

HOUSING INCENTIVE FUND PERMANENT SUPPORTIVE HOUSING

The North Dakota Housing Incentive Fund (HIF) 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 HIF to construct new or improve existing rental housing creating and rehabilitating rental housing across the state. Because of HIF, low- to moderate-wage workers, the state's aging population, and individuals with disabilities and persons experiencing homelessness have increased access to safe, decent and affordable housing.

Permanent Supportive Housing - Why it Works

Chronic homelessness costs the state \$30,000 to \$50,000 per person per year.¹ Permanent Supportive Housing (PSH) reduces this cost by 40 percent on average. PSH combines affordable housing assistance with voluntary support services to address the needs of chronically homeless people and individuals and families at risk of becoming homeless. Services are designed to build independent living and tenancy skills, and connect people with community-based health care, treatment, employment services, childcare, and life skills coaching. A cost-effective solution, PSH has been proven to lower public costs associated with the use of crisis services such as shelters, hospitals, jails, and reduce generational dependence on public assistance.

Having A Home. HIF is leveraged as gap financing to construct or rehabilitate rental housing where all or a portion of the units are allocated for persons and families either at risk of becoming homeless or currently experiencing homelessness.

Providing Supportive Services. HIF does not cover the cost of supportive services. Applicants seeking HIF funding must identify either a state, nonprofit or private entity that will provide services to the residents.

Defining Chronically Homeless. Over the past decade, the state's annual homeless population average has been 1,012, of which 75.5 are chronically homeless.² Chronically homeless is defined as an individual or family that resides in a place not meant for human habitation, in an emergency shelter for a year or has experienced homelessness for at least four separate occasions in the past three years.

At-Risk Causes. More than 75,000 or 10 percent of North Dakotans are below the poverty level and almost 27,000 live in extreme poverty.³ Vulnerable individuals and families lack adequate housing, income and support systems. Personal circumstances elevate the chance of homelessness such as family violence and abuse, foster care, teenage pregnancy, addiction, mental health issues, and discharge from hospital or correctional facilities.

Statewide Homeless and At-Risk

*\$30,000 - \$50,000
annual cost per
chronically
homeless person*

*75.5
average chronically
homeless population*

*1,012
average homeless
population*

*26,964
living in extreme poverty*

Homeless and At-Risk Housing Projects

*Jeremiah Program,
Fargo*

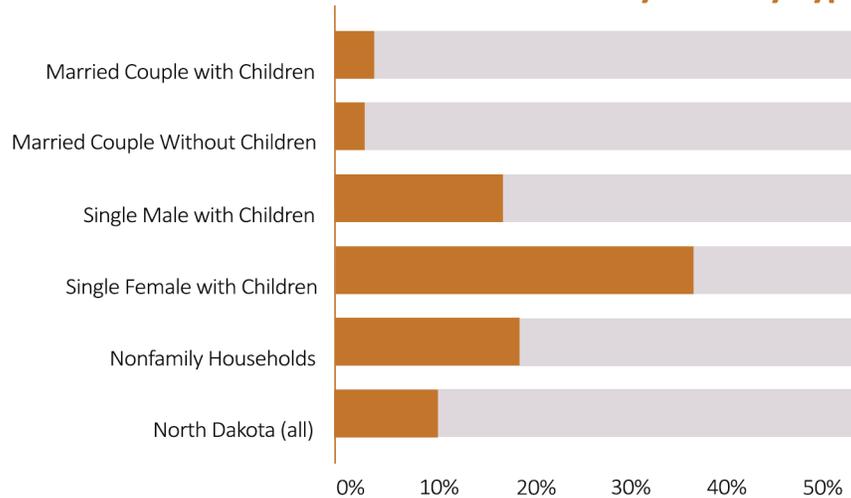
*Grace Gardens,
West Fargo*

*Edwinton Place,
Bismarck*

North Dakota's Cost-Burdened Households

Across North Dakota, there is a shortage of rental homes affordable and available to extremely low income households. Many of these households are severely cost burdened, spending more than half of their income on housing. Individuals facing economic limitations, physical disabilities, mental health issues, substance abuse, and justice involvement must sacrifice other necessities like healthy food and healthcare to pay rent. These difficult trade-offs increase the risk of unstable housing situations like evictions and homelessness.

Households Below the Poverty Level by Type, 2016



According to the National Low-Income Housing Coalition, 24 percent or 26,964 of North Dakota renters are extremely low income, which is a maximum income of \$24,300 annually for a four-person household. Persons wanting a two-bedroom apartment need to earn \$34,190 per year or \$16.44 per hour to afford \$855 in rent.⁴ In November 2018, 17.4 percent of the jobs listed through Job Service North Dakota offered \$14.99 per hour or less.⁵

Ongoing Need for HIF

HIF creates gap financing for rental housing projects that cannot supporting building debt in order to provide supportive services to the chronically homeless or the families with children that need services to become housing stable and independent. Without HIF these housing projects would not be feasible.

If North Dakotans cannot afford housing, it impacts their ability to maintain stability, advance economically, pursue educational opportunities, and be able to afford necessities such as food, utilities, transportation, childcare and healthcare. The upfront investment in HIF is critical to off-set the socioeconomic costs communities and the state incur when people become desperate for a place to call home.

Financing Structure

HIF awards are structured as forgivable loans and are available to local housing authorities, tribal entities, and non-profit or for-profit housing developers. The maximum award size varies depending on whether a project also receives federal funding. The award amount typically equals less than 30 percent of the total development cost, and no more than \$3 million. Awards are competitive and projects must meet strict scoring criteria.

^{1, 2, 3.} 2018 North Dakota's 10-Year Plan to End Long-Term Homelessness.

^{4.} National Low Income Housing Coalition 2018 North Dakota Housing Profile.

^{5.} JSND North Dakota Workforce Intelligence.