# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>From the Executive Director</td>
<td>2</td>
</tr>
<tr>
<td>2018 Highlights</td>
<td>3</td>
</tr>
<tr>
<td>Homeownership</td>
<td>4</td>
</tr>
<tr>
<td>Multifamily Development</td>
<td>6</td>
</tr>
<tr>
<td>Multifamily Oversight</td>
<td>10</td>
</tr>
<tr>
<td>Agency Funded Programs</td>
<td>11</td>
</tr>
<tr>
<td>Industrial Commission and Advisory Board</td>
<td>13</td>
</tr>
</tbody>
</table>

Front cover top to bottom: Grace Garden, West Fargo; Crystal Bailly, Grand Forks homeowner; Park South, Minot.
North Dakota Housing Finance Agency (NDHFA) is a self-supporting and mission-driven state agency dedicated to creating and sustaining decent, safe and affordable housing for all North Dakotans. We manage the risks within our role in the housing finance system by leveraging tools and resources that align with our mission. Whether by enabling wealth creation through homeownership or facilitating the availability of safe and affordable rental housing, NDHFA ensures access to and continuity across the state’s housing market.

As the demographics of North Dakota’s communities evolve, it is important to ensure that lower-wage, first-time, and/or minority borrowers who are generally less able to qualify for conventional mortgage products still have access to homeownership opportunities. Additionally, it is important to serve individuals and families with dignity as their housing needs change.

It has been almost 20 years since NDHFA last assembled a formal annual report. During the lapse, we continued to work with our partners across the state to develop new and refine existing housing initiatives, and it is time for the agency to again tell its story.

Through five core priorities NDHFA serves the citizens of North Dakota and our business partners.

**Homeownership**

Robust financing system accomplished through public-private partnerships with local lenders, real estate agents, homebuilders, and community organizations. In-state, personalized loan servicing elevates citizen success.

**Rental Housing**

Regulatory oversight and administration of federal rental subsidies to project owners on behalf of low-income households, while maintaining compliance with U.S. Department of Housing and Urban Development (HUD) income, rent and habitability standards.

**Gap Financing**

Allocating federal and state dollars to projects that meet housing needs unique to each local community. Agency created and funded competitive grant and loan programs are focused on housing needs that cannot be addressed without supplemental funding.

**Collaboration**

Breaking down silos by working in partnership with local communities, state, tribal and federal entities, and non-profit and faith-based organizations to help alleviate housing shortages.

**Homeless/Underserved**

Bridging state, federal and local entities and resources to address short-term and chronic homelessness by focusing on youth, recidivism and aging in place, with the intent of providing upstream services to citizens in need.
2018 HIGHLIGHTS

Homeownership Breaking Records

NDHFA’s loan production was 134 percent higher in 2018 than the previous year. Activity peaked in May when NDHFA received 246 reservations for $41.5 million in financing. The agency’s staff attributes some of the increased demand to the interest rates it was able to offer this past year. NDHFA hired additional staff to process the loans and manage the growing loan servicing portfolio.

Roots Income Limits Increased

The North Dakota Industrial Commission approved an income limits increase for North Dakota Roots, a program that provides affordable financing and down payment and closing cost assistance to households who may have previously owned a home and first-time buyers whose income exceeds the limits of NDHFA’s FirstHome™ program.

Opening Doors Launched

Households with poor credit, a history of evictions or a criminal record will be aided in securing housing with a landlord risk mitigation fund which encourages property owners to lease apartments to individuals and families who may not meet standard rental criteria. Participants are covered for up to 18 months. During that time, the landlord may receive compensation for damages or lost rent claim coverage for up to $2,000. Opening Doors is a joint effort between NDHFA and North Dakota Department of Human Services.

Construction Loan Guarantee Enhanced

Rural communities with a population under 35,000 that are struggling to meet the demand for affordable single-family housing can leverage NDHFA’s Construction Loan Guarantee program receiving up to $500,000 per community or per contractor. Prior to the change the program limited the number of loans guaranteed to no more than three per contractor and five per community. The change allows lenders to work with builders to determine the balance between construction costs and local demand, taking advantage of the economies of scale that comes with building multiple homes in one location at one time.

Housing Incentive Fund Obligated

NDHFA awarded the final $3.7 million authorized during the 2015-2017 legislative session. No new funding was provided during the 2017-2019 session, however, the program’s sunset clause was removed. Governor Burgum has included $20 million in his 2019-2021 budget for the fund as a one-time allocation from the Strategic Investment and Improvement Fund.


The original Ten-Year Plan to End Long-Term Homelessness was authored in 2008. Seven state agencies and a statewide homeless coalition worked with local service providers to implement practices to prevent and reduce chronic homelessness. The final plan provided recommendations to enhance service offerings to vulnerable populations, increase collaboration and improve government efficiencies.

Multifamily Revenue Bonds Issued

NDHFA issued $9.25 million in Multifamily Revenue Bonds as short-term cash collateralization with the agency acting as a financing conduit for Community Homes, Fargo, which was built in 1970. Simultaneously with the bond closing, the developer closed on a HUD FHA 221(d)(4) loan that satisfied the Internal Revenue Service requirements, allowing the project to access 4 percent tax credits. Redevelopment of the property will cost more then $18.8 million and all of the units will be rent and income restricted.
47 participating lenders partner with NDHFA to help make homeownership a reality for North Dakotans.

FirstHome™ provides affordable mortgage loans to low- to moderate-income first-time buyers.

- **31 years** average age
- **$58,592** average income
- **$173,158** average purchase price
- **64%** male*
- **36%** female*

North Dakota Roots provides affordable mortgage loans to moderate-income buyers who have previously owned a home.

- **36 years** average age
- **$83,654** the average income
- **$218,303** average purchase price
- **70%** male*
- **30%** female*

HomeAccess provides affordable mortgage loans to moderate-income buyers who are or who have single parent, veteran, disabled or elderly household members.

- **40 years** average age
- **$62,244** average income
- **$188,014** average purchase price
- **63%** female*
- **37%** male*

The agency’s foreclosure rates continue to trend below national averages.

- **.99%** national foreclosure rate
- **.7%** NDHFA foreclosure rate

* Head of household
HOMEOWNERSHIP

When she was a single mother of four young children, homeownership was so far out of reach for Crystal Bailly, she didn’t even dream about it. She focused her energy on caring for her family while she attended college classes, happy to have the safe and affordable apartment the Grand Forks Housing Authority provided.

After Bailly earned a degree, she was promoted to a management position at a local department store. “At that point in my life, everything changed,” Bailly recalls.

A Community Land Trust allows households of modest means to buy a home while the governing body retains ownership of the land. The arrangement reduces the cost of a mortgage.

“The model was born out of the need to address rising housing costs, limited land, and the growing number of abandoned or substandard buildings that affect the overall quality of a community’s housing stock,” says Emily Contreras, Grand Forks Community Land Trust (GFCLT) executive director. Bailly learned about the program from the resident services coordinator at her apartment building.

“That fall I interviewed for and joined GFCLT’s board of directors as a community member and hopeful future homeowner,” said Bailly. Homeowners and community members each make up one-third of the organization’s board, ensuring they have an active voice in its governance.

More than four years later, Bailly continues to live in her GFCLT home and serves on its board, now as a homeowner representative. Her sons are in high school, both of her daughters are on their own, and Bailly now manages a retail women’s clothing store.
Edwinton Place, Bismarck
A Permanent Supportive Housing project, Edwinton Place will offer stable housing and support services for 40 individuals who have experienced chronic homelessness in the Bismarck area. The approach that will be utilized is called 'Housing First' wherein an individual is provided with a permanent, stable home and then services are offered to address the underlying causes of their homelessness.

Grace Garden, West Fargo
Grace Garden will be a place of safety and sure footing for 30 women and their children fleeing domestic violence. At the residence, the YWCA of Cass-Clay will work with the families to improve their economic stability and health, breaking the cycles of abuse and poverty by assuring the availability of an affordable home and supportive services that are unique to each household’s goals.

Historic Apartments on 4th, Mandan
A community landmark, once commonly known as Mandan’s Jr. High School, was converted into the Historic Apartments on 4th creating 39 one- to three-bedroom homes for individuals and families. The renovation preserved the property’s historic features including terrazzo flooring, woodwork and school lockers, while providing the tenants with modern amenities. The site also offers an on-site daycare and supportive services for individuals at risk of homelessness.

Jeremiah Program, Fargo
The Jeremiah Program gives 20 single mothers and their children the support systems they need to obtain a college degree and lift their family out of generational poverty. In addition to housing, the program provides on-site early childhood education, classrooms where the mothers can build confidence and life skills, and the ability to meet with coaches to support them in achieving a career-track, college education. The Jeremiah Program was awarded funding from HUD’s National Housing Trust Fund and was recognized as one of the program’s first projects in the country to be completed.
LaGrave on First, Grand Forks
Ten years after the need was first identified in the City of Grand Forks’ plan to end long-term homelessness, local and state officials celebrated the successful completion of LaGrave on First. The Permanent Supportive Housing project houses 42 individuals who have experienced chronic homelessness. The approach employed at the property is known as ‘Housing First’ where tenants are rapidly housed and then offered services to address the issues that are the cause of their homelessness.

Park South Apartments, Minot
Park South Apartments, the City of Minot’s first affordable housing rehabilitation project supported by HUD’s National Disaster Resilience Program received national recognition as one of the first projects in the country completed through the program. Originally constructed in 1948 as a convent, the building was converted into 35 apartments in the 1980s. The renovation updated the existing units and five new apartments were added. Many of the low-income tenants lived in the property in sub-standard conditions prior to the renovation.

From Poverty to Prosperity
Kristie Garcia’s desire for a better life was so strong that the prospect of driving eight hours weekly did not deter her from her goal. Garcia learned about Jeremiah Program, a program that prepares single mothers to excel in the workforce, readies their children to succeed in school, and reduces generational dependence on public assistance, from another program participant. To be accepted, she was required to complete Jeremiah’s Empowerment course.

“The class helped me have the right mentality and gain support from other women who were dealing with similar challenges. The drive was not as important as beginning a new journey,” said Garcia.

The Fargo campus opened in January 2018. It is one of the first supportive housing projects in the country developed through the National Housing Trust Fund, a federal program that provides revenue to build, preserve, and rehabilitate housing for people with extremely low incomes. The project also received support from the Housing Incentive Fund.

“Affordable housing provides a stable platform for individuals and families that allows them to better their lives,” said NDHFA Executive Director Jolene Kline. “If we can move a family out of poverty, it’s a win for the household and a win for the community.”

After completing Empowerment, Garcia moved into an apartment and found part-time work at a college bookstore. Her son, Rey, attends the campus’ on-site child development center while she works and is in school. “I am so happy to be in a program that has put my son and me on a better path. I feel like I finally have a fresh start and a place to call home,” said Garcia.
Housing Incentive Fund is an effective, locally-driven, rental housing financing tool created and authorized during the 2011 North Dakota legislative session. Community leaders, private developers, and nonprofit organizations have leveraged the program to construct new or improve existing rental housing. Because of the Housing Incentive Fund, low- to moderate-wage workers, the state’s aging population, individuals with disabilities, and persons experiencing homelessness have increased access to safe, decent and affordable housing.

### Housing Incentive Fund 2011-2018

- **$443 million** total development investment
- **2,501 units** built or rehabilitated
- **80 projects** across the state
- **$89.8 million** dollars invested
- **150** funding applications reviewed
- **1,913** income-restricted units

### Housing Incentive Fund Units By County

[Map showing distribution of Housing Incentive Fund units by county.]

---

North Dakota Housing Finance Agency | 2018 Annual Report
MULTIFAMILY HOUSING

HOUSING INCENTIVE FUND

- Created during the 2011 Legislative Session
- $15 million in tax credit authority
- 21 out of 30 projects awarded
- 579 units constructed or improved
- 90 percent of funding set aside for energy and flood impacted communities

- Reauthorized during 2013 Legislative Session
- $20 million in tax credit authority and $15.4 million general fund appropriation
- 29 out of 54 projects awarded
- 921 units constructed or improved
- Program priority for essential service workers in energy-impacted counties

- Reauthorized during 2015 Legislative Session
- $30 million in tax credit authority, $5 million from Bank of North Dakota
- Additional $5 million from Bank of North Dakota in 2016 for communities under 12,500
- 24 out of 50 projects awarded
- 862 units created or improved

- Legislature removed a two-year sunset making the Housing Incentive Fund permanent in the ND Century Code
- No new funding was authorized
- NDHFA reallocated $3.7 million from the 2015-17 biennium.
- 6 out of 16 projects awarded
- 239 units created or improved

- Governor’s proposed 2019-2021 budget includes $20 million from the Strategic Investment and Improvement Fund.
NDHFA is responsible for monitoring the long-term compliance of rental properties receiving tax credits, gap financing and project-based rental assistance. Compliance staff monitors state and federal compliance regulations by conducting annual file reviews and periodic on-site inspections of a percentage of housing units.

NDHFA’s compliance portfolio includes 9,825 units and 7 state and federal compliance programs. State and federal programs require compliance oversight for 20 to 30 years. Programs administered include: the state’s Housing Incentive Fund; the Internal Revenue Service’s Low Income Housing Tax Credit program; and HUD’s Performance-Based Contract Administration, Moderate Rehabilitation Program and Affordable Housing Disposition Program. A portion of the units overseen were constructed or rehabilitated by leveraging multiple programs.
Rehab Accessibility Program (RAP) offers NDHFA issued grant dollars for the renovation of properties occupied by lower-income North Dakotans with physical disabilities. A maximum of $4,000 may be awarded with a limit of one grant per single or multifamily property. A minimum 25 percent match is required.

**10 projects funded**

| $27,000 average income of grant recipient |
| $28,897 total grant funds dispersed |

Accommodation Means Freedom

More than 30 years on her feet as a nurse resulted in an abnormal bone growth that forced Dorothy Alemadi of Fargo into retirement and left her unable to go up and down steps.

Increased healthcare costs and the loss of her job reduced what she was able to save for retirement and, until Alemadi was old enough to qualify for Social Security, her only income source for two years was disability insurance. The inability to get to her basement laundry room increased Alemadi’s frustration. She considered selling her house, a move that would have required her to rent and increased her living expenses.

Alemadi was fortunate to learn about NDHFA’s RAP program. She used the grant dollars to turn part of an unused main floor bedroom into a laundry room. “RAP was a Godsend,” said Alemadi. “It has allowed me to stay in my home.”

According to HUD, the majority of individuals with physical disabilities live in a home that does not meet basic accessibility standards, and, as we age, the chance of having mobility issues increases. One in six people ages 65 to 75 is physically disabled. After age 75, the number rises to one in three.

“In North Dakota, the need to accommodate households with disabilities is expected to increase dramatically in the coming years as the number of state residents 65 and older is projected to grow by more than 50 percent between 2014 and 2029,” said NDHFA Executive Director Jolene Kline.
**Agency Funded Programs**

**Helping Hand and Opening Doors**

Helping Housing Across North Dakota (Helping HAND) funding is available to non-profit organizations (by invitation only) to support the needs of lower-income households through grants targeted to single- and multifamily housing rehabilitation programs. NDHFA budgets $200,000 each fiscal year.

<table>
<thead>
<tr>
<th>158</th>
<th>$196,348</th>
</tr>
</thead>
<tbody>
<tr>
<td>65%</td>
<td>single-family units rehabilitated</td>
</tr>
</tbody>
</table>

- Interior Upgrades 9%
- Exterior Repairs 65%
- Systems Replacement 10%
- Electrical Repair/Upgrade 5%
- Plumbing Repair/Upgrade 9%
- Accessibility Upgrades 2%

---

**Opening Doors** was made possible by a $150,000 transfer from the North Dakota Department of Human Services, Medicaid Rebalancing Dollars. The program, launched in late September, can help up to 67 Medicaid-eligible households with poor credit, a history of evictions or a criminal record secure housing by providing landlords with coverage beyond a security deposit if a participant causes excessive damage or loss of revenue.

To receive assistance, eligible households must apply through a care coordinator who agrees to provide support services including helping participants find and secure housing, monitoring the success of their tenancy, and mediating any disputes with the landlord. More than 40 service providers have participated in agency-led trainings, and in-person landlord trainings have also been conducted to promote the program. So far, two individuals have been referred into the program.
North Dakota Industrial Commission

Doug Burgum
Governor

Doug Goehring
Agriculture Commissioner

Wayne Stenehjem
Attorney General

Advisory Board

Ninetta Wandler, Chairman
Representative of Realtors
RE/MAX Integrity Realty, Dickinson

Lisa Rotvold, Vice Chairman
Representative of Homebuyer/Homeowner
Beyond Shelter Inc., Fargo

Jim Farnsworth, Board Member
Representative of Manufactured Housing
Colonial Estates, Bismarck

Joan Mainwaring, Board Member
Representative of Lenders
American State Bank & Trust, Williston

Kevin Hanson, Board Member
Representative of Lenders
Gate City Bank, Fargo

Larry Nygard, Board Member
Representative of Builders
Roers Companies, Fargo