



# Unlocking State Housing Resources

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# Multifamily Development Programs

## Low Income Housing Tax Credit

- Federal
- \$3 million

## HOME

- Federal
- \$3 million

## Housing Trust Fund

- Federal
- \$3 million

## Housing Incentive Fund

- State
- Varies



Annually receive 8-20 applications representing (500-1000 units)



Projects are selected competitively based on ability to best address housing priorities and financial feasibility



Annually 4-6 projects are selected for approval. (250-500 units)



23 projects under various phases of construction (1046 units)

# 24 Unit Apartment Building

$\$175,000 \times 24 \text{ units} = \$4,200,000$  total cost

## Traditional Financing

Construction Finance

Equity Investment \$1.26 million (30%)

Loan \$2.94 million (70%)

*Annual Project Expenses:*

\$252,757 Loan Payment (6%, 20 year)

\$120,000 Project Operating Expense

\$100,800 Return on Equity (8%)

\$473,557 Needed Annual Income from Rent

*= \$1,644 Average Monthly Rent per Unit needed to cover annual expenses*

## Affordable Development

**Rent Distribution Scenario**

5 units @ \$650

10 units @ \$900

9 units @ \$1100

*= \$923 Average Unit Rent*

Total annual income from rents = \$265,800

*Annual Project Expenses:*

\$120,000 Project Operating Expense

\$100,800 Return on Equity (8%)

\$220,800

*Annual Income Remaining:*

\$45,000 Annual Loan Capacity or \$550,000 Loan (6%, 20 Year)

\$2,390,000 Financing Gap (56% Total Cost)

# Multifamily Pipeline Demand

<i>Program</i>	<i># of apps</i>	<i>Request</i>	<i>Available</i>	<i>Unfunded</i>
Low Income Housing Tax Credit (federal)	22	\$20,727,710	\$7,358,172	\$13,369,538
HOME (federal)	17	\$17,027,069	\$4,690,866	\$12,336,203
National Housing Trust Fund (federal)	12	\$18,432,666	\$5,925,166	\$12,507,488
Housing Incentive Fund (state funded)	18	\$20,567,605	\$12,097,994	\$8,469,611

2023-2025 Unfunded Applications =  
**14 Projects/522 Units**  
**\$46,682,840**

# 23-25 Multifamily Awards



\$11 Million supporting \$84 Million Total Development Costs

- Every \$1 of HIF = \$7.30 private investment

323 Total Units

- 281 Rehab/42 New Construction

# HIF Rural Elements

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**Annual Application  
Round – September  
30<sup>th</sup>**

**Competitive Scoring**

**Developing Community  
Pop. 20,000  
Developing Rural  
Community Pop. 5,000**

**Maximum HIF Award:  
50% of TDC not to  
exceed \$3 million**

**Developing Rural  
Community- No  
Income Restrictions –  
Rent Limits Only**

**Location Points 15/25**

# Single-Family Development



*Lakota Spark Build Project*

Two objectives: Fund single-family development in rural community or expand local community land trust portfolio.

## Single-Family Rural Development

- \$3.45 ROI
- \$2.9 million will support construction of 30 new homes = \$10 million development costs
- Lakota (2), Larimore (2), Hillsboro (5), Hatton (1), Devils Lake (5), Park River (2), Mayville (2), Minto (2), Grafton (7), Michigan (2)

## Community Land Trust (Grand Forks, Fargo, Minot)

- Revolving line to acquire homes to make available for sale to lower income household
- \$2.09 million committed
- 5 homes acquired to-date

# Single Family Application Process



Ongoing open application period.



Maximum \$120,000 per home.



Maximum Developer Fee 15% Total Development costs excluding the value of land if acquisition funds are provided.



Funding is provided as a 0% construction line of credit.



Subordinate to primary lender.



Repayment calculated based on sale of home.



Sales price offered must be based on appraisal or realtor evaluation.



# Exemption from Property Taxation

## Current Parameters

ND Century Code 57-02-08(43) - Projects owned and controlled by a nonprofit or political subdivision may qualify for an exemption from property taxation during their period of affordability.

Must be subject to a Land Use Restrictive Agreement (LURA) an agreement to require income and rent limitations.

Legal owner must be a political subdivision or a qualified nonprofit (501c3).

NDHFA certifies and monitors annual compliance for any properties seeking the exemption. The certification is provided to the jurisdictional county who determines the tax assessment.

# Homeowner Rehabilitation/Accessibility

## Homeowner Rehabilitation Programs

- Funding to support Community Action Agency programs.
- Provide assistance to low-income homeowners.
- Roof replacement, building system replacement.
- Assist on average 100 households per year.

## Rehab Accessibility Program

- Provides grant assistance to homeowners or renters for accessibility upgrades to home.
- 50% of funding goes towards bathroom accessibility.
- Average 25 households served per year.
- FY 2025 increased funding level to serve more households.

# Housing Supply Opportunities

## Create Build Ready Opportunities

- Infrastructure Funding
- Blight Program

## Housing Related Code Reform

- Building
- Zoning
- Electrical, Fire Energy
- Property Tax Exemption

## Increase Output Capacity

- Workforce Development
- Apprenticeship improvements

## Invest in Innovative Housing Solutions

- Factory Built Homes
- Concrete Printing



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