



ROBERT C. LARSON
HOUSING POLICY
LEADERSHIP
AWARDS

2014 FINALIST

ORGANIZATION

North Dakota Housing Finance Agency

YEAR OF IMPLEMENTATION

2011

AFFORDABILITY

- 8 percent of units affordable to households below 30 percent of AMI
- 8 percent of units affordable to households at 30–50 percent of AMI
- 25 percent of units affordable to households at 50–80 percent of AMI
- 30 percent of units affordable to households at 80–140 percent of AMI
- 30 percent of units at market rate

NUMBER OF UNITS PRODUCED

1,523

WEBSITE

www.ndhousingincentivefund.org



North Dakota Housing Finance Agency

North Dakota's boom in oil production has attracted an influx of new residents in search of employment. To address the resulting severe housing shortages, the North Dakota Legislative Assembly allocated \$15 million for the creation of an innovative Housing Incentive Fund in 2011, spurring \$92 million of affordable housing development across the state.

Increased oil production in North Dakota's Bakken and Three Forks Shale region has transformed the state in recent years. The migration of thousands of people to North Dakota in search of employment opportunities has yielded economic benefits, but also has led to severe housing shortages and rapidly rising rents. The 2012 statewide Housing Needs Assessment projects a 30.2 percent increase in the number of households over the next 15 years.

To address the problem, the North Dakota Legislative Assembly allocated \$15 million in 2011 for creation of the Housing Incentive Fund (HIF)—the first time the state had provided a significant amount of funding for the production of affordable housing. To capitalize the fund, the North Dakota Housing Finance Agency (NDHFA) was authorized to issue dollar-for-dollar state income tax credits in exchange for up to \$15 million in contributions by taxpayers to the HIF fund. Within a year, the NDHFA had fully committed the funds, which spurred nearly \$92 million of affordable

housing development. Since the authorization of HIF, 1,523 new housing units have been created in 25 communities across North Dakota.

The program was designed to meet the varied needs of the communities, which often had workers with incomes too high to qualify for traditional low-income housing options yet too low to afford market-rate rents. HIF has created mixed-income projects that include housing for low- and moderate-income households, as well as market-rate units to subsidize the lower-cost units.

HIF requires that projects help raise contributions before construction can begin. Local chambers of commerce, economic development organizations, and civic groups have taken on fundraising efforts to support local projects. More than 1,000 contributions have been made to the fund since it was created in 2011, including 920 from individuals, 82 from businesses, and 48 from financial institutions.

HIF awards are structured as zero-interest loans with principal repayment terms designed to make the projects feasible. A land use restrictive agreement ensures that income and rent restrictions stay in place on the HIF-assisted units for the term of the permanent debt, but never for less than 15 years. Because only 30 percent of development costs can be covered by HIF, other funding is necessary, which often includes a mix of local, state, federal, and private grants, low-interest loans, tax and fee reductions, and market-rate debt.

With the success of the initial program, the Legislative Assembly reauthorized the program in 2013 to provide an additional \$15.4 million in appropriations for HIF and \$20 million in tax credit authority, for a total of \$35.4 million for 2013–2015.

