



2013 Annual Awards Entry Form
(Complete one for each entry.)

Entry Name North Dakota Housing Incentive Fund

HFA North Dakota Housing Finance Agency

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Entry form with description, check(s), and visual aids (optional) must be received by NCSHA by **Monday, July 1, 2013.**

Use this header on the upper right corner of each page.

HFA _____

Entry Name _____

Communications	Homeownership	Legislative Advocacy	Management Innovation
<input type="checkbox"/> Annual Report <input type="checkbox"/> Promotional Materials and Newsletters <input type="checkbox"/> Creative Media	<input type="checkbox"/> Empowering New Buyers <input type="checkbox"/> Home Improvement and Rehabilitation <input type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Federal Advocacy <input type="checkbox"/> State Advocacy	<input type="checkbox"/> Financial <input type="checkbox"/> Human Resources <input type="checkbox"/> Operations <input type="checkbox"/> Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
<input type="checkbox"/> Multifamily Management <input type="checkbox"/> Preservation and Rehabilitation <input checked="" type="checkbox"/> Encouraging New Production	<input type="checkbox"/> Combating Homelessness <input type="checkbox"/> Housing for Persons with Special Needs	<input type="checkbox"/> Special Achievement	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO

North Dakota Housing Incentive Fund

“Adequate housing is one of our biggest challenges in North Dakota, especially in oil country. Through HIF, we can provide for the needs of our friends and neighbors.” ~ Gov. Jack Dalrymple

Six hundred sixty-nine new affordable housing units have been created in 14 communities across North Dakota in less than two years thanks to a new program designed to help address severe housing shortages in the state.

Oil drilling and production in North Dakota’s Bakken and Three Forks Shale Formations has driven the state to be one of the hottest spots for growth in the country. Tens of thousands of people have come to the state seeking the abundance of employment opportunities which, while bringing economic benefits, have also come with challenges for communities and the state – particularly when it comes to housing. Severe housing shortages have driven up rents and put the state’s Main Street and essential service workforce, those on fixed incomes and low-income households under extreme pressure in affording housing costs. To make matters worse, some affordable housing projects have opted out of their HUD contracts in favor of higher market-rate rents further exacerbating the affordable housing shortage.

To help meet the growing needs, the North Dakota Housing Incentive Fund (HIF) was created for the 2011-13 biennium and very quickly became a valuable resource for affordable housing developers. In less than a year, North Dakota Housing Finance Agency (NDHFA) had fully committed the funds which spurred more than \$98.2 million of housing construction or a more than 7 to 1 leverage of the state’s commitment to the development of affordable rental housing.

To capitalize the fund, NDHFA was authorized to issue dollar-for-dollar state income tax credits in exchange for contributions by taxpayers into the fund up to \$15 million. Contributors could specify the project, community or area in which they wanted their contribution to be used. The money raised was allocated to projects to help fill financing gaps and make the projects feasible. In an era of shrinking federal affordable housing resources, HIF was a key component to getting new multifamily rental housing built in North Dakota. It was the first time that the state had provided a significant amount of funding for affordable housing development and the program was widely hailed as a success.

Because of the housing shortage gripping the state, NDHFA limited eligible projects to those that created units through new construction, substantial rehab of uninhabitable units or the adaptive reuse of non-residential structures into housing units. Allocations were capped at 30 percent of development costs or \$1 million, whichever was less. Projects that had a minimum of 10 percent of the units targeted to extremely low-income households (30 percent of Area Median Income) or were designed to serve populations requiring supportive services were eligible for up to \$1.5 million or 40 percent of the cost of construction. Twenty-one of the 24 projects had HIF as the major funding source to achieve affordability.

Competition for Low Income Housing Tax Credits (LIHTC) in the state has gotten very fierce over the last decade as needs have grown and land and construction costs have escalated

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dramatically. The equity infusion from HIF made all the difference for three LIHTC projects still facing a gap – Mainstreet Artspace Lofts and Minot Townhomes in Minot, and Legacy at Central Place in Williston. Those projects also receiving LIHTCs were limited to the lesser of the equity required to secure project financing and make the project feasible; or \$200,000; \$300,000 if the project was located in a difficult to develop area; or \$400,000 if the project was designed to serve populations requiring supportive services.

HIF awards made to developers of rental housing are structured as loans with repayment terms based on what it takes to make the project feasible. A Land Use Restrictive Agreement (LURA) is filed to ensure that the income and rent restrictions stay in place on the HIF assisted units for the term of the permanent debt but never less than 15 years. If a project pays off their mortgage early, the LURA guarantees that the HIF units stay affordable for the amount of time that the developers had originally proposed.

The program was designed to meet the varied needs of the communities, which often found Main Street workers with incomes too high to qualify for traditional low-income housing options yet too low to afford market-rate rents that had skyrocketed to \$2,000-\$3,000 per month. Statutorily, half the fund was required to benefit very low-income families (50 percent of AMI) and a quarter had to be used in communities with a population under 10,000 people. Ninety percent of the fund was set-aside for federally declared disaster areas qualifying for individual assistance or one of the 18 oil impacted counties.

One of the ways in which HIF was beneficial for communities was that it created mixed-income projects. In addition to ELI and VLI households, the program was used to target moderate income households limited to 140 percent of AMI. Not all units in a project were income- and rent-restricted so the market-rate units helped subsidize the lower cost units. Those savings allowed the program to have farther reach and eliminate some of the barriers traditional low-income projects often face. But because of the requirement that projects receive no more than necessary to make the project feasible, the market rate rents were also lower than the true market rates found in the community.

The Housing Incentive Fund is all about helping build needed affordable housing that would likely not otherwise be built. Perhaps the best example of that is Patterson Heights in Dickinson. It was a project submitted under the LIHTC program, but because of the highly competitive environment, was not able to be funded. In any other case, this project would have been dead or shelved until the next LIHTC round, but thanks to a \$1.376 million HIF allocation, the 24-unit apartment building was completed serving the same households as it would under LIHTC. “The development resources provided by the State of North Dakota are making this project possible,” said Lynn Fundingsland, CEO of Beyond Shelter Inc., the project developer. “It takes a cooperative effort to successfully address the affordable housing needs of a community like Dickinson.”

Cooperation and a public-private partnership are the hallmarks of the HIF program. Rather than just provide the funds, projects were required to help raise contributions into the fund before they could begin construction. This helped create community buy-in to the project to a greater degree than had been seen before. HIF gave residents and businesspeople a better understanding of the housing challenges of their friends, neighbors, employees and colleagues

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and made them feel they had a stake in creating new opportunities. Chambers of Commerce, economic development organizations and civic groups took on fundraising efforts to support local projects. Those who had never thought much about housing began to see, through HIF, how the vitality of their community depended on safe, decent and affordable housing options.

Seeing its success, Governor Jack Dalrymple proposed to the Legislative Assembly to increase the Housing Incentive Fund from \$15 million to \$50 million during the 2013 legislative session. During his State of the State Address, Gov. Dalrymple touted HIF saying, "More housing is on its way, but high rents have caused the greatest challenge for people in the low- to moderate-income category. To meet this challenge we are currently making direct investments in low-income housing through our new Housing Incentive Fund administered by our own Housing Finance Agency. These housing projects are popping up throughout North Dakota and have rents that are capped by long-term agreements with the developers. Single bedroom units have become available in the \$300-\$400 range.

"Two years ago we challenged the taxpayers of North Dakota to invest \$15 million in our Housing Incentive Fund in exchange for state income tax credits. Today I am pleased to report that we have received the maximum allowable investment of \$15 million in our Housing Incentive Fund. ...Despite this good progress, the need for affordable housing is so great that we recommend increasing the Housing Incentive Fund in the coming two years to \$50 million."

Senate Majority Leader Rich Wardner, R-Dickinson, agreed with Dalrymple about the effectiveness of HIF saying, "It has turned out to be more successful than I ever imagined."

The Legislature, in 2013, reauthorized the program and provided an additional \$20 million in tax credit authority and \$15.4 million in a direct appropriation from the state General Fund for a total program of \$35.4 million for the 2013-15 biennium. They also added a new priority for the program on housing for essential service workers – city, county, state, school district and medical or long-term care facility employees.

Since the close of the last HIF funding round in August 2012, Agency staff has responded to inquiries about funding for more than 1,250 units in more than 20 communities showing that the demand for affordable housing is still as strong as ever in the state.

No other program prior to the Housing Incentive Fund has been able to become the largest affordable housing development tool in North Dakota so quickly. The innovative, flexible financing has helped low- and moderate income families by providing much-needed housing opportunities and bolstered economic growth in communities across the state. It has leveraged funds and been an effective and efficient means of encouraging housing production. Truly HIF has and will continue to make a big difference for North Dakota families.

"It makes use of a private-public partnership in a way that addresses important needs in the state... It's an innovative concept that addresses an important public need." ~ Bismarck Tribune editorial, June 10, 2012

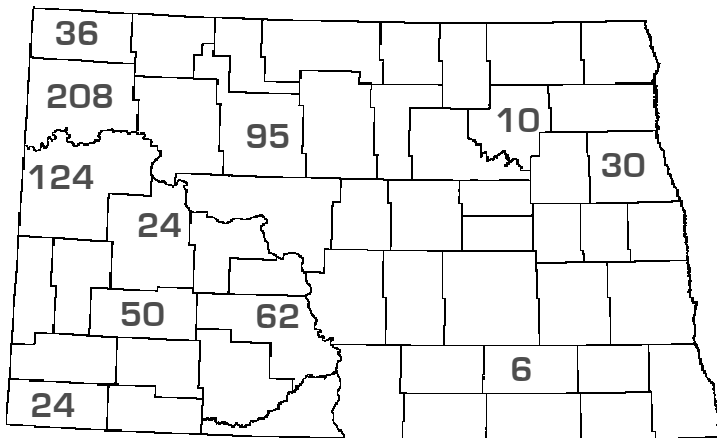
HIF Project Awards

Project Name	Location	Applicant / Developer	Project Type	Construction Type	Total Units	Total Development Cost	HIF Funds Requested	HIF Funds Committed
September 30, 2011 Application Round:								
Divide County Economic Development Council 12 Plex	Crosby (2nd St SE)	DCEDC	Family	New	12	\$1,200,000	\$300,000	\$240,000
Mainstreet Artspace Lofts	Minot (25 S Main)	Minot Artspace Lofts LP	Family and Disabled	New	34	\$7,480,422	\$200,000	\$200,000
Totals for September 30, 2011 Funding Round:					46	\$8,680,422	\$500,000	\$440,000
December 31, 2011 Application Round:								
Greenfield Heights	Belfield (Makaruk Addn - NW)	LSS Housing Belfield LLC	Family	New	12	\$1,551,650	\$225,000	\$225,000
Cherrywood Village	Grand Forks (Cherry St S)	Valley Homes and Services	Senior	New	30	\$4,753,682	\$454,545	\$454,545
Kenmare CDC Housing 12 plex	Kenmare (618 Division St SE)	Kenmare Development Corp	Family	New	12	\$1,350,000	\$240,000	\$240,000
Kenmare Gooseneck 12 plex	Kenmare (524 Division St SE)	Moure Equipment LLP	Family	New	12	\$1,350,000	\$240,000	\$240,000
Legacy at Central Place	Williston (Old Jr High)	LSS Housing Williston LLC	Senior	Adaptive Reuse	44	\$8,453,707	\$200,000	\$200,000
WSC Foundation Residences	Williston (WSC Campus)	WSC Foundation	Workforce / Family	New	74	\$10,000,000	\$1,000,000	\$1,000,000
Totals for December 31, 2011 Funding Round:					184	\$27,459,039	\$2,359,545	\$2,359,545
March 31, 2012 Application Round:								
Ray CDC Housing 12-plex Phase I	Ray (New Annexation - West)	SW Design Build	Family	New	12	\$1,500,000	\$350,000	\$350,000
Ray CDC Housing 12-plex Phase II	Ray (New Annexation - West)	SW Design Build	Family	New	12	\$1,500,000	\$350,000	\$350,000
Patterson Heights	Dickinson (700 Dakota Blvd)	Beyond Shelter, Inc.	Family	New	24	\$3,440,008	\$1,376,003	\$1,376,003
161 S. Main	Dickinson	AK Investments LLP	Family	Adaptive Reuse	10	\$1,369,507	\$410,852	\$410,852
Prairie Heights Phase I	Watford City (Southwest)	LSS Housing Watford City LLC	Workforce / Family	New	58	\$8,277,730	\$1,000,000	\$1,000,000
Prairie Heights Phase II	Watford City (Southwest)	LSS Housing Watford City LLC	Workforce / Family	New	66	\$8,878,413	\$1,000,000	\$1,000,000
The Landing	Bowman (3rd Ave & E Divide)	LSS Housing Bowman LLC	Disabled / Family	New	24	\$3,120,880	\$936,264	\$936,264
Minot Townhomes	Minot (18th Ave & 13th St SE)	MetroPlains LLC	Family	New	30	\$6,525,150	\$400,000	\$200,000
Totals for March 31, 2012 Funding Round:					236	\$34,611,688	\$5,823,119	\$5,623,119
June 30, 2012 Application Round:								
Oakwood Court	Minot	Minot Housing Authority	Disabled	Rehabilitation	7	\$389,000	\$155,600	\$155,600
Prairie Gold Apartments	Killdeer	Prairie Gold Real Estate, LLC	Family	New	24	\$3,300,000	\$1,000,000	\$1,000,000
Belfield Law Enforcement Housing	Belfield	HA for City of Belfield	Workforce / Family	New	4	\$744,484	\$96,000	\$96,000
Crosby St. Luke's Hospital and Foundation 24-Plex	Crosby	Crosby St Luke Community Hospital and Foundation	Family	New	24	\$3,600,000	\$1,000,000	\$1,000,000
Agassiz Circle Phase 2	Devils Lake	Agassiz Properties LLLP	Family	New	10	\$1,434,283	\$333,333	\$333,333
Williston Heights	Williston	Dakota Commercial	Family	New	66	\$10,959,000	\$1,000,000	\$1,000,000
Totals for June 30, 2012 Funding Round:					135	\$20,426,767	\$3,584,933	\$3,584,933
August 31, 2012 Application Round:								
Bel Tower Apartments	Kulm	BEL Tower LLC	Family	Adaptive Reuse	6	\$501,875	\$112,500	\$112,500
Great Plains Apartments	Mandan	Yegen Development Corporation	Family	Adaptive Reuse	62	\$6,527,901	\$1,500,000	\$1,500,000
Totals for August 31, 2012 Funding Round:					68	\$7,029,776	\$1,612,500	\$1,612,500
Totals for All Funding Rounds:					669	\$98,207,692	\$13,880,097	\$13,620,097

Creating affordable housing for all North Dakotans—waitresses, bank tellers, cashiers, police officers, nurses, teachers, daycare providers, seniors, individuals with disabilities.

Projects

669 units - 24 projects - 14 communities



415 units targeted to lower income households.

Average Rent
\$776

All HIF-assisted units are rent and income restricted to be affordable to low & moderate-income households.

Total project costs

Each HIF \$ committed leveraged another \$7 in housing activity.



561 units in the oil-impacted communities of

- Belfield
- Crosby
- Kenmare
- Minot
- Watford City
- Bowman
- Dickinson
- Killdeer
- Ray
- Williston

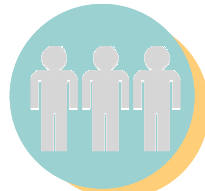
HIF Contributors

Individuals vs. businesses

Taxpayers making a contribution to HIF receive a tax credit equal to their contribution.



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60 contributions from businesses & financial institutions—\$9,568,576

542 contributions from individuals—\$5,431,424

Average Contributions:
 Businesses—\$159,476
 Individuals—\$10,021

First ND housing fund project complete

By the Williston Herald Staff | Posted: Saturday, July 14, 2012 7:33 pm

The Divide County Economic Development Council (DCEDC)/NW Holdings LLC will host an open house at its recently completed 12-plex on Tuesday, July 24, at 1:15 p.m. The Divide Vista Apartments hold the distinction of being the first affordable housing project in North Dakota supported by state tax dollars.

“Adequate housing is one of our biggest challenges in North Dakota, especially in oil country. Through the Housing Incentive Fund (HIF), as the people of Crosby have proven, we can provide for the needs of our friends and neighbors,” Gov. Jack Dalrymple said. Crosby-area businesses and community members contributed more than \$240,000 to HIF in support of the project.

Capitalized by contributions from state taxpayers, HIF supports the development of rental housing for low- and moderate-income households. Contributors to the fund receive a dollar-for-dollar state income tax credit. The North Dakota Housing Finance Agency (NDHFA) administers the innovative state program.

“The successful pairing of HIF with Bank of North Dakota’s Flex PACE program worked well for our rural community,” said Keith Olson, DCEDC board member. “The state has created some great programs and their staff was very willing to work with us to address our specific needs, providing housing for essential services personnel and the growth of Crosby.”

“HIF supports the development of housing for ‘Main Street’ employees - waitresses, teachers, nurses and bank tellers - who keep our communities thriving along with fixed income households who are struggling to pay market rate rents,” said Mike Anderson, NDHFA executive director.

Located at 1003 SE 2nd Street, the development consists of 2 one-bedroom, 6 two-bedroom and 4 three-bedroom units. The apartments will rent for \$515 to \$1200 per month depending on household income and unit size. Additional project financing was provided by First National Bank and Trust, Farmers State Bank, and the City of Crosby’s Spirit Fund.

Since September, NDHFA has pledged \$8.5 million to support developments in Beach, Belfield, Bowman, Dickinson, Kenmare, Grand Forks, Minot, Ray, Watford City and Williston. Approximately half of these projects have secured adequate resources to begin construction. More contributions are needed before the remaining developments can break ground and begin construction. Contributions can be directed to a specific project or community, or for general use.

The HIF program was created during the 2011 Legislative session to assist in the development of affordable multifamily housing units. More information is available at www.ndhousingincentivefund.org or by contacting Jolene Kline or Bill Hourigan at info@ndhfa.org, (701) 328-8080, (800) 292-8621, or (800) 366-6888 (TTY).

The Industrial Commission of North Dakota, consisting of Governor Jack Dalrymple, as chairman,

Agriculture Commissioner Doug Goehring and Attorney General Wayne Stenehjem, oversees the NDHFA.

More affordable housing in the area is needed

Posted: Wednesday, November 28, 2012 9:50 am

Perhaps the biggest downfall of the recent oil boom has been the impact on senior citizens.

Those fortunate enough to own their homes five years ago are doing fairly well, but far too many seniors who were renting a few years ago have been forced to leave Williston.

As rents have doubled, tripled and in some cases quadrupled, seniors, many on fixed incomes, have been left behind. Far too many seniors who spent decades in Williston had no choice but to leave as expenses become more than they could afford.

Others have done all they could to stay in their homes, going back to the workforce and cutting other expenses to make every dollar count.

On Tuesday, there was finally some good news for the low-income seniors in the community.

Lutheran Social Services Housing, the North Dakota Housing Finance Agency and Enterprise Community Investment announced Tuesday that the old Williston Junior High is being turned into apartments for senior citizens.

With rents ranging from \$330 to \$780 per month, the apartments will give seniors on fixed incomes an opportunity to have their own place at an affordable cost.

For years, many in Williston have called for affordable housing. But too often the term has meant new homes at prices many could not afford.

But this time, the organizations appear to have gotten it right.

The partnership between state government, a charitable organization and an organization that invests in true affordable housing will make a big difference in Williston. For that, we say thank you to Lutheran Social Services, the North Dakota Housing Finance Agency and Enterprise Community Investment.

By working together, the three groups found a way to make affordable housing, real affordable housing, a possibility for some senior citizens in the community.

We applaud the work the three groups have done so far, and we look forward to watching the old school turn into homes.

More affordable housing is needed in Williston, but we are happy for any good news. The public-private partnership has succeeded in the community in the past and looks like it will do so again.