sponsored grant programs and anticipated new grant programs. The budget proposal was also successful during the recent legislative session.

The five priorities and activities to date are as follows:

Expanding New Housing for Developing Communities

Many rural communities are experiencing a shortage of housing mostly due to, but not limited to, economic success. These communities do not have the resources necessary to define specific housing needs and lack the expertise to get housing projects started. In addition, they do not have the financial resources to keep the housing affordable, attract developers or overcome value gaps.

Update: Staff has been working on this priority from three directions – providing technical assistance, addressing financial gaps and minimizing rural value gap. The first step was to create a Statewide Technical Assistance Team (STAT) and develop a STAT program. The

STAT program and team, whose membership consists primarily of representatives from nine federal, state and non-profit agencies, was formally announced at the 2007 Statewide Housing Conference in March. The program assists local communities in defining housing needs, developing a housing strategy for addressing the needs, locating the necessary technical and financial resources, and carrying out the strategy initiatives.

As part of the STAT program, NDHFA is currently conducting regional roundtables across the state. The message delivered during these roundtables includes the virtues and mechanics of doing a housing market/demand analysis as the first step, programs and resources currently available, and the STAT program commitment to providing technical assistance throughout the process. Thus far, events have been held in Stanley, Cooperstown, New England, Beulah and Rugby. Others are being planned. Fifty communities have participated in the roundtables, and they have been rated as an excellent preface to starting to address community housing needs.

To encourage the market/demand analysis, NDHFA created a Housing Market Survey Grant program and committed \$50,000 of Agency reserves to the program. These are cost sharing grants, 50 percent not to exceed \$5,000, to pay for a formal housing study (the \$5,000 maximum can be waived on studies involving multiple communities). To date, approximately \$23,000 of the funds have been committed or disbursed. In addition, grant applications from five other communities are pending.

With respect to the financial gap, NDHFA created the Rural Community Housing Development Loan program. This is a one-year pilot program that will provide four (4) percent interest bridge loans the proceeds of which can be used for predevelopment costs, land acquisition and site development costs in communities of 20,000 or less population. The lower interest cost serves to reduce the overall cost of new construction by lowering the cost of raw land development. In addition, by putting land for housing development into service, communities enhance their ability to attract developers and builders. NDHFA committed \$2 million of its reserves to the program. There have been no loan commitments to date.

With respect to the rural value gap, NDHFA has entered into a purchase agreement with CommunityWorks North Dakota (CWND) to buy up to \$1 million of its DREAM Fund loan portfolio. Many of the loans to be purchased are second mortgages, the proceeds of which were used to finance down payment assistance and value gap. This purchase will expand CWND's capacity to provide value gap assistance by replenishing the DREAM Fund. An initial purchase under this agreement is anticipated later this year.

Housing for the Aging Population

Several avenues being considered with respect to elderly housing include owner-occupied aging in place, alternative housing for empty nesters, and what role NDHFA can play in developing assisted and congregate housing.

Update: An initial step to address alternative housing included adding elderly families and individuals as eligible households under NDHFA's HomeAccess program. HomeAccess provides a waiver of the first-time homebuyer requirement of the FirstHome™ program. The FirstHome annual income and acquisition cost limits still apply.

With respect to aging in place, NDHFA has looked at several Reverse Equity Mortgage (REM) products currently being offered. These products were reviewed with AARP and the North Dakota Department of Human Services – Division of Aging Services. Although a REM program has potential, the monthly income may interfere with other assistance being received by low-

income households such as Medicaid, food stamps, fuel assistance, etc. Thus, a program may only be beneficial to moderate or higher income households. NDHFA is continuing to study the feasibility and demand for a REM program.

Other alternative housing situations being considered include the promotion of cooperative housing; what role the Agency can play in enhancing essential function bond projects; and a closer look at the feasibility of using LIHTC to develop assisted living facilities.

Aging Housing Stock

Due to the challenges of building new housing, rural areas are forced to continue to rely heavily on existing aging housing stock. Much of this housing needs to be updated and maintained in order to remain a viable alternative to new construction.

Update: The FY2007 funding for the Helping Housing Across North Dakota (Helping HAND) program was increased from \$250,000 to \$450,000. The program is funded utilizing Agency reserves. Helping HAND provides rehab/repair grants to households with income less than 80% of the HUD median. The funds can be used for both single- and multi-family housing.

The FY2007 funding for the Rehab Accessibility Program (RAP) was increased from \$25,000 to \$50,000, and recently a funding increase from \$50,000 to \$100,000 was approved for the FY2008 RAP program. The program is funded utilizing Agency reserves. RAP provides accessibility improvements to disabled households with incomes less than 80 percent of the HUD median. RAP funds can be used for both single- and multi-family housing. In addition, NDHFA streamlined the process and expanded outreach and marketing of the program. As a result, use of the program has substantially increased.

Finally, the Agency created the Rural Housing Rehab Loan program. The program is a one-year pilot program that will provide four (4) percent interest loans for rehab of single- or multi-family housing located in communities of 20,000 or less population. NDHFA has committed \$1 million of its reserves to the program. Three loans to rehab multi-family projects are currently being processed and are expected to close in the next few weeks.

Native Americans

Housing on North Dakota's Indian reservations has been called an anomaly. Although some of the reservations are realizing 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.

Update: The Agency created a new Native American Housing Coordinator position. The position is responsible for developing and maintaining relationships between NDHFA and tribal governments, as well as provides technical assistance in identifying housing needs, devising strategies, developing housing projects and finding resources. The position was filled utilizing an authorized unfilled FTE earlier this year.

Initial activity of the coordinator has been to initiate meeting with each of the tribes and take inventory of their most critical needs. A Plan of Action has been developed that includes

developing tribal area profiles, education on predatory lending, addressing homelessness, and assisting with water infrastructure. (See Addendum A for more details.)

Homelessness Including Ex-Criminals

Agency goals under this priority are to continue to actively participate in current initiatives already in progress. Those include participation in the Governor's North Dakota Interagency Council on Homelessness (the "Council") and the Transition from Prison to Community Initiative.

Update: The Governor appointed NDHFA's executive director to the Council while the 2006 Housing Priorities were still being drafted. Shortly thereafter, the executive director accepted the chairmanship of the Council. The Council's mission is to develop a statewide 10-year plan to end long-term homelessness. Since the Council's efforts do encompass the prison transition issue, the aforementioned initiative has been mostly inactive.

Last year, to assist the Council's efforts, NDHFA created the Homeless Technical Assistance Grant program and committed \$52,000 of NDHFA reserves to the program. The grants provide funding to communities and Indian Reservations to help pay the costs of developing local 10-year plans. The program was targeted to the eight largest communities, excluding Fargo as they had already adopted their plan, and the five Indian reservations. Seven communities and three reservations have applied for a grant or have indicated their intent to do so.

NDHFA also committed \$4,000 of its reserves to the North Dakota Coalition of Homeless People to pay for their analysis of point-in-time survey data. This data will be used by aforementioned communities and Indian areas in developing their local plans.

Any further action on this priority by NDHFA will be commensurate with initiatives coming out of the individual communities and the Council's 10-year plan.

Proposed Plan of Action for Native American Communities

Addendum A of the North Dakota Housing Finance Agency's
2006 Housing Priorities Progress Report – One Year Later

Profiles of North Dakota tribal areas: Ft. Berthold, Turtle Mountain, Spirit Lake, Standing Rock, Sisseton-Wahpeton and Trenton. Gather, collect and compile the housing data into comprehensive document. Work with Richard Rathge of the North Dakota State Data Center, Fargo, and Dr. Laura Appelbaum, University of Colorado.

- *Obtain CIHAND/tribal housing support for project.
- *Contact Rathge and Appelbaum for involvement and discuss what data is available.
- *Develop timeframe for collection and completion of document.
- *Develop a survey instrument.
- *Identify data collector(s) in each tribal area.

Predatory Lending: Follow up with Fannie Mae on previous initiatives to form a working group on predatory lending issues in North Dakota. Several past meetings were coordinated with respective entities that had an interest in promoting legislation to curb/eliminate predatory lending, creating awareness and educating the public through publications, meetings, workshops and conferences.

- *Encourage Tribes to make issue a priority, obtain CIHAND support.
- *Develop a timeframe for conducting research.
- *Identify resources, i.e. HUD, ACORN, Freddie Mac, Fannie Mae, etc.
- *Discuss with CIHAND the idea of developing a tool kit, booklet, and other materials.
- *Discuss developing individual tribal campaigns or a statewide campaign.
- *Develop appropriate campaign.
- *Develop informational training workshop, identify presenters, resource materials, etc.
- *Discuss the designation of HUD approved tribal housing counseling agencies.

Homeless: All tribal areas have a large undercounted homeless population; however, due to the uniqueness of each tribal community, HUD's definition of homeless does not apply. Many native families will share their homes with others so the homeless don't have to sleep in their cars, on the street, etc, but because they are given shelter, these individuals are not classified as homeless according to national definition.

- *Encourage tribes to make issue a priority, obtain CIHAND support.
- *Increase awareness of homeless in the tribal areas.
- *Increase tribal participation in the point-in-time surveys.
- *Conduct tribal door-to-door surveys.
- *Maintain involvement with ND Coalition for the Homeless.
- *Identify causes of homeless.
- *Identify resources to address homeless.
- *Develop community committees to be advocates for homeless.
- *Assist committee on plans to eliminate homelessness.

Water Infrastructure: Tribal communities are in need of available water resources at affordable costs. Currently those tribal communities obtaining their water from the Missouri River, and those with piping through the NAWS project are paying high cost utility rates and many are without a sufficient water supply.

*Develop a committee for purposes of obtaining legislation to appropriate state dollars for an adequate water infrastructure provided at an affordable cost to tribal entities and individual customers.

Veterans: Tribal communities have the largest ethnic population of tribally enrolled members in the armed forces, yet available resources only trickle to the reservation areas leaving many veterans without satisfactory medical care, housing, transportation and other benefits.

*Encourage veterans to organize, or at the very least be active in the veteran's associations.

*Encourage veterans to enroll for benefits.

*Establish network where veteran information will be shared.

*Request Veteran's Administration (VA) staff to regularly schedule visits to reservation areas.

*Coordinate with other service providers for transportation and medical services.

*Provide information on VA Native American Housing Loans.

*Request VA staff to assist with housing loan packaging.