



2017 ACTION PLAN FOR THE NORTH DAKOTA CONSOLIDATED PLAN 2015-2019

JULY 13, 2017

Prepared By

**ND Department of Commerce
Division of Community Services
1600 East Century Avenue, Suite 2
PO Box 2057
Bismarck, ND 58502-2057
Phone: (701) 328-5300
Fax: (701) 328-5320
TTY: 800-366-6888
ND Relay Voice: 800-366-6889
ND Relay Spanish: 800-435-8590**

Contact Person: Bonnie Malo



ALTERNATIVE FORMATS ARE AVAILABLE UPON REQUEST

TABLE OF CONTENTS

I. EXECUTIVE SUMMARY	1
A. Introduction	1
B. Citizen Participation Summary	1
C. 2016 Annual Action Plan Summary	1
D. Evaluation of Past Performance	2
II. ANNUAL ACTION PLAN DEVELOPMENT PROCESS	3
A. Lead Agency and Administering Agencies	3
B. Consultation and Coordination	3
C. Efforts to Enhance Citizen Involvement	4
D. Actions to be Taken to Enhance the Institutional Structure and its Communication	4
III. ALLOCATING HOUSING AND COMMUNITY DEVELOPMENT RESOURCES	6
A. Overview of Available Resources	6
B. Federal Resources	6
C. State Resources	11
D. Leveraging and Matching Federal Dollars	11
E. Geographic Distribution of HUD Resources	12
F. Obstacles in Meeting Underserved Needs	12
IV. HOUSING AND COMMUNITY DEVELOPMENT STRATEGIES	13
A. 2015 – 2019 Housing and Community Development Plan Summary	13
B. Analysis of Impediments to Fair Housing Choice	18
C. Barriers to Affordable Housing	26
D. Lead-Based Paint Hazards	27
E. Anti-Poverty Strategy	29
F. Anti-Displacement Policy	30
V. ONE YEAR ACTION PLAN	31
A. Community Development Block Grant	31
B. HOME Investment	33
C. Emergency Solutions Grant Program	52
D. CDBG Disaster Recovery Funds	53
E. National Housing Trust Fund	55
F. Allocation Priorities	55
G. Affordable Housing	54
H. Coordinating with Low Income Housing Tax Credits	56
I. Homeless Strategic Plan and Coordination with the Continuums of Care	56
J. Fostering and Maintaining Affordable Housing	58
K. Monitoring and Audit Requirements	58
Appendix A: Citizen Participation Plan	59
Appendix B: Additional Plan Data	69
Appendix C: National Housing Trust Fund Program	70

I. EXECUTIVE SUMMARY

A. INTRODUCTION

The Action Plan is that portion of the Consolidated Plan that is prepared each year as the grant application for the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grant (ESG), and National Housing Trust Fund (NHTF) programs. The purpose of the Action Plan is to identify the various federal and state resources that might be expected to be available to address the priority housing and non-housing community development needs and objectives in the Strategic Plan section of the Consolidated Plan. In addition, the Action Plan describes how funds will be distributed through the CDBG, HOME, ESG, and NHTF programs; the activities planned for homeless and other special needs persons; other actions required by U.S. Department of Housing and Urban Development (HUD); and the short-term non-housing objectives for each planning region in the state. The Action Plan contains only summaries of the CDBG, HOME, ESG, and NHTF programs.

B. CITIZEN PARTICIPATION SUMMARY

For the development of the Action Plan, the Division of Community Services (DCS) followed its Citizen Participation Plan by arranging for the eight Regional Planning Councils to hold one public hearing in each region. The 2017 Action Plan was made available for public comment during the period of March 27, 2017 through April 25, 2017. The Citizen Participation Plan is included in Appendix A.

C. 2016 ANNUAL ACTION PLAN SUMMARY

The State of North Dakota is required by the HUD to prepare an Action Plan for Housing and Community Development annually. Timely completion of the Plan in a HUD-acceptable format helps ensure continued funding of housing and community development activities throughout the state. Beginning in 2014, the State of North Dakota prepared its Five-Year Consolidated Plan, covering the program years 2015 – 2019. This Consolidated Plan contains information about demographic, economic, and housing market trends in the state; analysis of statewide affordable housing needs; findings from the citizen participation process; and an analysis of the needs of special populations.

The following represents the third of that five year plan, the 2017 One-Year Action Plan for allocating the state's federal block grant funds to address housing and community development needs. In order to make the document more informative for citizens and more useful for policy makers and those engaged in the production of affordable housing, the document describes actions and activities to be undertaken with resources beyond the federal grant programs and by organizations other than those administering the federal grant programs. It is intended to represent a comprehensive Action Plan for affordable housing and community development activities statewide. The goals and activities identified here can by no means be accomplished through the use of the federal grant programs alone. Where possible, the plan specifies those actions or activities that are expected to be undertaken with other resources as well as the related outcomes expected to be achieved.

D. EVALUATION OF PAST PERFORMANCE

North Dakota Department of Commerce's evaluation of its past performance has been completed in a thorough Consolidated Annual Performance and Evaluation Report (CAPER). These documents state the objectives and outcomes identified in each year's Annual Action Plan and includes an evaluation of past performance through measurable goals and objectives compared to actual performance. These documents can be found on North Dakota Department of Commerce's website at:

<http://www.communityservices.nd.gov/communitydevelopment/ConsolidatedPlan/>

II. ANNUAL ACTION PLAN DEVELOPMENT PROCESS

A. LEAD AGENCY AND ADMINISTERING AGENCIES

The North Dakota Department of Commerce, DCS, is designated as the lead agency for developing, implementing, monitoring, and reporting on the achievements of the Consolidated Plan. Other entities that play a key role in the implementation of the Plan are the state's eight Regional Planning Councils, seven Community Action Agencies (CAAs), Community Development Housing Organizations (CHDO), non-profits, the North Dakota Housing Finance Agency (NDHFA), Cass County Housing Authority, Stutsman County Housing Authority, and the cities of Bismarck and Grand Forks.

B. CONSULTATION AND COORDINATION

When preparing the Consolidated Plan, consultation is made with public and private agencies that provide housing, health and social services. State health and child welfare agencies are also consulted concerning lead-based paint hazards.

The system in place to implement the CDBG, HOME, ESG and NHTF programs is well established and permits the opportunity for close coordination to identify needs and to employ the available resources. The CDBG program is well coordinated through the eight Regional Planning Councils, each receiving an allocation with which to fund economic development, housing, and public facilities projects. They in turn coordinate with various housing groups, the Public Housing Authorities, local economic developers, and state agencies to use CDBG funds to fund the most cost effective and low-income targeted projects. In addition, since the DCS is located in the North Dakota Department of Commerce, the staff is able to have daily coordination with the North Dakota Economic Development and Finance division in funding economic development projects. The CAAs are intricately involved in the implementation of the HOME program, and both coordinate housing projects with the Regional Councils. As indicated in the affordable housing goals, some Councils are partnering with CAAs to assist with lead-based paint requirements. The HOME program also coordinates closely with the entitlement cities of Grand Forks and Bismarck to address their local low-income housing needs. The ESG program works very closely with approximately 30 agencies in the state and the North Dakota Homeless Coalition to identify and address the needs of the homeless and the chronic homeless. The NHTF program is administered by the state Housing Finance Agency (HFA), which also administers other state and federal affordable housing programs throughout all of North Dakota. As such, the HFA is regularly in consultation with the state's metropolitan and rural jurisdictions to identify needs, provide technical assistance, and help create housing strategies and solutions. Additionally, the HFA coordinates closely with the DCS in the creation and support of those elements of the Consolidated Plan and Action Plan which address the NHTF program. At the present time we do not believe that the system has any gaps that need to be addressed.

Consultation with Local Governments

The state has or will comply with the following:

1. It has consulted with affected units of local government in the non-entitlement area of the State in determining the method of distribution of funding;

II. Annual Action Plan Development Process

2. It engages in or will engage in planning for community development activities;
3. It provides or will provide technical assistance to units of local government in connection with community development programs; and
4. It will not refuse to distribute funds to any unit of general local government on the basis of the particular eligible activity selected by the unit of general local government to meet its community development needs, except that a state is not prevented from establishing priorities in distributing funding on the basis of the activities selected.

C. EFFORTS TO ENHANCE CITIZEN INVOLVEMENT

Public involvement for the 2015-2019 Consolidated Plan began in August 2014 and extended over a period of several months. Three key steps were taken in the involvement process. One was the implementation of three focus group meetings involving experts in housing and community development issues for the State of North Dakota, another was eight Regional Council meetings, with one held in each region, and the other was a set of public input meetings during which citizens were provided the opportunity to offer feedback and input regarding the Consolidated Plan.

Three focus groups were held in early January of 2015 with the purpose of drawing upon the expert knowledge of stakeholders and their thoughts on barriers and constraints encountered in North Dakota's housing and community development arena. These focus groups were designed around three key topic areas: affordable housing, homelessness and infrastructure. These meetings allowed key stakeholders and statewide leaders the opportunity to explore the depth of the respective housing and community development barriers and uncover creative solutions to emerging problems.

The 2014 Housing and Community Development Survey was designed to incorporate feedback from both community leaders and the public into the planning process. The survey included a variety of questions asking respondents to rate the need for various housing and community development activities throughout the state. The survey was available online and a total of 165 responses were received statewide.

For the development of the Action Plan, the DCS followed its Citizen Participation Plan by arranging for the eight Regional Planning Councils to hold one public hearing in each region. The 2017 Action Plan was made available for public comment during the period of March 27, 2017 through April 25, 2017. The Citizen Participation Plan is included in Appendix A.

D. ACTIONS TO BE TAKEN TO ENHANCE THE INSTITUTIONAL STRUCTURE AND ITS COMMUNICATION

At this time we have no specific plans to enhance coordination. The CDBG program has been implemented for 34 years in the state, and the system in place provides for more than enough coordination, especially when considering the limited funds available and the continued high demands for housing rehabilitation, public facilities, and economic development. If more funds become available, some additional things might be possible, but for now the system for coordination is more than adequate. This also applies to the HOME program which has been in

II. Annual Action Plan Development Process

place for 24 years, and the ESG program which has been in place for 29 years. Despite the relative recency of the NHTF program, created in 2008 and first funded in 2015, the systems put in place at the state level have resulted in strong coordination and communication among its stakeholders, effective program administration, and efficient use of limited public funds. Working together we are very successful in identifying needs. The problem is the lack of funds to address the needs. Every entity involved in the implementation of the Plan does everything in its power to assure that funds are targeted to the most beneficial projects and to the most needy households and individuals.

III. ALLOCATING HOUSING AND COMMUNITY DEVELOPMENT RESOURCES

A. OVERVIEW OF AVAILABLE RESOURCES

With North Dakota Department of Commerce as the lead agency overseeing development, numerous state and federal programs support the implementation of the state’s Consolidated Plan. Interagency cooperation and coordination of state, federal, and local agencies and organizations is critical to the success of many projects. The following summaries describe programs supporting the overall implementation of North Dakota’s Consolidated Plan with respect to affordable housing, public facilities, economic development, and homelessness.

B. FEDERAL RESOURCES

HUD Formula Grants

The State of North Dakota receives annual funding from four HUD formula grant programs:

- CDBG Program, administered by Department of Commerce, DCS;
- HOME Program, administered by Department of Commerce, DCS;
- ESG Program, administered by Department of Commerce, DCS;
- NHTF Program, administered by Housing Finance Agency, HFA.

The state is also part of a tri-state program what receives HOPWA funding. Tri-State Housing Environment for Living Positively (HELP) administers this program for Montana, North Dakota and South Dakota.

Community Development Block Grant (CDBG) Program

The CDBG program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to general units of local government and states.

The North Dakota Department of Commerce, DCS administers the CDBG Program. The estimated allocation from HUD for the State CDBG Program in North Dakota for 2017 is \$3,665,003 (this will change once we get notice from HUD). Table III.1 shows this allocation.

Table III.1 2017 CDBG Funding State of North Dakota NDDOC	
CDBG funding	Amount
Total FY 2017 Allocation	\$3,674,491
Program Income	\$1,300,000
Prior Year Resources	\$ 0
Total	\$4,974,491

HOME Investment Partnerships (HOME) Program

The HOME program provides formula grants to states and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. HOME funds are awarded annually as formula grants to participating jurisdictions (PJs). The program’s flexibility allows states and local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancements, or rental assistance or security deposits.

The HOME program, administered by the DCS, is estimated to receive \$3,023,348 in HUD funds for the 2017 plan year.

Table III.2 2017 HOME Funding State of North Dakota NDDOC	
HOME funding	Amount
Total FY 2017 Allocation	\$3,023,348.00
Program Income	\$ 4,049.00
Prior Year Resources	\$ 0
Total	\$3,027,397.00

Emergency Solutions Grant (ESG) Program

The ESG Program, formerly named the Emergency Shelter Grant, provides formula funding to address homelessness to eligible jurisdictions. The North Dakota Department of Commerce is estimated to receive \$442,064 for the ESG Program.

Table III.3 2017 ESG Funding State of North Dakota NDDOC	
ESG funding	Amount
Total FY 2017 Allocation	\$657,162
Program Income	\$ 0
Prior Year Resources	\$ 0
Total	\$657,162

HUD Competitive Grants

Competitive grant programs allow eligible applicants to request funding directly from HUD by submitting an application. Each year, HUD’s SuperNOFA (Super Notice of Funding Availability) process makes competitive funds available for the selection of proposals submitted by government agencies and nonprofits. These proposals address special projects of national significance and long-term projects in areas that are not eligible for formula allocations.

Continuum of Care (CoC)

In 2017, the State of North Dakota’s Statewide CoC received a total of \$1,903,991 in CoC funding for a total of 20 projects. Table III.4, below, shows the funded projects for FY 2017.

Table III.4 ND-500 Continuum of Care (CoC) Awards 2017 Statewide US Department of Housing and Urban Development		
Project Name	Program	Amount
2016 S+C Renewal Project Application	CoCR	\$304,416
BCHA Shelter Plus Care Vouchers 2016	CoCR	\$209,150
Center of Hope and Emergency Shelter	CoCR	\$30,000
CoC Planning Project Application 2016	CoCR	\$59,500
CoC Project Application	CoCR	\$124,575
Comeau Transitional Housing	CoCR	\$15,277
COOPER House Supportive Housing Program	CoCR	\$57,450
CVIC Hope Transitional Housing	CoCR	\$93,928
FHRA CSPC SHP 16	CoCR	\$121,740
FHRA SPC SHP 2016	CoCR	\$126,187
FHRA SRO SHP 2016	CoCR	\$84,506
HMIS Renewal 2016	CoCR	\$74,072
Permanent Supportive Housing Renewal FY2016	CoCR	\$4,845
Prairie Harvest Mental Health SHP	CoCR	\$89,727
Prairie Heights	CoCR	\$46,675
SHP Transitional Housing Renewal FY2016	CoCR	\$78,819
SW ND Supportive Housing Project	CoCR	\$37,599
YWCA Cass Clay SHP (One)	CoCR	\$89,313
YWCA Cass Clay SHP (Two)	CoCR	\$37,339
YWCA Cass Clay TH	CoCR	\$218,873
ND-500 Total		\$1,903,991
North Dakota Total		\$1,903,991

OTHER HUD RESOURCES

National Housing Trust Fund

The National Housing Trust Fund (NHTF) established in July 2008 as part of the Housing and Economic Recovery Act of 2008 (HERA) required that Fannie Mae and Freddie Mac pay 4.2 basis points of their annual volume of business to two funds. The NHTF was to receive 65% and the remaining 35% was to go the Capital Magnet Fund (CMF). In 2016, the requirement that Fannie Mae and Freddie Mac contribute to the two funds was suspended when the companies were taken into conservatorship in September 2008 at the height of the housing crisis. The Director of the Federal Housing Finance Agency lifted the suspension on Fannie Mae and Freddie Mac’s obligation to fund the National Housing Trust Fund (NHTF) and the CMF.

The NHTF is a block grant to the states, the District of Columbia, Puerto Rico, and the U.S. territories. The purpose of the NHTF is to increase and preserve the supply of housing, principally rental housing for extremely low-income households. HUD administers the NHTF and on January 30, 2015, issued an interim program rule (FR-5246-I-03) to implement the NHTF. The regulations can be found at: <http://www.gpo.gov/fdsys/pkg/FR-2015-01-30/pdf/2015-01642.pdf>. The Final Rule is expected to be released after the NHTF program has been implemented for at least one year.

The law that created the NHTF requires HUD to use a formula to distribute NHTF dollars directly to states.

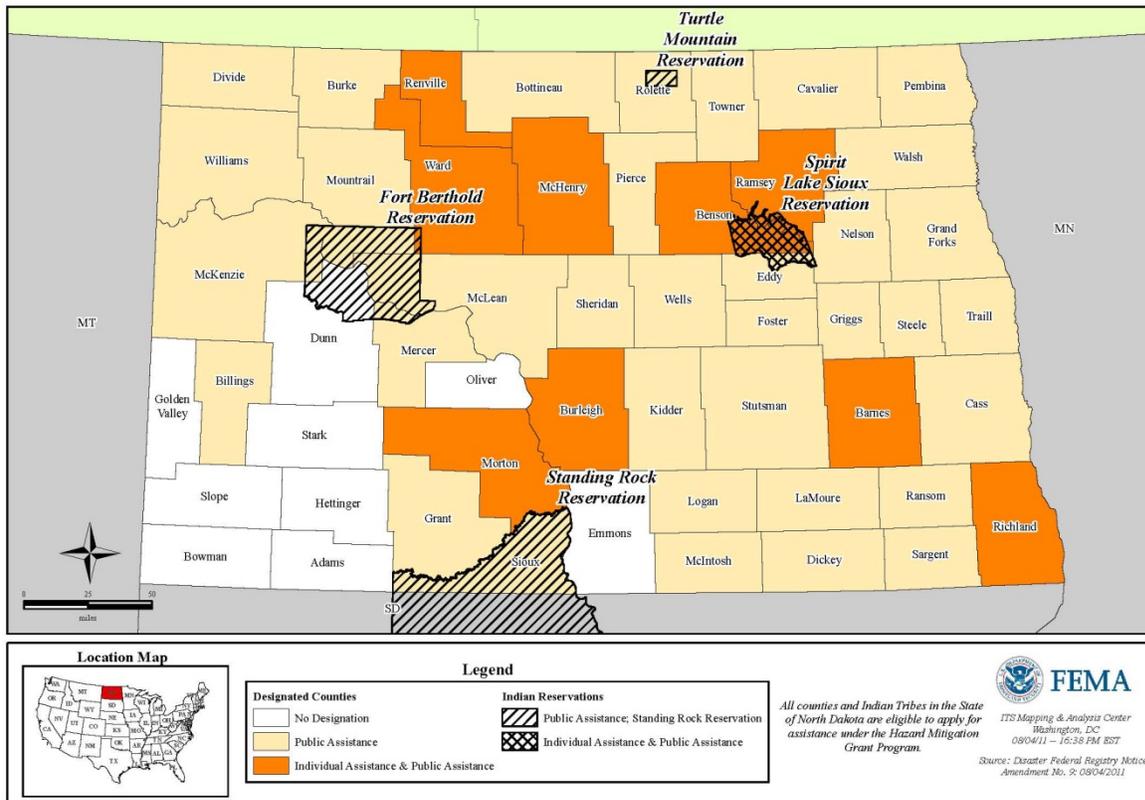
North Dakota Housing Finance Agency (NDHFA) on behalf of the State of North Dakota will prepare a NHTF “Allocation Plan” as part of the Annual Action Plan every year. That Allocation Plan will show how NDHFA will allot the NHTF dollars it will receive in the upcoming year. NHTF dollars will be distributed by the NDHFA based on the priority housing needs in the Consolidated Plan. HUD codified the NHTF regulations in a new Part 93 of the Code of Federal Regulation. The NHTF is incorporated into the Consolidated Plan as a source of funds. The Consolidated Plan public participation process will provide advocates sufficient opportunities to influence how the NHTF resources are allocated by the NDHFA.

Disaster Relief CDBG-DR

On May 10, 2011, President Obama declared North Dakota as being in a state of disaster with FEMA assigning the state disaster number FEMA-1981-DR. Under the declaration for Disaster, FEMA’s Public Assistance (PA) Program and Hazard Mitigation Grant Program (HMGP) were instated to assist 44 counties and four tribes with disaster recovery and reimbursement of flood damage costs.

While the CDBG Disaster Recovery funding may be used in the 44 counties that are eligible for assistance under the 2 FEMA programs, it has been determined that, due to limited funding, only those entities that received the Individual Assistance Declarations from FEMA (declarations are based on the amount of damage received) will be served by CDBG Disaster funding. The eligible entities are: Barnes; Benson; Burleigh; McHenry; Morton; Ramsey; Renville; Richland; and Ward Counties and the Spirit Lake Reservation.

**FEMA-1981-DR, North Dakota
Disaster Declaration as of 08/04/2011**



MapID 763060c531a0804111620hqprod

Department of Housing and Urban Development Appropriations Act, 2012 (Public Law 112-55), which appropriated \$400,000,000 in CDBG funds related to disaster relief, long-term recovery, and restoration of infrastructure in areas covered by a declaration of major disaster under title IV of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) as a result of recent natural disasters on a national level. The State of North Dakota has been allocated a total of \$11,782,684 from that appropriation with an additional \$67,575,964 going directly to the City of Minot for recovery from the impacts of the severe flooding experienced in North Dakota.

Department of Housing and Urban Development Appropriations Act, 2013 (Public Law 113-2), which appropriated \$16,000,000,000 in CDBG funds related to disaster relief, long-term recovery, and restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.) due to Hurricane Sandy and other eligible events in calendar years 2011, 2012 and 2013. The State of North Dakota has been allocated a total of \$6,576,000 from that appropriation with an additional \$35,056,000 going directly to the City of Minot for recovery from the impacts of the severe flooding experienced in 2011.

OTHER FEDERAL RESOURCES

Low Income Housing Tax Credits (LIHTC)

The NDHFA is responsible for implementing the Low-income Housing Tax Credit program. Developers looking to use the program must be able to document a particular housing need and demonstrate that the need is consistent with the Consolidated Plan. Each project is rated against specific criteria, eighteen of which are intended to assure a project is targeted to benefit low-income families.

C. STATE RESOURCES

The State of North Dakota utilizes a variety of resources to meet the goals it has established in its Consolidated Plan. The following state resources are expected to be used to address statewide housing needs:

1. START Downpayment Assistance program;
2. Helping Hands Across North Dakota program for housing;
3. Rehab Accessibility Program
4. Rural Housing Rehabilitation Loan Program;
5. State Revolving Fund program for waste water and drinking water systems;
6. Housing Incentive Fund; and
7. North Dakota Homeless Grant.

D. LEVERAGING AND MATCHING OF FEDERAL DOLLARS

Federal funds will continue to be leveraged with nonfederal resources to achieve the objectives of this plan. Matching requirements will be achieved through a variety of methods. Grant recipients are encouraged to utilize funds from the private sector, state and local programs, and other sources to assist in meeting HUD matching requirements and to increase the amount of funds available to provide affordable housing, expand economic opportunities, improve infrastructure, and provide community facilities.

Community Development Block Grant

The Federal resources listed have limited funds available so the programs, when administered by the state, are generally designed to require the use of other funds to complete projects. For instance, all CDBG economic development projects require, by design, a 50 percent match of other funds. For CDBG public facilities projects, the Regional Councils generally require some percentage of other funds. Administrative costs that are required to be matched for the CDBG and HOME programs are included in the DCS budget.

Home Investment Partnerships Program

Applicants should use private funds, tax credits, Rural Development, Federal Home Loan Bank, CDBG, ND Housing Incentive Fund, Department of Energy, or other grant/loan programs to help leverage HOME activities.

All recipients are expected to locally meet the HOME Program match requirement of 25 percent unless specifically waived by the DCS. Existing general waivers include a state policy that homeowner rehabilitation and TBRA activities are excluded from the match requirement.

Emergency Solutions Grant Program

The state will continue to meet the ESG match requirements in the same manner as it has in past grant years. Each grant year, the State contributes \$120,000 in general funds to match the federal allocation. The remaining matching funds are provided by ESG subrecipients. Matching funds are used to enhance and expand eligible ESG components and sub-activities.

National Housing Trust Fund Program

In accordance with the Interim Rule at 24 CFR Part 93, North Dakota's NHTF Qualified Allocation Plan identifies a preference in the selection of projects based on the amount of committed non-federal leveraging that can be demonstrated by the applicant.

E. GEOGRAPHIC DISTRIBUTION OF HUD RESOURCES

The HOME, ESG, and NHTF program funds will be available to eligible applicants statewide. Fargo receives their HOME funds directly from HUD. The CDBG program is available to eligible applicants in every city and county, except the three entitlement cities of Grand Forks, Fargo, and Bismarck.

F. OBSTACLES IN MEETING UNDERSERVED NEEDS

The major obstacle to meeting underserved needs is the small amount of funds the state receives through the CDBG, HOME, ESG, and NHTF programs. The needs far exceed the ability of these programs to make any significant impact, which is why the state continues to fund the same type of housing and non-housing activities each year. Housing rehabilitation continues to be a high priority need, but the interest in doing more rehabilitation is severely hampered by the lead-based paint requirements. Costs to investigate and mitigate lead-based paint are very high and the lack of funds means fewer opportunities for rehabilitation. Since there is nothing we can do to change either of these problems, no actions are planned.

IV. HOUSING AND COMMUNITY DEVELOPMENT STRATEGIES

A. 2015-2019 HOUSING AND COMMUNITY DEVELOPMENT PLAN SUMMARY

The following list presents the overriding strategies of the North Dakota Five-Year Consolidated Plan for Housing and Community Development, including selected performance criteria associated with each strategy and goal. Furthermore, there may be a need to direct such housing resources by use of project selection criteria, which may be updated annually, based upon year-to-year need and local circumstances.

The strategies the state will pursue over the next five years are as follows:

HOUSING STRATEGIES:

1. Preserve and improve the quality and condition of the existing rental and owner-occupied housing stock through rehabilitation of lower-income, disabled and elderly households
2. Fund homeownership opportunities for lower-income residents
3. Provide funding to increase the supply of multifamily housing

HOMELESS STRATEGIES:

1. Support emergency shelters and transitional housing for the homeless
2. Create additional transitional and permanent supportive housing facilities
3. Provide financial support to assist those at imminent risk of homelessness, including rapid rehousing
4. Fund homeless prevention activities, including data collection and prevention services

NON-HOUSING COMMUNITY DEVELOPMENT PRIORITIES:

1. Encourage economic development opportunities that retain and expand existing businesses
2. Improve and enhance local public infrastructure, including water, sewer, streets and sidewalks
3. Encourage communities to address local public facilities and service needs
4. Encourage communities to do strategic planning

Each of the priorities identified above, as well as the objectives consistent with each strategy are discussed in greater detail below. Performance measurement criteria are presented at the end of each priority narrative.

HOUSING STRATEGIES

The population throughout North Dakota continues to increase, and this growth is occurring more quickly in certain areas of the state with dramatic economic change. The demand for quality affordable homeowner and rental housing will continue to rise along with population, but at different rates depending on the local community’s economic, demographic and housing market conditions. As the State of North Dakota strives to meet the needs of its residents, housing remains a top priority.

1. Preserve and improve the quality and condition of the existing rental and owner-occupied housing stock through rehabilitation of lower-income, disabled and elderly households

North Dakota Department of Commerce will offer funding to rehabilitation activities that address the needs of lower-income and elderly households, including rental and owner-occupied rehabilitations.

Outcome:	Sustainability
Objective:	Provide Decent Affordable Housing
Funding:	HOME, Housing Trust Fund, CDBG
Five-Year Goal:	
Rental Units Rehabilitated	Number of Households Housing Units
Homeowner Housing Rehabilitated	Number of Households Housing Units
One-Year Goal:	
Rental Units Rehabilitated	Number of Households Housing Units
Homeowner Housing Rehabilitated	Number of Households Housing Units

2. Provide funding to increase the supply of multifamily housing

North Dakota Department of Commerce will fund eligible nonprofit and for-profit housing builders with financial subsidies for the development of rental properties affordable to low-income households.

Outcome:	Availability/Accessibility
Objective:	Provide Decent Affordable Housing
Funding:	HOME, Housing Trust Fund, CDBG
Five-Year Goal:	
Rental Units Constructed	Number of Household Housing Units
One-Year Goal:	
Rental Units Constructed	Number of Household Housing Units

HOMELESS STRATEGIES

The State of North Dakota is committed to helping to work towards the goals of reducing and ending homelessness throughout the state by prioritizing homelessness with funding and program initiatives.

1. Support emergency shelters and transitional housing for the homeless

North Dakota Department of Commerce will provide funding for a number of services needed by homeless persons, such as case management, health services, and outreach. Funding will also be provided to assist with shelter maintenance and operations.

Outcome:	Sustainability
Objective:	Create Suitable Living Environments
Funding:	ESG
Five-Year Goal:	
Homeless Person Overnight Shelter	Number of Persons Assisted
One-Year Goal:	
Homeless Person Overnight Shelter	Number of Persons Assisted

2. Create additional shelters, transitional and permanent supportive housing facilities

The State of North Dakota supports efforts to acquire additional housing structures for homeless shelters, transitional and permanent supportive housing in the non-entitled areas.

Outcome:	Availability/Accessibility
Objective:	Provide Decent Affordable Housing
Funding:	ESG, CDBG, NHTF
Five-Year Goal:	
Overnight/Emergency Shelter/ Transitional Housing Beds added	Number of bed added
One-Year Goal:	
Overnight/Emergency Shelter/ Transitional Housing Beds added	Number of bed added

Five-Year Goal:

Jobs Created/Retained	Number of jobs
Businesses Assisted	Number of Businesses Assisted

One-Year Goal:

Jobs Created/Retained	Number of jobs
Businesses Assisted	Number of Businesses Assisted

2. Help improve and enhance local public infrastructure including water, sewer, streets and sidewalks

The Department of Commerce will participate in funding activities that improve the existing infrastructure through updating street, water and wastewater systems and sidewalks/paths.

Outcome:	Sustainability
Objective:	Create Suitable Living Environment
Funding:	CDBG

Five-Year Goal:

Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	Number of households assisted
---	-------------------------------

One-Year Goal:

Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	Number of households assisted
---	-------------------------------

3. Encourage communities to address local public facilities and service needs

The Department of Commerce will participate in funding quality public service activities that benefit the low/mod populations throughout North Dakota.

Outcome:	Availability/Accessibility
Objective:	Create Suitable Living Environments
Funding:	CDBG

Five-Year Goal:

Public service activities for Low/Moderate Income Housing Benefit	Number of households assisted
---	-------------------------------

One-Year Goal:

Public service activities for Low/Moderate Income Housing Benefit	Number of households assisted
---	-------------------------------

4. Encourage communities to do strategic planning

As part as the on-going effort to improve the quality of living environments for North Dakota residents, the Department of Commerce will provide funding for planning activities for local units of government.

Outcome: Sustainability

Objective: Create Suitable Living Environments

Funding: CDBG

Five-Year Goal:

Other: Planning Activities

One-Year Goal:

Other: Planning Activities

5. Engage in funding disaster relief areas

As part as the on-going effort to combat the effects of flooding, North Dakota Department of Commerce will utilize CDBG-DR funds to address these needs in affected areas throughout the state.

Outcome: Sustainability

Objective: Create Suitable Living Environments

Funding: CDBG

Five-Year Goal:

Public Facility or Infrastructure	Number of households assisted
Activities other than Low/	
Moderate Income Housing Benefit	

One-Year Goal:

Public Facility or Infrastructure	Number of households assisted
Activities other than Low/	
Moderate Income Housing Benefit	

B. ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

In accordance with the applicable statutes and regulations governing the consolidated plan, the State of North Dakota certifies that they will affirmatively further fair housing. This means that the state has conducted an AI within the state, will take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard. A summary of the most recent AI is noted below.

According to HUD, impediments to fair housing choice include actions or omissions in the state that constitute violations of the Fair Housing Act. Further, impediments mean actions or omissions that are counter-productive to fair housing choice or that have the effect of restricting housing opportunities based on protected classes.

B.1. FAIR HOUSING CERTIFICATION

In accordance with the applicable statutes and regulations governing the consolidated plan, the North Dakota Department of Commerce certifies that they will affirmatively further fair housing. This means that the North Dakota Department of Commerce has conducted an AI within the state, will take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting that analysis and actions in this regard. A summary of the most recent AI is noted below.

B.2. A SUMMARY OF THE 2015 ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

AI PURPOSE AND PROCESS

As a requirement of receiving funds under the CDBG, the HOME, and ESG, entitlement jurisdictions must submit certification of affirmatively furthering fair housing to the HUD. This certification has three elements:

- Complete an Analysis of Impediments to Fair Housing Choice (AI),
- Take actions to overcome the effects of any impediments identified, and
- Maintain records reflecting the actions taken in response to the analysis.

In the *Fair Housing Planning Guide*, page 2-8, HUD provides a definition of impediments to fair housing choice as:

1. Any actions, omissions, or decisions taken because of race, color, religion, sex, disability, familial status, or national origin which restrict housing choices or the availability of housing choices [and]
2. Any actions, omissions, or decisions which have [this] effect.¹

The list of protected classes included in the above definition is drawn from the federal Fair Housing Act, which was first enacted in 1968. However, state and local governments may enact fair housing laws that extend protection to other groups, and the AI is expected to address housing choice for these additional protected classes as well.

The AI process affirmatively furthers fair housing involves a thorough examination of a variety of sources related to housing, the fair housing delivery system, and housing transactions, particularly for persons who are protected under fair housing law.

¹ U.S. Department of Housing and Urban Development, Office of Fair Housing and Equal Opportunity. *Fair Housing Planning Guide*. Vol. 1, p. 2-8.
http://www.hud.gov/offices/cpd/about/conplan/fairhousingexs/Module5_TopSevenAFFH.pdf

The development of an AI also includes public input and review via direct contact with stakeholders, public meetings to collect input from citizens and interested parties, distribution of draft reports for citizen review, and formal presentations of findings and impediments, along with actions to overcome the identified impediments.

IMPEDIMENTS TO FAIR HOUSING CHOICE AND SUGGESTED ACTIONS

Private Sector Impediments, Suggested Actions, and Measurable Objectives

Impediment 1: Discrimination based on disability, familial status, and race. This impediment was identified through review of complaints lodged with HUD and the North Dakota Department of Labor and Human Rights (DOLHR), and in consultation with the High Plains Fair Housing Center (HPFHC). Discrimination based on familial status was second only to discrimination disability-based discrimination as the most common allegation in complaints lodged with HUD, and was the third most common allegation in complaints lodged with the DOLHR. Discrimination based on race was the third most commonly cited motivation for discrimination among complaints lodged with HUD, and was second most common among DOLHR complaints. In addition, a representative of the HPFHC noted that the complaints that the organizations receives reveal “continuing evidence of discrimination, particularly against persons with disabilities, Native Americans, New Americans, and families with children.”

Action 1.1: Partner with the HPFHC and other non-profit organizations to conduct outreach and education to professionals in the housing industry on the subject of disability, familial status, and legal prohibitions on discrimination against families with children.

Measurable Objective 1.1: The number of outreach and education activities conducted by the HPFHC and other organizations.

Action 1.2: Partner with the DOLHR to conduct education activities to professionals in the housing industry on the subject of disability, familial status, and legal prohibitions on discrimination against families with children.

Measurable Objective 1.2: The number of education activities conducted.

Action 1.3: Partner with the HPFHC and other non-profit organizations to conduct outreach and education to professionals in the housing industry on the subject of disability, familial status, and racial forms of discrimination.

Measurable Objective 1.3: The number of outreach and education activities conducted.

Action 1.4: Partner with the DOLHR to conduct education activities to professionals in the housing industry on the subject of disability, familial status, and racial forms of discrimination.

Measurable Objective 1.4: The number of education activities conducted.

Impediment 2: Failure to make reasonable accommodation. This impediment was identified through review of complaints lodged with HUD and the DOLHR, as well as the results of the 2015 North Dakota Fair Housing Survey, and in consultation with the HPFHC. Disability-based complaints were the most common complaints that HUD received from residents of the state’s non-entitlement areas from 2004 through 2014, and accounted for more than half of all complaints lodged with the DOLHR. Failure to make reasonable accommodation, a discriminatory issue that uniquely impacts residents with disabilities, was the second most commonly alleged discriminatory action in HUD and DOLHR complaints.

In addition, though respondents to the 2015 Fair Housing Survey were largely unaware of questionable practices or barriers to fair housing choice in the private or public sectors, over one in ten respondents were aware of issues in the housing construction or accessible housing design fields, and those who provided additional commentary on this question maintained that neglect of ADA requirements in new construction was relatively common. Similarly, several of those who provided commentary on challenges in the public sector noted a lack of tax incentives to promote accessible development, as well as a failure on the part of construction companies to incorporate such elements in the design and construction of new units.

Finally, a representative of the HPFHC noted that legal requirements pertaining to design and construction are not well understood, and that “requests for reasonable accommodation are frequently resisted.”²

Action 2.1: Partner with the HPFHC to conduct tests on selected newly constructed housing units and apartment complexes.

Measurable Objective 2.1: The number of tests conducted and the results of those tests conducted.

Action 2.2: Partner with the HPFHC, other non-profit organizations, and local ADA coordinators to conduct outreach and education to professionals in the housing construction industry on the subject of accessibility and reasonable accommodation.

Measurable Objective 2.2: The number of outreach and education activities conducted by these entities.

Action 2.3: Partner with the DOLHR to conduct education activities to professionals in the housing construction industry on the subject of accessibility and reasonable accommodation.

Measurable Objective 2.3: The number of education activities conducted by these entities.

Impediment 3: Discriminatory advertising. This impediment was identified through review of complaint data filed with the DOLHR. According to those data, complaints citing discriminatory advertising were the fourth most common among all complaints and complaints considered to have cause. More than a third of complaints that were settled or resolved, or that ended in a charge of discrimination, cited discriminatory advertising as among the discriminatory actions that housing providers had taken against them.

² Margaret Moore Jackson, High Plains Fair Housing Center (personal communication April 24, 2015).

Action 3.1: Partner with the HPFHC to conduct periodic reviews of rental housing advertisements in a variety of media (i.e., Craigslist, newspapers, etc.). Refer any discriminatory advertisements to the DOLHR for investigation.

Measurable Objective 3.1: The number of advertisements reviewed and discriminatory advertisements identified and referred reported by the HPFHC.

Action 3.2: Initiate or enhance public outreach, through partnership with the HPFHC and through the state's online/media presence, to identify examples of discriminatory advertising and encourage state residents to report such advertising when they see it.

Measurable Objective 3.2: Number of outreach and education activities taken, the number of reported instances of discriminatory advertising reported by the HPFHC.

Impediment 4: American Indian and Hispanic home loan applicants tend to have higher rates of denials than white and non-Hispanic applicants. This impediment was identified through review of data gathered under the Home Mortgage Disclosure Act (HMDA). According to those data, 31.8 percent of home loan applications submitted by American Indian applicants were denied over the ten-year period between 2004 and 2013, inclusive. By comparison, only 13 percent of applications from white residents were turned down during that same period. Similarly, the denial rate for Hispanic applicants was 22.9 percent, compared to 13 percent for non-Hispanic applicants.

Action 4.1: Convene a committee or panel; in coordination with HPFHC and the DOLHR, and seeking participation from professionals in the home lending industry; with the goal of identifying factors that contribute to differential denial rates to American Indian and Hispanic applicants.

Action 4.1.1: Request recommendations on how to mitigate the factors contributing to higher denials rates for American Indian and Hispanic residents.

Measurable Objective 4.1: The establishment of the committee, the list of factors identified, and the recommendations developed.

Action 4.2: Working in coordination with accredited local and statewide for-profit and non-profit organizations and government agencies, enhance credit counseling and education to prospective home buyers, focusing on strategies to build credit for home purchases, in partnership with local lenders and civic institutions.

Measurable Objective 4.2.1: The number of credit counseling and education activities conducted.

Measurable Objective 4.2.2: The number of agencies and organizations contacted.

Impediment 5: Discrimination against public assistance income. In spite of the fact that discrimination based on the receipt of public assistance is illegal under state law, complaint data from the DOLHR indicate that nearly twelve percent of those who filed a complaint with the agency believed that they had suffered discrimination on that basis.

Action 5.1: Contract with the HPFHC to conduct outreach and education to housing providers on the subject of public assistance, noting that discrimination based on use of public assistance is illegal under state law.

Measurable Objective 5.1: Number of outreach and education activities conducted.

Action 5.2: Coordinate with the DOLHR to conduct education activities to housing providers on the subject of public assistance, noting that discrimination based on use of public assistance is illegal under state law.

Measurable Objective 5.2: Number of education activities conducted.

Action 5.3: Contact the state attorney general and request that future materials and publications concerning landlord-tenant rights and responsibilities include an explanation of public assistance discrimination.

Measurable Objective 5.3: Record of contact with the state attorney general, and his office response.

Impediment 6: Lack of understanding of fair housing law and policy. This impediment was identified through review of responses to the 2015 North Dakota Fair Housing Survey and the discussions with the Public Housing Agency and Non-Entitlement Grantee Outreach Committee. Between a quarter and half of respondents to survey questions concerning impediments to fair housing choice in the private and public sectors responded to each question with “don’t know”, which may suggest a widespread lack of confidence in their own ability to identify the kinds of policies and practices that count as discriminatory. In addition, a fifth of respondents stated that they were “not familiar” with fair housing laws, and several survey respondents maintained that there was a need for more education on the subject of fair housing. This opinion was shared by participants in the February 20th meeting of the Public Housing Agency and Non-Entitlement Grantee Outreach Committee Meeting, who maintained that enhanced outreach and education should form a major part of the actions and objectives adopted to promote fair housing choice in the state.

Action 6.1: Contract with the HPFHC to conduct outreach and education to housing providers and property managers on the subject of affirmatively furthering fair housing, and what the law requires.

Measurable Objective 6.1: The number of outreach and education sessions offered and the number of attendants and participants.

Action 6.2: Establish yearly advertising and outreach activities, to take place during Fair Housing month (April), in partnership with HPFHC and other non-profit organizations, the DOLHR, regional councils, homeless providers, and CDBG grantees. Such activities could include panel discussions, fair housing presentations, web-based advertising (i.e., state and local jurisdiction websites, Facebook, etc.).

Measurable Objective 6.2: Number of advertising and outreach activities established, number of interagency and public/private partnerships established, the record of materials prepared for discussions and meetings, and the number of participants in such discussions and meetings.

Public Sector Impediments, Suggested Actions, and Measurable Objectives

Impediment 1: Apparent shortage of accessible and visitable housing in rural North Dakota. This impediment was identified through review of responses to the 2015 Fair Housing Survey.

Action 1.1: Partner with Regional Councils and CAAs to encourage communities to apply for homeowner and renter rehabilitation funding to modify existing dwellings with the goal of expanding the supply of accessible and visitable housing in rural North Dakota.

Measurable Objective 1.1: The number of communities who are contacted and encouraged to apply for rehabilitation funding and the number of communities who apply for such funding.

Action 1.2: Partner with Regional Councils and CAAs to encourage communities to apply new construction funding with the goal of expanding the supply of accessible and visitable housing in rural North Dakota.

Measurable Objective 1.2: The number of communities who are contacted and encouraged to apply for new construction funding and the number of communities who apply for such funding.

Impediment 2: Lack of understanding of fair housing law and duty to affirmatively further fair housing. This impediment was identified through review of responses to the 2015 North Dakota Fair Housing Survey and the discussions with the Public Housing Agency and Non-Entitlement Grantee Outreach Committee. As noted in the discussion for Private Sector Impediment 5, a large percentage of respondents answered each question with “don’t know”, and a fifth of respondents stated that they were “not familiar” with fair housing laws. Several survey respondents maintained that there was a need for more education on the subject of fair housing, an assessment that was shared by participants in the February 20th meeting of the Public Housing Agency and Non-Entitlement Grantee Outreach Committee Meeting, who maintained that enhanced outreach and education should form a major part of the actions and objectives adopted to promote fair housing choice in the state.

Action 2.1: Partner with the DOLHR to conduct education activities for local jurisdictions and Regional Councils on behalf of local jurisdictions seeking CDBG grant funding concerning state and federal fair housing law and the certification to affirmatively further fair housing.

Measurable Objective 2.1: The number of education sessions offered by the DOLHR.

Action 2.2: Partner with the HPFHC to conduct outreach and education to local jurisdictions and Regional Councils on behalf of local jurisdictions seeking CDBG grant funding concerning state and federal fair housing law and the certification to affirmatively further fair housing.

Measurable Objective 2.2: The number of outreach and education sessions offered by the HPFHC.

Action 2.3: Establish yearly advertising and outreach activities, to take place during Fair Housing month (April). Such activities could include panel discussions, fair housing presentations, and web-based advertising (i.e., state and local jurisdiction websites, Facebook, etc.)

Measurable Objective 2.3: Number of advertising and outreach activities established and the record of materials prepared for discussions and meetings.

B.3. ACTIONS NDDOC WILL TAKE IN 2017

The State of North Dakota, specifically the DOLHR, will continue to insure the enforcement of the fair housing law and provide fair housing education and outreach in cities throughout the state by utilizing promotional items such as fair housing and human rights brochures. The items provide specific information on what fair housing is, the law, and how the DOLHR handles specific housing complaints. They also provide an overview of the DOLHRs' relationship with HUD and how the state's laws are substantially equivalent to the Federal Fair Housing Law.

In addition, the North Dakota Department of Commerce has partnered with HPFHC. The Center assists people who believe they have experienced discrimination while attempting to rent or purchase housing, provides community education to promote fair housing, and conducts preliminary investigations of potential housing discrimination. HPFHC will conduct some testing throughout the state and where there are instances of discrimination. HPFHC will provide targeted training and follow up testing to ensure that there are no further instances of discrimination. Moreover, HPFHC will review policies and practices in the state of North Dakota to identify instances of discrimination particularly in the area of disparate impact-such as translation barriers.

The North Dakota Department of Commerce has also partnered with the Native American Development Center (NADC) to provide technical assistance for certifications in Financial Skills for Native Families, certification in Homeownership Counseling and training in Home Buyer Education.

The NADC, founded in 2012, is located in Bismarck, North Dakota. The NADC is a Native American led nonprofit corporation that provides education and support services to the largest urban diversified Native American population within our state.

They work towards helping families obtain economic security. The NADC works with other existing service organizations to meet the needs of persons and families. The intentionally integrate our culture with economic advancement opportunities. They offer our community the access to a cultural diversity platform. NADC’s mission is to strengthen and advance Native American individuals and families by providing supportive services and resources designed to preserve culture and promote economic security.

C. BARRIERS TO AFFORDABLE HOUSING

The 2014 Housing and Community Development Survey included a question about barriers to affordable housing. Table IV.1, on the following page, shows the responses received. The top responses included the cost of land, cost of labor, lack of qualified contractors or builders and cost of materials.

The regional public input meetings also had comments that related to the barriers to affordable housing in various parts of the state. Some of the comments are as follows:

- High cost of land
- Conservative lending practices
- Lack of qualified affordable housing developers
- High price of land
- High construction costs
- Lack of incentives to build affordable units

The State of North Dakota will take the following actions to remove barriers to affordable housing:

The assessed barriers are primarily local issues over which the state has little or no authority. However, we do have a state building code and we will continue to promote its adoption and enforcement and continue to provide training support to local building officials through the North Dakota Building Officials Association. In addition, we will promote the use of CDBG and HOME funds for development whenever it becomes a potential.

Table IV.1 Do any of the following acts as barriers to the development or preservation of housing? Non-Entitlement Areas of North Dakota 2014 Housing and Community Development Survey	
Barrier	Number of Citations
Cost of Land or Lot	36
Cost of Labor	35
Lack of Qualified Contractors or Builders	30
Cost of Materials	30
Lack of Affordable Housing Development Policies	29
Not In My Back Yard (NIMBY) Mentality	25
Lack of Available Land	22
Lack of Other Infrastructure	18
Lack of Sewer System	12
Lack of Water System	10
Construction Fees	10
Density or Other Zoning Requirements	9
Building Codes	7
Permitting Fees	6
Impact Fees	5
Permitting Process	4
Lot Size	4
Lack of Water	2
ADA Codes	2
Other Barriers	9

D. LEAD-BASED PAINT HAZARDS

Housing units built before 1940 are most likely to contain lead-based paint.

Units built between 1940 and 1978 have a lesser risk (lead was removed from household paint after 1978), although many older units may have few if any problems depending on construction methods, renovation and other factors.

Table IV.2 presents data regarding the vintage of households, broken down by presence of children age 6 and under and income. There were 33,683 units built prior to 1940, of which some 4,128 had children present under the age of 6. In addition, there were 91,410 households in units built between 1940 and 1979, with 12,795 households containing children under the age of 6.

Table IV.2 Vintage of Households by Income and Presence of Young Children Non-Entitlement Areas of North Dakota 2007–2011 HUD CHAS Data			
Income	One or More Children Age 6 or Younger	No Children Age 6 or Younger	Total
Built 1939 or Earlier			
30% HAMFI or less	350	4,315	4,665
30.1-50% HAMFI	452	4,005	4,457
50.1-80% HAMFI	936	5,670	6,606
80.1%-100.0% HAMFI	775	3,640	4,415
100.1% HAMFI and above	1,615	11,925	13,540
Total	4,128	29,555	33,683
Built 1940 to 1979			
30% HAMFI or less	1,745	10,245	11,990
30.1-50% HAMFI	1,590	9,790	11,380
50.1-80% HAMFI	2,435	15,105	17,540
80.1%-100.0% HAMFI	1,720	8,650	10,370
100.1% HAMFI and above	5,305	34,825	40,130
Total	12,795	78,615	91,410
Built 1980 or Later			
30% HAMFI or less	795	4,655	5,450
30.1-50% HAMFI	955	4,755	5,710
50.1-80% HAMFI	1,510	7,375	8,885
80.1%-100.0% HAMFI	1,240	5,185	6,425
100.1% HAMFI and above	5,755	25,855	31,610
Total	10,255	47,825	58,080
Total			
30% HAMFI or less	2,890	19,215	22,105
30.1-50% HAMFI	2,997	18,550	21,547
50.1-80% HAMFI	4,881	28,150	33,031
80.1%-100.0% HAMFI	3,735	17,475	21,210
100.1% HAMFI and above	12,675	72,605	85,280
Total	27,178	155,995	183,173

Table IV.3, on the following page, shows households at risk of lead-based paint by tenure and income. There were a total of 8,802 owner-occupied households with children aged 6 and younger at risk of lead-based paint exposure. There were an additional 3,997 renter-occupied households with children aged 6 or under at risk of exposure.

Table IV.3			
Households at Risk of Lead Based Paint by Tenure by Income			
Non-Entitlement Areas of North Dakota			
2007–2011 HUD CHAS Data			
Income	One or More Children Age 6 or Younger	No Children Age 6 or Younger	Total
Owner Occupied Households			
30% HAMFI or less	445	5,809	6,254
30.1-50% HAMFI	703	6,828	7,531
50.1-80% HAMFI	1,630	11,238	12,868
80.1% HAMFI or more	1,563	7,490	9,054
100.1% HAMFI and above	4,461	31,126	35,588
Total	8,802	62,492	71,294
Renter Occupied Households			
30% HAMFI or less	1,109	5,348	6,457
30.1-50% HAMFI	833	3,727	4,560
50.1-80% HAMFI	941	4,589	5,531
80.1% HAMFI or more	355	1,927	2,283
100.1% HAMFI and above	759	4,332	5,091
Total	3,997	19,924	23,921
Total			
30% HAMFI or less	1,554	11,157	12,711
30.1-50% HAMFI	1,536	10,555	12,091
50.1-80% HAMFI	2,571	15,828	18,399
80.1% HAMFI or more	1,919	9,418	11,336
100.1% HAMFI and above	5,220	35,458	40,678
Total	12,800	82,416	95,216

NORTH DAKOTA LEAD REMOVAL EFFORTS

In 2015, some 4,029 children in North Dakota were tested for blood lead levels. Table IV.4 shows the number of children that had elevated blood lead levels. There were 112 children that demonstrated some level of elevated blood lead levels in 2015. This accounted for 2.7 percent of the children tested.

During this program year we will continue working with the North Dakota State Health Department and the University of North Dakota to provide training for lead-based paint risk assessors. In addition, we expect to see more coordination with the CAAs to increase the amount of lead-based paint testing activities.

E. ANTI-POVERTY STRATEGY

In this section we are required to describe the state’s goals, programs, and policies for reducing the number of poverty level families, and how the state’s goals, programs, and policies for producing and preserving affordable housing will be coordinated with other programs and services for which the state is responsible, and the extent to which they will reduce the number of poverty level families, taking into consideration factors over which the state has control.

Lead Level	Number of Children
5-9.99 ug/dL	61
10-14 ug/dL	23
15-19 ug/dL	11
20-24 ug/dL	5
25-29 ug/dL	3
30+ ug/dL	9
Subtotal	112
Total Number of Children Tested	4,029

The primary tool at the state level for providing assistance to deal with poverty is the Community Services Block Grant (CSBG) program. This program provides funds to the state’s seven CAAs to ameliorate the causes and conditions of poverty. The funds provide a range of services and activities to assist the needs of low-income individuals, including the homeless, migrants, and the elderly. In North Dakota the funds are used to reduce poverty, revitalize low-income communities, and empower low-income families and individuals to become self-sufficient. This program is located in the North Dakota Department of Commerce, DCS, which provides an opportunity for almost daily interaction and coordination with the CDBG, HOME, and ESG programs.

The CAAs also play a key role in providing housing opportunities, most of which are included in the state’s affordable housing goals, through the implementation of the state’s HOME program. Their low-income clientele, most of who live in poverty, are the primary beneficiaries of HOME funds for obtaining housing as owners or renters. Families are also provided assistance in weatherizing their homes through the Weatherization program, which is a program within the DCS, and is often used in conjunction with HOME and CDBG funds that are used for housing rehabilitation. As noted in the affordable housing goals, some Regional Councils are partnering with CAAs Agencies to deal with lead based paint issues, and these are targeted to assist extremely low-income households. Homeless people also benefit through the CAAs through enrollment in the state’s Self-Sufficiency Program.

The primary focus for the use of CDBG funds in addressing poverty, besides an emphasis on rehabilitating homes owned and rented by extremely low-income households, will continue to be through the creation of jobs. This is consistent with the short-term non-housing objectives established within each region for providing funds for economic development projects. The ESG program provides emergency shelter for many persons and families living in poverty; and the Shelter Plus Care program provides these people with transitional and permanent housing opportunities through the CoC.

The institutional structure and programs, along with close coordination between implementing agencies, are all in place, and many families and individuals have benefited. However, there is no way to demonstrate or predict just how these programs and services will reduce the number of people living in poverty. Since the state's affordable housing goals, the goals of the ESG and CDBG community development programs, emphasize targeting extremely low-income families, most of whom live in poverty, and because of the primary focus of the CSBG program in providing services to people living in poverty, we believe that no additional goals are needed to specifically target poverty level families.

2017 Actions to reduce the number of poverty-level families

The primary activities will be to create jobs with CDBG funds, encourage referrals of low-income persons and families to the Self-Reliance program (although no data can be obtained showing referrals because of confidentiality), and, as reflected in our affordable housing goals, to target HOME and CDBG funds to low-income households.

F. ANTI-DISPLACEMENT AND RELOCATION PLAN

The State of North Dakota will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, and implementing regulations at 49 CFR 24; and it has in effect and is following a residential anti-displacement and relocation assistance plan required under section 104(d) of the Housing and Community Development Act of 1974, as amended, in connection with any activity assisted with funding under the CDBG or HOME programs.

V. ONE YEAR ACTION PLAN

The following narrative describes the activities that the State of North Dakota will undertake for each of the formula grant programs to which it receives funding: the CDBG, HOME ESG, and NHTF programs.

METHOD OF DISTRIBUTION

To distribute the CDBG funds, the state provides an allocation of funds to each of the state's eight Regional Planning Councils to recommend grant awards on a competitive basis. Each Regional Council is responsible for developing a program distribution statement describing how it will award funds. The state's role is to provide overall direction for the CDBG program and to review each project for compliance with the state CDBG Program Distribution Statement and the respective regional program statement. In addition, a set-aside is available for the Governor to fund economic development projects, new housing and emergency projects addressing health and safety concerns in coordination with the Regional Councils. For the HOME program, funds will be allocated to each of the state's seven CAAs, two CHDOs, two housing authorities (HA), and the cities of Bismarck and Grand Forks. Funds from the ESG and NHTF programs will be distributed on a competitive basis to eligible applicants. More detailed information for accessing and awarding funds under these three programs may be found on the DCS web site.

The criteria for approving projects under the CDBG program for each region are based directly on the state's affordable housing goals and long-term non-housing community development objectives, emphasizing all needs identified as a high priority and primary benefit to households of 0 to 51 percent MFI. The HOME program is designed to achieve the affordable housing goals identified in the Strategic Plan, and the ESG program is focused on broadening existing emergency shelter and homelessness prevention activities, emphasizing rapid rehousing and helping people quickly gain stability in permanent housing after experiencing a housing crisis and or homelessness.

The following provides an overview description of each program:

A. COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)

The purpose of the CDBG Program Distribution Statement is to describe how the State of North Dakota intends to distribute its CDBG Public Facilities, Housing and Economic Development funds.

To better address local community development needs, the Governor has directed that the state's allocation be divided among each of the eight Regional Planning Councils that have established procedures to review and rank applications submitted within their respective regions.

Program Goals and Objectives

- Creation of permanent jobs for very low and low-income persons
- Economic diversification
- Leveraging of private and local investment

V. One-Year Action Plan

- Benefit to the state’s economy
- Water and sewer activities which currently present a threat to health and safety
- Removal of architectural barriers which will permit access for the handicapped
- Direct benefit to a locality’s very low and low-income persons
- Leveraging local and other available financial resources to finance the cost of the activity
- Meeting the health and safety needs of very low-income persons by bringing the rehabilitated housing up to a minimum of the Section 8 Housing Quality Standards
- Making more affordable housing available for very low and low-income persons

Eligible Applicants

Eligible applicants under the North Dakota CDBG program are limited to counties and incorporated cities.

Allocation of Funds

FY2017 Allocation	\$3,674,491
Less State Administration	\$114,504
Less Regional Council Contracts	\$58,986
Less 1% Technical Assistance	\$36,745
Total Allocation Available for Projects	\$3,464,256
Less Governor's Set Aside for Community Development*	\$1,455,040
Total Allocation Available for Regional Distribution	\$2,009,216
Plus Projected Program Income**	\$1,300,000
Funds Available for Distribution	\$3,309,216

*Any loans made with the Governor’s Fund will revolve back into the Governor’s Loan fund.

** All CDLF projects will be funded with CDLF Program income prior to CDBG allocation funds.

Governor’s Fund for Community Development

The Governor’s Fund for Community Development primary focus will be to fund primary sector economic development projects. However, other eligible CDBG projects may also be funded, including those that will alleviate an immediate health and safety condition in the community. Up to \$100,000 of the Governor’s Fund may be used for permanent supportive housing to address long term homelessness. Housing projects funded with the Governor’s Fund will be based on increased housing needs due to economic development activities.

Section 108 Loan Guarantee Program

The state will not use CDBG funds to access the Section 108 Loan Guarantee program.

Regional Allocations

Table V.1, below, represents the regional CDBG allocations for FY 2017.

Table V.1 2017 CDBG Allocation Based on the American Community Survey 5-Year 2006-2010 Low and Moderate Income Summary Data					
Region	Total LMI Persons	Percent LMI Persons	LMI Allocation	50% Base Allocation	Total Allocation
1	9,420	6%	60,276	125,576	185,852
2	30,515	18%	180,829	125,576	306,405
3	20,680	13%	130,599	125,576	255,175
4	11,585	7%	70,323	125,576	195,899
5	25,965	16%	160,737	125,576	286,313
6	21,815	13%	130,599	125,576	256,175
7	29,665	18%	180,829	125,576	306,405
8	14,595	9%	90,415	125,576	215,991
Total	164,240	100.00%	1,004,608	1,004,608	2,009,216

Each region will decide how to allocate funds they have been appropriated. Each Regional Planning Council will recommend projects to be funded for FY 2017. Application criteria for each region and links to each region’s priorities will be available on North Dakota Department of Commerce’s website.

B. HOME INVESTMENT PARTNERSHIP PROGRAM

HUD has designated the State of North Dakota as a Participating Jurisdiction (PJ) and as such it may apply for and distribute HOME funds. The agency responsible for administration of the North Dakota HOME Program is the Department of Commerce, DCS.

This is a description of how the state plans to distribute FY 2017 HOME funds and administer its program. The plan demonstrates consistency with the goals identified in the state's Consolidated Plan (CP). Accordingly, the state can use its HOME funds for the following activities to help meet the identified housing needs:

- Homebuyer Assistance
- Rehabilitation of Owner-occupied and Rental Property
- Tenant Based Rental Assistance (including security and utility deposits)
- Acquisition, New Construction, Site Improvements, or Demolition Linked to a Project
- Administrative Costs
- Operating Expenses for CHDO

TIMELY PRODUCTION AND OCCUPANCY OF ASSISTED HOUSING

The 2013 Rule revised a number of commitment and completion deadlines and imposed new occupancy deadlines:

- **HOME projects must be completed within three years of commitment.** Any project that is not completed timely will be terminated and PJs will be required to repay HOME funds drawn. [*§92.205(e)(2)*]
- **HOME-assisted rental units must be occupied by income-eligible households within 18 months of project completion;** if not, PJs must repay HOME funds for the vacant units. Note, for units that remain vacant six months following completion, the PJ must identify and develop an enhanced marketing plan and report this information to HUD. [*§92.252*]
- **A homebuyer unit must have a ratified sales contract within nine months of construction completion,** or the PJ must either convert it to a HOME rental unit or repay the full HOME investment. [*§92.254(a)(3)*]
- **Funds must be committed to specific projects within 24 months of the PJ receiving its HOME allocation.** The PJ can no longer “reserve” CHDO funds for projects that will be identified at a later date. [*§92.2 Commitment, §92.300(a)(1)*]
- **CHDO set-aside funds must be expended within 5 years** of when the PJ receives its formula allocation. [*§92.500(d)(1)(A) and (C), and §92.500(d)(2)*]

DISTRIBUTION PLAN

The state will administer its program through state recipients, sub recipients, non-profits, and CHDOs. The HOME Program will be allocated to state recipients and sub recipients through a non-competitive set-aside. The non-profit and CHDO category will be competitive and awarded based on scoring criteria. Any funds remaining after the competitive round will be distributed on a first-come, first-served need basis.

Applicants new to the HOME Program are required to partner with an experienced developer, sponsor, or consultant (i.e., someone with projects completed and operating successfully).

The state may reallocate funds from one category to another, or one state recipient or sub recipient to another, because of high demand, an emergency due to a natural disaster, or determinations that performance-based measures have not been met.

State program income received by DCS may be allocated, at our discretion, for any eligible project or activity.

Relocation is the only allowed activity in a designated floodplain under the state's multi-year environmental review. Grand Forks and Bismarck may complete their own environmental reviews and make their own floodplain determinations on a case-by-case basis.

HOME Goals and Eligible Activities

The HOME Program focuses on four major housing needs:

1. Single-family Rehabilitation – CAAs, HA
2. Rental Production and Rehabilitation – CHDOs, Non-profits
3. Tenant-Based Rental Assistance (TBRA) – CAAs, HA
4. Homebuyer Assistance

Each of these needs is considered high or medium priority need for use of HOME funds. These needs are addressed and prioritized locally by set-asides made by the DCS to their recipients and sub recipients. Each recipient and sub recipient delivers the HOME Program in their region, city or multiple regions. Each year, the state will review the needs and completed goals and make a determination if the goals should be changed based on new developments that have created different needs around the state.

HOME Performance Measures

The state collects performance data on the state's in-house HOME Program data collection system. Recipients and sub recipients are required to report performance data for all activities. The performance data consists of entering one of three **objectives** for the program: Suitable Living Environment, Decent Housing, and Creating Economic Opportunities. In addition, an appropriate **outcome** is also required: Availability/Accessibility, Affordability, or Sustainability.

V. One-Year Action Plan

Based on the objectives and outcomes selected, the system will populate the specific **output indicators** for each activity. DCS will then enter this information on HUD’s Integrated Disbursement and Information System (IDIS).

2017 Summary of Funding ESTIMATE			
2017 HUD Award	\$3,016,971.00		
State Program Income	\$ 36.00		
Total 2017 Allocation	\$3,017,007.00		
Total Available for Project Set-Aside	\$2,665,310.00		
Total Available for Administration Set-Aside	\$ 301,697.00		
Total Available for Operating Set-Aside	\$ 50,000.00		
Recipients	Project	Administration	Operating
Bismarck	\$ 335,000.00	\$ 15,000.00	
Grand Forks	\$ 335,000.00	\$ 15,000.00	
Community Action Agency - Minot (Reg. II)	\$ 140,000.00	\$ 10,000.00	
Dakota Prairie CAA (Reg. III)	\$ 140,000.00	\$ 10,000.00	
Red River Valley Community Action (Reg. IV)	\$ 140,000.00	\$ 10,000.00	
Southeastern North Dakota CAA (Reg. V)	\$ 140,000.00	\$ 10,000.00	
Community Action Program Reg. VI	\$ 0.00	\$ 0.00	
Community Action Program Reg. VII	\$ 140,000.00	\$ 10,000.00	
Community Action & Development (Reg. I & VIII)	\$ 140,000.00	\$ 10,000.00	
Stutsman County Housing Authority	\$ 30,000.00	\$ 3,000.00	
Cass County Housing Authority	\$ 30,000.00	\$ 3,000.00	
Open CAP/Housing Authority Award(s)	\$ 50,000.00	\$ 5,000.00	
Nonprofit and CHDO(s) (minimum of 15% of 2017 award to CHDO(s))	\$1,045,310.00 (\$452,538.00)		\$50,000.00
PI Reserved for Troubled/At-Risk Projects	\$ 0.00		
State Administration		\$200,697.00	
Performance Set-Aside		\$ 0.00	
TOTAL	\$2,665,310.00	\$301,697.00	\$50,000.00

SECTION I

State Recipients and Sub Recipients

All recipients are expected to locally meet the HOME Program match requirement of 25 percent unless specifically waived by the DCS. Existing general waivers include a state policy that homeowner rehabilitation and TBRA activities are excluded from the match requirement. Only the forms of HOME assistance listed in Part 92.205(b) will be allowed. Applicants should use private funds, tax credits, Rural Development, Federal Home Loan Bank, CDBG, North Dakota Housing Incentive Fund, Department of Energy, or other grant/loan programs to help leverage HOME activities.

State Recipient Set-Aside

HOME funds will be reserved for the two communities (Bismarck and Grand Forks) that are entitlement cities, but not PJs. This program component is non-competitive, and each city will be eligible to apply for a predetermined amount of funding based on population, number or percentage of low-income households, and housing needs. Although these cities will be able to design their projects to meet local needs, all activities must be within the parameters of the state HOME Program. **Each city must submit the annual HOME plan by July 14, 2017.** This plan will reserve their set-aside funds and become their performance goals for 2017. The cities must submit their final HOME Project Application(s) and certification of Consolidated Plan compliance before HOME funds will be committed. The HOME Project Application(s) must be fully completed and received by **December 1, 2017.** Please note that no construction activities may begin until this process is fully completed and DCS has issued the notification of release of funds.

Sub Recipient Set-Aside

HOME funds will be set aside for the two Housing Authorities (HA) and the seven Community Action Agencies (CAAs) to complete activities in their jurisdiction that are consistent with the state's Consolidated Plan and are a priority for their area. **The completed HOME Application Plan must be submitted to DCS no later than July 14, 2017.**

Sub Recipient Definition

A public agency (PA) or non-profit organization selected by the PJ to administer all or some of the PA's HOME programs to produce affordable housing, rehabilitate existing housing, or provide TBRA. A public agency or non-profit organization that receives HOME funds solely as a developer or owner of a housing project is not a sub recipient. The PA's selection of a sub recipient is not subject to the procurement procedures and requirements.

Housing Authorities (HA)

The Stutsman County Housing Authority and Cass County Housing Authority will receive a set-aside to complete a security or utility deposit program, or an approved TBRA program. These HOME dollars will be used in emergency situations to prevent homelessness or to assist persons in transitional housing to secure permanent rental housing. Funds may also be used to assist low-income families in securing a more affordable rental unit. Funds will be used only for security or utility deposits, or an approved TBRA program.

V. One-Year Action Plan

Recipients must develop written guidelines that meet program requirements and comply with 24 CFR Part 92.209, to include the following:

- The security or utility deposit may not exceed the equivalent of one month's rent for the housing unit;
- Tenant selections must comply with 92.209 (c);
- Only the prospective tenant may apply for HOME security deposit assistance, although the funds must be paid directly to the landlord;
- Rental units must be inspected for Housing Quality Standards compliance;
- The lease must comply with the requirements of section 92.253 (a), (b), (c); and
- The assistance may be in the form of a grant or a loan. If the assistance is to be provided as a loan, the agency's loan program must be pre-approved by DCS.

Community Action Agency (CAA) Set-Aside

Eligible activities can include all necessary **rehabilitation** required to bring an existing owner-occupied home up to Section 8 Housing Quality Standards (HQS) and the North Dakota HOME Program's Rehabilitation Standards, and **TBRA** including security and utility deposits. All rehab work must meet all applicable state and local code requirements. When rehabilitation is selected as a regional priority, neither the estimated value of the house prior to rehabilitation or the after-rehab value of the housing shall exceed 95 percent of the median purchase price for a single-family residence (single-family residence, condominium unit, cooperative unit, or combination manufactured home and lot). Each homeowner will be required to sign a Housing Rehabilitation Program Homeowner Agreement that will be determined on the amount of funds provided to the homeowner. The period of affordability will be as follows:

HOME Assistance Per Unit	Minimum Period of Affordability
Less than \$15,000	5 yrs.
\$15,000 - \$40,000	10 yrs.
More than \$40,000	15 yrs.

The terms of the agreement for repayment may allow for a pro-rata reduction of the recapture amount in monthly increments. Below is an example of a five-year plan:

Month	Recapture										
1	100%	11	83.3%	21	66.6%	31	50.0%	41	33.3%	51	16.6%
2	98.3%	12	81.6%	22	65.0%	32	48.3%	42	31.6%	52	15.0%
3	96.6%	13	80.0%	23	63.3%	33	46.6%	43	30.0%	53	13.3%
4	95.0%	14	78.3%	24	61.6%	34	45.0%	44	28.3%	54	11.6%
5	93.3%	15	76.6%	25	60.0%	35	43.3%	45	26.6%	55	10.0%
6	91.6%	16	75.0%	26	58.3%	36	41.6%	46	25.0%	56	8.3%
7	90.0%	17	73.3%	27	56.6%	37	40.0%	47	23.3%	57	6.6%
8	88.3%	18	71.6%	28	55.0%	38	38.3%	48	21.6%	58	5.0%
9	86.6%	19	70.0%	29	53.3%	39	36.6%	49	20.0%	59	3.3%
10	85.0%	20	68.3%	30	51.6%	40	35.0%	50	18.3%	60	1.6%

When housing rehabilitation is selected, each CAA must develop Homeowner Rehabilitation Guidelines (HRG). This HRG must be submitted with their application and contain the following:

- a. The criteria used to determine applicant eligibility in terms of income, assets, ownership, occupancy, and location. Include any priorities which are used to select households for assistance (e.g., households with income less than 50 percent of median) and how income information will be verified.
- b. The types of property or properties eligible for assistance (i.e., single-family unit, condominium unit, mobile home/manufactured home [permanent foundation on private lot], and cooperative unit).
- c. Describe any type of homeowner contribution required (cash, labor, or materials).
- d. Describe how you will inspect for Housing Quality Standards (HQS) Requirements (24 CFR 882.109), North Dakota HOME Program Rehabilitation Standards, and assure that all work completed meets the North Dakota State Building Code (or a locally amended North Dakota State Building Code). Describe how your agency will assure that newly constructed housing meets the current edition of the Model Energy Code, Uniform Building Code, and Uniform Mechanical Code.
- e. Define how you will meet lead-based paint regulations.
- f. Describe the minimum and maximum amount of assistance allowed and the terms of the assistance. Indicate what will happen if a house cannot be brought up to HQS and North Dakota HOME Program Rehabilitation Standards with the maximum investment.
- g. Describe how you will assure that no more than the necessary amounts of HOME Program funds are invested in any one project. (Layering)
- h. Define the role and responsibilities for staff, owner, and contractor. Describe the grievance procedure for applicants and for disputes between an owner and a contractor.
- i. Describe your conflict of interest policy.
- j. Describe the homeowner counseling services that are available to each client.

When **TBRA** is determined as a priority in the region, the HOME funds must be earmarked for security or utility deposits or for an approved TBRA program. These HOME dollars can be used in emergency situations to prevent homelessness, to provide assistance to persons in transitional housing to secure permanent rental housing, and to assist low-income families in securing a more affordable rental unit. The TBRA program funds must be used in accordance with 92.209 and be tied to an existing self-sufficiency program.

Recipients of security and utility deposit funds must develop written guidelines that meet program requirements and to include the following:

- The security or utility deposit may not exceed the equivalent of one month's rent for the housing unit;
- Tenant selections must comply with 92.209 (c);
- Only the prospective tenant may apply for HOME security deposit assistance, although the funds must be paid directly to the landlord;
- Rental units must be inspected for Housing Quality Standards compliance;
- The lease must comply with the requirements of section 92.253 (a), (b), (c); and
- The assistance may be in the form of a grant or as a loan. If the assistance is to be provided as a loan, the agency's loan program must be pre-approved by the state.

This program will be administered on a regional basis through agreements with CAA and HA. To encourage good planning and cooperative efforts, each CAA and HA is encouraged to contact their respective Regional Council to notify them of the assistance they may provide through the programs they administer.

Resale/Recapture Requirements for Homebuyer Assistance

In order to ensure the period of affordability, any of the entities who have elected to provide homebuyer assistance are required to specify their elected recapture or resale provisions. The recapture or resale provisions will be contained within their written agreement with the PJ. During its grant monitoring of the HOME Program sub recipients, the state will review the deed restrictions, covenants attached to the land, mortgages, or other similar mechanisms placed on the HOME-assisted property, to ensure the provisions being used are in accordance with those stated in the written agreement with the sub recipient.

The HOME-assisted housing must meet the affordability requirements for not less than the applicable period specified in the following table:

HOME Assistance Per Unit	Minimum Period of Affordability
Less than \$15,000	5 yrs.
\$15,000 - \$40,000	10 yrs.
More than \$40,000	15 yrs.
New Construction Rental	20 yrs.

The recapture or resale provisions must be assured so that the unit remains affordable through deed restrictions, covenants attached to the land, mortgages, or other similar mechanisms. The deed restrictions will terminate upon occurrence of any of the following: foreclosure, transfer in lieu of foreclosure, or assignment of an FHA insured mortgage to HUD. The restrictions shall be revised according to the original terms, if during the original affordability period, the owner of record before the termination event, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the project or property. Recipients will be encouraged to use purchase options or first refusal

provisions to enforce provisions and to purchase the property before foreclosure to preserve affordability.

Option 1 - Resale Provision

Resale requirements must ensure, if the housing does not continue to be the principal residence of the family for the duration of the period of affordability that the housing is made available for subsequent purchase to a family whose income falls within a reasonable range of low-income homebuyers and the purchasing family will use the property as its principal residence. The resale requirement must also ensure that the price at resale provides the original HOME-assisted owner a fair return on investment and ensure that the housing will remain affordable to a reasonable range of low-income homebuyers. *A fair return on the owner's investment is defined as the return of the owner's closing costs, principal payments, and improvement costs, less any repairs required to meet code or HUD's Housing Quality Standards at the time of resale.* The ND HOME program defines a reasonable range of homebuyers as those families whose income is between 65 percent and 80 percent of the median area income. The period of affordability is based on the total amount of HOME funds invested in the housing. All time remaining in the period of affordability must transfer to subsequent purchasers. Any violation of this resale provision would require the initial HOME investment to be repaid.

Option 2 - Recapture Provision

Recapture provisions must ensure that the PJ recoups all or a portion of the HOME assistance to the homebuyers if the housing does not continue to be the principal residence of the family for the duration of the period of affordability. The HOME investment that is subject to recapture is based on the amount of HOME assistance that enabled the homebuyer to buy the dwelling unit. This includes any HOME assistance that reduced the purchase price from fair market value to an affordable price (direct subsidy), but excludes the amount between the cost of producing the unit and the market value of the property (i.e., the development subsidy). The direct subsidy may include down payment assistance, closing costs, or any other HOME assistance provided directly or indirectly to the homebuyer. The recaptured funds must be used to carry out HOME-eligible activities. If the HOME assistance is only used for the development subsidy and, therefore, not subject to recapture, the resale option must be used. The period of affordability is based upon the total amount of HOME funds that is initially subject to recapture. The amount of HOME funds that is subject to recapture if the housing does not continue to be the principal residence of the family is limited to the amount available from the net proceeds of the sale. The net proceeds of the sale are the sale price less the loan repayment (other than HOME funds) and closing costs.

The following entities intend to provide assistance to homebuyers and have elected to use the Recapture Provision as explained below:

- The City of Grand Forks: **Recapture Provision**

- The entity will follow the recapture option in 24 CFR 92.254 (a) (5) (ii) (A) (2) which allows for recapturing a reduced amount during the affordability period. The city will require a minimum ten-year affordability period with zero percent reduction of the recapturable amount during the first five years. Beginning in year six, the recapturable amount of the HOME investment will be reduced on a pro-rata basis, as long as the homeowner continues to own and occupy the home.
- If the net proceeds (sale price minus loan repayment, other than HOME funds, and closing costs) are not sufficient to recapture the HOME investment and enable the homeowner to recover his homeowner investment (the amount of their down payment and any documented capital improvement investments), the HOME recapture amount will be set as follows:

$$\frac{\text{HOME Investment}}{\text{HOME Investment} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{HOME Recapture Amount}$$

- Eastern Dakota Housing Alliance: **Recapture Provision**

- The entity will follow the recapture option in 24 CFR 92.254 (a) (5) (ii) (A) (2) which allows for recapturing a reduced amount during the affordability period. Eastern Dakota Housing Alliance will require the minimum affordability period based on the amount of the direct home subsidy. Beginning in year one, the recapturable amount of the HOME investment will be reduced on a pro-rata basis, as long as the homeowner continues to own and occupy the unit.
- If the net proceeds (sale price minus loan repayment, other than HOME funds, and closing costs) are not sufficient to recapture the HOME investment and enable the homeowner to recover his homeowner investment (the amount of their down payment and any documented capital improvement investments), the HOME recapture amount will be set as follows:

$$\frac{\text{HOME Investment}}{\text{HOME Investment} + \text{Homeowner Investment}} \times \text{Net Proceeds} = \text{HOME Recapture Amount}$$

Administration

The state (as the PJ), state recipients, and sub recipients will be allowed to receive HOME money for administrative expenses. These costs may not exceed ten percent of the entire HOME allocation for North Dakota.

Performance-based Set-Asides

The amounts listed in the Summary of Funding will not be awarded the next fiscal year unless an acceptable level of disbursement of funds previously awarded has been attained (*disbursement means funds are drawn from the U.S. Treasury*). The state will review past performance to determine the level of funding. An agency must submit a letter of

justification by January 15, 2018, if it cannot meet its performance measures by February 1, 2018. This letter must explain why they cannot meet their performance measure and justify its requested set-aside. Each case will be reviewed separately and the Director of DCS will make the final determination.

DCS will notify agencies of the availability of any unobligated funds, and will make funds available according to its original identity or deemed appropriate by the Director of DCS. Recipients that can demonstrate that all years of funding including the 2016 funding allocation, are fully committed, may request additional dollars for shovel ready projects.

State and Sub recipient Set-Asides

Unobligated performance funds may be reallocated to other state and sub recipient(s) that can demonstrate all years including 2016 allocation are fully committed, have an unmet need, ready to proceed and have capacity to spend the funds in a timely manner may request the unobligated performance funds.

SECTION II

CHDO/Non-profit

All recipients are expected to locally meet the HOME Program match requirement of 25 percent unless specifically waived by the DCS. Existing general waivers include a state policy that homeowner rehabilitation and TBRA activities are excluded from the match requirement.

Only the forms of HOME assistance listed in Part 92.205(b) will be allowed. Applicants should use private funds, tax credits, Rural Development, Federal Home Loan Bank, CDBG, North Dakota Housing Incentive Fund, Department of Energy, or other grant/loan programs to help leverage HOME activities.

Submission of the CHDO and Non-profit Application(s) are due by October 27, 2017. The application process for CHDOs/Non-profits will be competitive for the first round if any funds remain, and it will be on a first-come, first-served based on needs. Extra points will not be given to CHDOs; however they will be given preferential status when awarding funds to the extent necessary to meet the HUD CHDO 15 percent requirement (if the 15 percent CHDO set-aside requirement is still required for 2017 funds).

Please note that no construction activities may begin until a completed financial award has been signed, and the DCS has issued the Notification of Release of Funds.

Owner

Rental housing is “owned” if the housing organization is the owner in fee simple absolute of multifamily or single family housing (or has a long term ground lease) for rental to low-income families in accordance with §92.252. If the housing is to be rehabilitated or constructed, the housing organization must prove internal capacity or hire and oversee the developer that rehabilitates or constructs the housing. At minimum, the housing organization must hire or contract with an experienced project manager to oversee all aspects of the development,

including obtaining zoning, securing non-HOME financing, selecting a developer or general contractor, overseeing the progress of the work and determining the reasonableness of costs. The housing organization must own the rental housing during development and for a period at least equal to the period of affordability in §92.252. If the housing organization acquires housing that meets the property standards in §92.251, the organization must own the rental housing for a period at least equal to the period of affordability in §92.252.

Developer

Rental housing is “developed” by a housing organization if the housing development organization is the owner of multifamily or single family housing in fee simple absolute (or has a long term ground lease) and the housing developer of new housing that will be constructed or existing substandard housing that will be rehabilitated for rent to low-income families in accordance with §92.252. To be the “housing developer,” the housing organization must be in sole charge of all aspects of the development process, including obtaining zoning, securing non-HOME financing, selecting architects, engineers and general contractors, overseeing the progress of the work and determining the reasonableness of costs. At a minimum, the housing development organization must own the housing during development, and for a period at least equal to the period of affordability in §92.252.

Sponsor (CHDO only)

Rental housing is “sponsored” by a CHDO if the CHDO “developed” the rental housing project that it agrees to convey to an identified private nonprofit organization at a predetermined time after completion of the development of the project. Sponsored rental housing is subject to the following requirements:

The private non-profit organization may not be created by a governmental entity.

The HOME funds must be provided to the entity that owns the project.

The HOME funds must be invested in the project that is owned by the CHDO.

Before commitment of HOME funds, the CHDO sponsor must select the non-profit organization that will obtain ownership of the property.

The non-profit organization assumes the CHDO’s HOME obligations (including any repayment of loans) for the rental project at a specified time after completion of development.

If the housing is not transferred to the non-profit organization, the CHDO organization sponsor remains responsible for the HOME assistance and the HOME project.

Community Housing Development Organization (CHDO)

Eligible applicants include community-based non-profit 501(c)(3), 501(c)(4), or 905 (subordinate organization of a 501 (c) organization) organizations with the mission statement that identifies decent, affordable housing to low and moderate-income persons.

The DCS designates non-profit organizations that meet defined criteria as CHDOs. A CHDO is defined in the HOME Investment Partnerships Program Final Rule Subpart A, §92.2.

Note: Non-profits are not required to be a designated CHDO to apply for DCS HOME Program funding.

Currently, HUD requires that DCS set aside at least 15% of HOME annual allocation for CHDOs. In addition, these organizations must meet and satisfactorily demonstrate the prescribed requirements. DCS will be using the DRAFT HUD guidance on CHDO qualifications. CHDO's are also eligible to participate in non-CHDO housing activities.

CHDOs may be eligible for the operating set-aside based on need. No CHDO may receive more than \$50,000 per year. DCS cannot exceed \$150,000 per year in total. HUD is potentially eliminating the requirement of a 15 percent CHDO set-aside. Should HUD eliminate that requirement, DCS will not be required to set-aside funds for CHDOs.

Up to ten percent of the CHDO set-aside may be used for pre-development loans to assist specific projects. Per 92.301 these loans can be used for technical assistance and site control, and seed money loans. The CHDO must repay the loan to the PJ from construction loan proceeds or other project income. The PJ may waive repayment of the loan, in part or in whole, if there are impediments to project development that the PJ determines are reasonably beyond the control of the borrower. Predevelopment loan repayments must be sent to the DCS. The repaid funds will be added to the next FY allocation.

CHDO Definition - A non-profit organization that:

- (1) Is organized under state or local laws;
- (2) Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
- (3) Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A CHDO may be sponsored or created by a for-profit entity, but:
 - (i) The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
 - (ii) The for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members;
 - (iii) The CHDO must be free to contract for goods and services from vendors of its own choosing; and
 - (iv) The officers and employees of the for-profit entity may not be officers or employees of the CHDO.

- (4) Has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 (26 CFR 1.501(c)(3)-1 or 1.501(c)(4)-1)), is classified as a subordinate of a central organization non-profit under section 905 of the Internal Revenue Code of 1986, or if the private non-profit organization is a wholly owned entity that is disregarded as an entity separate from its owner for tax purposes (e.g., a single member limited liability company that is wholly owned by an organization that qualifies as tax-exempt), the owner organization has a tax exemption ruling from the Internal Revenue Service under section 501(c)(3) or (4) of the Internal Revenue Code of 1986 and meets the definition of “CHDO;”
- (5) Is not a governmental entity (including the participating jurisdiction, other jurisdiction, Indian tribe, public housing authority, Indian housing authority, housing finance agency, or redevelopment authority) and is not controlled by a governmental entity. An organization that is created by a governmental entity may qualify as a CHDO; however, the governmental entity may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of governmental entity. Board members appointed by a governmental entity may not appoint the remaining two-thirds of the board members. The officers or employees of a governmental entity may not be officers or employees of a CHDO;
- (6) Has standards of financial accountability that conform to 24 CFR 84.21, “Standards for Financial Management Systems;”
- (7) Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws;
- (8) Maintains accountability to low-income community residents by:
 - (i) Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations. For urban areas, “community” may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire state); and
 - (ii) Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;
- (9) Has a demonstrated capacity for carrying out housing projects assisted with HOME funds. A designated organization undertaking development activities as a developer or sponsor must satisfy this requirement by having paid employees with housing development experience, who will work on projects assisted with HOME funds. For

its first year of funding as a CHDO, an organization may satisfy this requirement through a contract with a consultant who has housing development experience to train appropriate key staff of the organization. An organization that will own housing must demonstrate capacity to act as owner of a project and meet the requirements of §92.300(a)(2). A non-profit organization does not meet the test of demonstrated capacity based on any person who is a volunteer or whose services are donated by another organization; and

- (10) Has a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least one year of serving the community.

The private non-profit organization may not be created by a governmental entity.

The HOME funds must be invested in the project that is owned by the CHDO.

Non-profits

Non-profits can participate in the HOME Program as owners or developers of multi-family housing. The non-profit must not be disqualified from any program administered by DCS or under debarment, proposed debarment or suspension by a federal agency.

The non-profit must be able to demonstrate technical expertise of staff and other project partners in housing production and management and meet the following criteria:

- The non-profit has completed the administration of at least one (1) HOME, CDBG, or NSP funded development of similar nature and scope;

or

- Has a proven track record in affordable housing development and project management for a minimum period of five (5) years prior to the application submission date; and
- Documented capacity to carry out the long-term rental compliance responsibilities associated with the development through the period of affordability.

MINORITY AND WOMAN BUSINESS OUTREACH PROGRAM

Executive Orders 11625, 12432, and 12138 require the encouragement and use of minority and women-owned businesses in conjunction with the HOME Program. To encourage the use of minority and women-owned businesses in bids for the various programs under the North Dakota HOME Program, DCS will include the latest list of certified minority and women-owned businesses with each application package.

Minority and women-owned business enterprises are encouraged to participate as suppliers, contractors, lenders, etc. to provide services to projects assisted with HOME funds in all notices and advertisements related to the HOME Program.

To maintain statistical data on the use and participation of minority and women-owned business enterprises as contractors or subcontractors in HOME-assisted program contracting activities, owners will be required to identify jobs that have been bid by minority or women-owned businesses. In addition, the applicant may inspect the site to confirm the percentage of minority and women laborers working at the site.

Contact DCS for guidance.

AFFIRMATIVE MARKETING PROCEDURES

The DCS will take the following actions to provide information to attract eligible persons from all racial, ethnic, and gender groups in the housing market area that is assisted by HOME funding.

All correspondence, notices and advertisements related to the HOME Program, must contain the Equal Housing Opportunity logo or slogan.

Participants in the HOME Program will be required to use affirmative fair housing marketing practices in soliciting renters or buyers, determining their eligibility, and concluding all transactions. Any HOME-assisted housing must comply with the following procedures for the required compliance period, depending on the program used:

1. Owners advertising vacant units must include the equal housing opportunity logo and/or slogan. Wherever a phone number is provided, there must also be a TDD/TTY phone number, or equivalent, provided. The Relay North Dakota TDD number is 800-366-6888, Voice Users 1-800-366-6889, and Spanish Users 1-800-435-8590. This service is free of charge. Recently the number “711” has been approved by the FCC for use in contacting the relay service. This number works for both TTY and voice telephones, while it is applicable in most states, you are still required to list the “800” numbers presented above. Advertising media may include newspapers, radio, televisions, brochures, leaflets, or a sign in a window. In addition, owners will be required to have written communication to fair housing organizations.
2. The owner will be required to solicit applications for vacant units from persons in the housing market who are least likely to apply for the HOME-assisted housing without the benefit of special outreach efforts. In general, persons who are not of the race or ethnicity of the residents of the neighborhood in which the rehabilitated building is located shall be considered those least likely to apply. Special outreach efforts will include contacts with CAAs, human service centers and county social service offices.
3. The owner must maintain a file containing all marketing efforts (e.g., copies of newspaper ads, memos of phone calls, copies of letters, etc.) and the records to assess the results of these actions are to be available for inspection by the DCS.

4. The owner shall maintain a listing of all tenants residing in each unit from the time of application through the end of the compliance period.

The DCS will assess the affirmative marketing efforts of the owner by comparing predetermined occupancy goals (based upon the area from which potential tenants will come) to actual occupancy data that the owner is required to maintain. The owner's outreach efforts will also be evaluated by reviewing marketing efforts. The DCS will assess these efforts by use of a compliance certification or a personal monitoring visit to the project at least annually.

If an owner fails to follow the affirmative marketing requirements, corrective actions shall include extensive outreach efforts to appropriate contacts to achieve the occupancy goals or other sanctions that the DCS may deem necessary. In addition, owners will be counseled as to affirmative marketing requests. In the event they continue to be in non-compliance, they may not be allowed to receive future HOME funds.

All units of local government that receive HOME funds must submit affirmative marketing procedures they have adopted to DCS.

Scoring Criteria

Each application meeting the threshold requirements will be reviewed and assigned points according to the following selection criteria. Applications must achieve a minimum score of 80 points to be considered for funding. Scoring will be on entire project/units (not just HOME units). Only one (1) application per project will be considered. Applicants may request no more than 70 percent of the hard construction costs. Income targeting for HOME requires at initial occupancy that not less than 90 percent of the units assisted with HOME funds be occupied by families at 60 percent and below area median income. Projects with five or more HOME units, 20 percent of those units must have low home rents for the period of affordability.

A. Income Targeting

Scoring for additional targeted units must have another program Land Use Restrictive Agreement (LURA) or DCS will restrict these units at the state level.

1) Serves Extremely Low-Income Households 5-15 points

Up to 15 points will be awarded to properties with units both income and rent restricted for households at or below 30 percent of area median income. Elections made in this category must be incorporated into a LURA and will be binding, at a minimum, for the term of the HOME loan.

- 20% of total units income and rent restricted at or below 30% of AMI - 15 points
- 15% of total units income and rent restricted at or below 30% of AMI - 10 points
- 10% of total units income and rent restricted at or below 30% of AMI - 5 points

For purposes of applying the 30 percent rent restriction under this category, and exception for exceeding the 30 percent rent may be granted for Section 8 project-based rental assistance where it can be shown that additional rents are necessary to make the project feasible and that the rent will not exceed 30 percent of the tenant's income. This exception will not apply for Section 8 tenant based rental assistance.

and/or

2) Serves Very-Low and Low-Income Households 15 points

15 points will be awarded to properties with additional assisted units which are income restricted at or below the 80 percent area median income and rent restricted at or below 50 percent area median income level. Elections made in this category will be incorporated into the LURA and will be binding.

B. Addresses Housing Shortage in Developing Communities of 20,000 or Less 15 points

15 points will be awarded to projects located in communities under 20,000 in population and that can demonstrate an unmet housing need or shortage. An unmet housing need or shortage can be substantiated per underwriting requirements. The population data will come from census.gov (2010).

C. Leveraging Up to 25 points

DCS will award up to 25 points if HOME funds are leveraged against other financial resources used to cover costs allocated to the HOME assisted units as follows (note that points will not be awarded for funds utilized to finance market rate units):

<u>Points</u>	<u>HOME Funds per HOME Assisted Unit</u>
25	Less than \$70,000
15	\$70,000-\$99,999
5	\$100,000-\$120,000

D. Financial Support from Local Sources Range of 0-25 points

Of the 25 percent required match, one point will be awarded from every percentage point of the match that comes from a local contribution, defined as:

Local governmental and community private contributions, including but not limited to cash, measurable in-kind services, or tax abatements, to reduce project costs or enhance feasibility. Contribution to the North Dakota Housing Incentive fund will not be counted in this category.

E. Readiness to Proceed Range of 0-25 points

Applicant must have provided a timeline for completion of the project. Points awarded in this category are based on earliest achievable completion of the activity. Such things as letters of commitment for both construction and permanent financing; ownership or option to purchase land; and availability of infrastructure will be considered in the award of points.

F. Rehab of Existing Vacant Habitable Structures 15 points

Proposals involving the rehabilitation of existing structures that are at risk of becoming uninhabitable or obsolete because of age and deterioration, and requiring a minimum of \$80,000 per unit in hard construction costs may receive 15 points. Applicants may wish to consult with DCS before applying for points in this category.

G. Preservation 5 points

Federally assisted properties in danger of prepayment, such as Rural Development 515 financed or those with project-based rental assistance, which are “at-risk” of being lost from the state’s affordable housing inventory, will receive 5 points.

H. Special Needs 5-15 points

Projects with units targeted to special needs households, including those with physical disabilities, chronic or persistent mental illness, drug/chemical dependency, or frail elderly, and can demonstrate appropriate construction design and the availability of appropriate supportive services will receive up to 15 points depending on the number of set-aside units. Projects with a minimum of 10 percent of the units set-aside for special needs households will receive 5 points, from 11 percent to 15 percent of the units will receive 10 points and more than 15 percent will receive 15 points.

I. Neighborhood Characteristics Up to 10 points

Two points will be given for services located within two miles of the site. Distance will be measured by odometer from the automobile entrance of the proposed project site to the closest automobile entrance to the parking lot of the applicable service. Duplicate services will not be eligible for additional points. Points will only be given for the services listed below.

Grocery Store/Convenience Store	Pharmacy or Drug Store	Bank or Credit Union
Public Transportation	Hospital or Doctor Office	

J. Public Housing Notification

5 points

A proposal which provides a written commitment to notify local public housing agencies of vacancies and give priority to households on waiting lists of those agencies will receive 10 points.

K. Cross-Cutting Requirements

Up to 25 points will be deducted

Besides the rules and requirements specific to the HOME, there are several additional broad federal rules that must be adhered to in the course of administering the program. While the PJ is responsible for implementing these rules, owners, developers, CHDOs, and other non-profits must also be aware of them and actively ensure that a project or activity is in compliance. These other federal requirements cover the following areas: non-discrimination and equal access; employment and contracting; environmental review; site and neighborhood standards; relocation; and lead-based paint.

C. EMERGENCY SOLUTIONS GRANT PROGRAM

The state’s 2017 ESG allocation will be made available to eligible applicants and will be administered in accordance with the Interim (or Final) Rule regarding Homeless Emergency Assistance and Rapid Transition to Housing: ESG program and Consolidated Plan Conforming Amendments.

Allocation of Funds

FY2017 Federal Allocation	\$657,162
Less State Administration (7.5%)	\$ 49,287
FY2017 State Allocation	\$120,000
Total Allocation Available for Distribution	\$727,875
60% may be used for Street Outreach and Emergency Shelter	\$436,725
40% may be used for Homeless Prevention, Rapid Re-Housing and HMIS*	\$291,150

*Homeless Management Information System

The State of North Dakota’s method of distribution provides funding to engage homeless individuals and families living on the street (Street Outreach); improve the number and quality of emergency shelters for homeless individuals and families (Shelter Renovation); help operate these shelters through eligible activities such as maintenance, rent, repair, security, fuel, equipment, insurance, utilities, food, furnishings, and supplies (Shelter Operations); provide essential services to shelter residents (Essential Services); rapid re-house homeless individuals and families (Rapid Re-Housing); and prevent families and individuals from becoming homeless (Homeless Prevention). Communities of 2,500 more populations will be targeted since those are the communities experiencing the greatest need to provide services and facilities for the assistance to the homeless and potentially homeless.

Eligible applicants for the ESG program are Units of Local Government, and private nonprofit organizations. Nonprofit entities located on Indian reservations are also eligible to receive funds.

V. One-Year Action Plan

DCS will review, score, and fund applications based on the ability to achieve the following state program objectives:

1. Need for the funding. (30)
2. Plan for distribution of the funds in an effective, efficient and. (15)
3. Collaboration efforts with other targeted homeless services and mainstream resources. (20)
4. The applicant's active involvement in ND CoC and/or their local homeless coalition; and (20)
5. The applicant's plan to involve, to maximum extent practicable, homeless individuals and families in constructing, renovating, maintaining, and operating facilities assisted under North Dakota Homeless Grant (NDHG), and in providing services for occupants of these facilities. (15)

To be eligible for funding, applications must receive a minimum subjective score of 75. All applications with a score of 75 or higher will receive funding based on the average recommended amounts by DCS's application reviewers.

The maximum amount of funds that will be made available to any one homeless facility or agency providing assistance to the homeless is \$50,000.

The state will continue to meet the ESG match requirements in the same manner as it has in past grant years. Each grant year, the state contributes \$120,000 in general funds to match the federal allocation. The remaining matching funds are provided by ESG sub-recipients.

Matching funds are used to enhance and expand eligible ESG components and sub-activities.

During the 2017 program year, any returned funds will be disbursed in a manner which will take into consideration the greatest areas of unfunded need among the remaining programs.

Applications will be requested for submission to the DCS by May 31, 2017.

D. CDBG DISASTER RECOVERY FUNDING

The State of North Dakota received \$11,482,684 under the Disaster Relief Appropriations Action, 2012 (Public Law 112-55), for disaster relief of unmet needs resulting from flooding in the state with a maximum of five percent allowed for state and local administration. After deducting \$589,134 for state and local administration and \$300,000 for planning the remaining funds of \$610,893,550 are available for project activities.

Due to limited funding, the eligible entities will be those areas which received the greatest damage and qualified for an individual assistance designation from FEMA. They are: Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland, and Ward Counties and the Spirit Lake Reservation. Cities located within these counties must submit projects to be included within the respective county application.

The State of North Dakota elects not to carry out activities directly, but intends to use and award funds directly to the eligible entities as subrecipients, which will carry out and administer eligible activities as defined in this plan.

The state initially conformed with the allocation noted in HUD's initial guidance allocating 80 percent (\$8,954,840) to projects in Ward County and the remaining 20 percent (\$2,238,710) to projects in the remaining eligible entities. The state only received one application from eligible entities of Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland and the Spirit Lake Reservation.

Therefore the balance of funds will be allocated to Ward County projects, and the City of Minot's project. Ward County will have until September 30, 2016 to identify and submit projects to the DCS for funding.

The State of North Dakota has received \$6,576,000 under the Disaster Relief Appropriations Action, 2013 (Public Law 113-25), for disaster relief of unmet needs resulting from flooding in the state with a maximum of five percent allowed for state and local administration.

After deducting \$328,800 for state and local administration the remaining funds of \$6,247,200 are available for project activities.

Due to limited funding, the eligible entities will be those areas which received the greatest damage and qualified for an Individual Assistance designation from FEMA. They are: Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland, and Ward Counties and the Spirit Lake Reservation. Cities located within these counties must submit projects to be included within the respective county application.

The State of North Dakota elects not to carry out activities directly, but intends to use and award funds directly to the eligible entities as subrecipients which will carry out and administer eligible activities as defined in this plan.

Scoring Criteria

The unmet needs submitted from affected units of local governments, housing authorities and emergency shelters within the counties that received an individual declaration from FEMA will be scored based on the following:

- Project will receive 20 points if it is located in a HUD identified county with severe unmet needs;
- Project will receive zero points if it is not located in a HUD identified county with severe unmet needs
- Project will receive one point for each percentage point of total severe housing and business needs in the county as compared to the statewide total;
- Project will receive 100 points if it benefits LMI;
- Project will receive 20 points if it is located in a county with a FEMA Individual Assistance Declaration;

V. One-Year Action Plan

- Project will receive 20 points if it is an eligible CDBG Disaster activity;
- Project will receive zero points if it is not an eligible CDBG Disaster activity;
- Project will receive ten points if the activity identified for reimbursement followed CDBG Regulations relating to Environmental, Davis Bacon, etc.;
- Project will be disqualified if the activity did not follow CDBG Regulations relating to Environmental, Davis Bacon, etc.; and
- Projects listed without documented unmet needs will be disqualified.

The state will invite applications in order starting with the highest ranked project. Applications will be invited until all funds have been obligated. However, a minimum score of 100 must be obtained to be invited to submit an application.

Each project awarded will be evaluated individually to determine the amount of administrative dollars required. However, the total state and local administrative dollars will not exceed \$328,800.

In order to meet timely distribution of funds requirements, the applicant must spend 100% of their funds within 24 months of HUD's approval of the project. If the funds are not spent, HUD will rescind them.

Projection of Expenditures and Outcomes will be completed and submitted to HUD within 90 days of Action Plan approval by HUD.

As required by the CDBG Sandy Disaster fund regulations the state, as the grantee, is required to submit a quarterly performance report to HUD no later than 30 days following the end of each calendar quarter, beginning after the first full calendar quarter after the grant award. This will continue until all funds have been expended and all expenditures have been reported. The reports will be submitted using HUD's DRGR system. The reports will also be posted to the state's website.

E. NATIONAL HOUSING TRUST FUND

Appendix C illustrates the State's NHTF One year Action Plan for 2017.

F. ALLOCATION PRIORITIES

The State of North Dakota and the Department of Commerce prioritize funds based on the priority needs established in this plan. A combination of factors, including the greatest needs, the availability of resources and the capacity of entities within the state help determine how the North Dakota Department of Commerce will fund activities during the program year.

Table B.1 in Appendix B shows the funding Allocation Priorities for FY2016.

G. AFFORDABLE HOUSING

The North Dakota Department of Commerce will strive to meet the following goals for Affordable Housing during the 2017 Action Year.

V. One-Year Action Plan

One Year Goals for the Number of Households to be Supported:

Homeless: 450

Non-Homeless: 129

One Year Goals for the Number of Households Supported Through:

Rental Assistance: 450

The Production of New Units: 21

Rehab of Existing Units: 28

Acquisition of Existing Units: 80

H. COORDINATING WITH LOW-INCOME HOUSING TAX CREDITS

The NDHFA is responsible for implementing the Low-Income Housing Tax Credit (LIHTC) program. Developers looking to use the program must be able to document a particular housing need and demonstrate that the need is consistent with the Consolidated Plan. Each project is rated against specific criteria, eighteen of which are intended to assure a project is targeted to benefit low-income families.

I. HOMELESS STRATEGIC PLAN

There is one CoC in the State of North Dakota, the North Dakota Statewide CoC. The North Dakota Coalition for Homeless People (NDCHP) is a non-profit organization comprised of agencies that serve homeless populations. The NDCHP is the lead entity of the North Dakota CoC. Eight regional coalitions carry out the work of the statewide CoC at the local level. At least one representative from each regional coalition serves on the CoC Development Committee.

The point-in-time counts done by the North Dakota CoC provide a helpful estimation of the homeless population in the state. It was estimated that 923 persons were homeless in the state in 2016, as shown in Table V.2. This is compared to the 1,305 persons estimated to be homeless in the state in 2015, a difference attributed to count methodology rather than a decline in homelessness.

Status	2008	2009	2010	2011	2012	2013	2014	2015	2016
Emergency Shelter	394	487	461	415	474	540	639	640	535
Transitional Housing	202	278	307	145	161	134	155	179	172
Total in Shelter	596	765	768	560	635	674	794	819	707
Unsheltered	19	8	31	43	53	1,395	464	486	216
Total Homeless	615	773	799	603	688	2,069	1,258	1,305	923

In 2016, some 76.6 percent of the counted homeless population was sheltered throughout the state. Some 62.8 percent of the homeless population was sheltered in 2015.

The point-in-time counts also gathered additional data on household type, veteran status, and subpopulation information for each homeless person counted. As seen in Table V.3, on the following page, there were 70 persons in households with at least one adult and one child in the State of North Dakota during the 2016 count. Of these households, 82.8 percent were sheltered. There were an additional five households with only children. Some 79.9 percent of households without children were sheltered during the count.

Household Type	Emergency Shelter	Transitional Housing	Unsheltered	Total
Households without Children	435	58	124	617
Persons in households without children	439	60	153	652
Households with at least one adult and one child	27	31	12	70
Persons in households with at least one adult and one child	91	107	63	261
Households with only children	4	3	0	7
Persons in households with only children	5	5	0	10
Total Homeless	535	172	216	923

Information about the various homeless subpopulations was collected during the 2016 count. Data was collected regarding the following six subpopulations:

- Chronically homeless
- Severely Mentally Ill
- Chronic Substance Abuse
- Veterans
- Persons with HIV/AIDS
- Victims of Domestic Violence

Homeless Attributes	Sheltered	Unsheltered	Total
Chronically Homeless Individuals	41	48	89
Chronically Homeless Persons in Families	0	31	31
Severely Mentally Ill	85	28	113
Chronic Substance Abuse	74	20	94
Veterans	63	53	116
HIV/AIDS	0	0	0
Victims of Domestic Violence	226	2	228
Persons not otherwise classified	218	34	252
Total Homeless Persons	707	216	923

Table V.4 shows the various subpopulations for the homeless within the state. The largest subpopulation group was those persons not otherwise classified, with 252 persons. The next largest subpopulation group was victims of domestic violence. There were 228 veterans counted in 2016, accounting for 24% of the total homeless population.

Goals for Reducing and Ending Homelessness

The State of North Dakota’s method of distribution provides funding to engage homeless individuals and families living on the street (Street Outreach); improve the number and quality of emergency shelters for homeless individuals and families (Shelter Renovation); help operate these shelters through eligible activities such as maintenance, rent, repair, security, fuel, equipment, insurance, utilities, food, furnishings, and supplies (Shelter Operations); provide essential services to shelter residents (Essential Services); rapid re-house homeless individuals and families (Rapid Re-Housing); and prevent families and individuals from becoming homeless (Homeless Prevention). Communities of 2,500 more populations will be targeted since those are the communities experiencing the greatest need to provide services and facilities for the assistance to the homeless and potentially homeless.

J. FOSTERING AND MAINTAINING AFFORDABLE HOUSING

During the 2017 program year we will continue to promote targeting CDBG, NHTF, and HOME funds to households of zero to 30 percent of the Median Family Income (MFI), persons with disabilities, the elderly, and minorities, focusing primarily on housing rehabilitation and assistance in buying or renting affordable housing.

K. MONITORING AND AUDIT REQUIREMENTS

Monitoring will be the responsibility of the staff assigned to the CDBG, HOME, NHTF, and ESG programs and the organizations that partner with the DCS to implement these programs. This will primarily be accomplished through quarterly and final reports on each funded project. To assure long-term compliance with program requirements, staff will do on-site monitoring of files and each completed project using a systems review of the implementing organizations. Staff will also perform desk-top monitoring using drawdown requests, environmental review notices, Section 504 Self-evaluations, and the Integrated Disbursement Information System (IDIS).

APPENDIX A- CITIZEN PARTICIPATION PLAN

NORTH DAKOTA CITIZEN PARTICIPATION PLAN Consolidated Plan for Housing and Community Development

PURPOSE

In 1994, the HUD issued new rules consolidating the planning, application, reporting, and citizen participation processes of four formula grant programs: CDBG, HOME, ESG, NHTF and Housing Opportunities for Persons with AIDS (HOPWA). The new planning process was intended to more comprehensively fulfill three basic goals: to provide decent housing, to provide a suitable living environment and to expand economic opportunities.

The Consolidated Plan is actually a three-part planning process required by HUD. It comprises developing a five-year strategic plan, preparing annual action plans and submitting annual performance reports. These three parts are intended to furnish the framework whereby North Dakota can identify its housing, homeless, community, and economic development needs, identify resources that will be tapped and actions to be taken to address the needs, as well as look back and evaluate the state's progress toward achieving its strategic goals. Completing these documents on time and in a manner that is acceptable to HUD ensures program funding.

The precursor to the Consolidated Plan is the Citizen Participation Plan (CPP). The objectives of the CPP are to ensure that the citizens of North Dakota, particularly persons of low and moderate income, persons living in slum and blight areas, units of local government, housing agencies and other interested parties, are provided with the opportunity to participate in the planning and preparation of the Consolidated Plan, including amendments to the Consolidated Plan and the Annual Performance Report. In doing so, the CPP sets forth general policies and procedures for implementing and carrying out the consolidated planning process, such as how the Consolidated Plan will be developed, dates and milestones along which the process will proceed and methods for citizens to offer the state assistance and guidance in the formulation of the Plan.

Furthermore, the provisions of the CPP fulfill statutory and regulatory requirements for citizen participation specified in the HUD's rules for the Consolidated Plan, the HOME Program, the CDBG Program, the ESG Program, the NHTF Program, and the HOPWA Program. In North Dakota, the North Dakota Department of Commerce, DCS is the lead agency for developing, implementing, monitoring, and reporting on the achievements of the Consolidated Plan. The Division administers CDBG, ESG, HOME and new funding that may become available. HOPWA funds are administered by Tri-State HELP (Housing Environment for Living Positively).

The Consolidated Plan identifies the housing and community development needs of the State of North Dakota, and sets priorities for spending the HUD grant funds. Public comment is a vital component of identifying the state's housing and community development needs and spending priorities. The Consolidated Plan offers the opportunity for strategic statewide planning to occur alongside citizen participation.

COMMENT ON THE CITIZEN PARTICIPATION PLAN AND AMENDMENTS

North Dakota Department of Commerce will receive comments on the proposed Citizen Participation Plan during a 15 day comment period. In the event that there are substantial amendments to this Citizen Participation Plan, an additional comment period of at least 15 days will be allotted. This proposed Citizen Participation Plan (and, if necessary, the substantially amended Citizen Participation Plan) will be made available to the public before the 15 day comment period begins.

Individuals who require accommodations, including appropriate auxiliary aids, translated documents or interpreters to participate in a public hearing, or who would like to request a copy of the proposed Citizen Participation Plan, or another document, in an alternate format, should contact the Department of Commerce's Section 504 Coordinator, Adele Sigl via email at dcs@nd.gov or by calling 701-328-5300, TTY: 800-366-6888, Spanish TTY: 800-435-8590 or Relay ND Voice: 800-366-6889.

ENCOURAGEMENT OF CITIZEN PARTICIPATION

The Consolidated Plan is designed to enumerate North Dakota's overall strategy for coordinating federal and other housing and community development resources to provide decent housing, establish and maintain a suitable living environment, and expand economic opportunities, particularly for low and moderate income persons.

Interested groups and individuals are encouraged to provide input into all aspects of North Dakota's consolidated planning activities, from assessing needs to setting priorities through performance evaluation. By following the CPP, there will be numerous opportunities for citizens to contribute information, ideas and opinions about ways to improve our neighborhoods, promote housing affordability and enhance the delivery of public services to local residents.

Affirmative efforts to encourage and solicit participation from the state's residents and populations least likely to have awareness of HUD-funded programs and processes including low-income residents, individuals with disabilities, racial and ethnic minorities, and female-headed households shall include:

1. Advertising the details of the CPP (e.g. documents for public review, meetings, opportunities to provide feedback and comment) in the State's daily newspapers, and those daily or non-daily publications on or near the Turtle Mountain Band of Chippewa, Spirit Lake Sioux, Standing Rock Sioux, Wahpeton Sisseton Sioux, the Three Affiliated Tribes reservations and Trenton Indian Health Service Area located West of Williston, North Dakota;
2. Sending notice of the CPP (e.g. documents for public review, meetings, opportunities to provide feedback and comment) with advocacy groups, non-profit and for profit organizations, and state and community agencies that provide services to or advocate for low-income individuals, individuals with disabilities, racial and ethnic minorities and female-headed households; and
3. Posting Notifications on the DCS website.

LIMITED ENGLISH PROFICIENT PERSONS AND THE LANGUAGE ACCESS PLAN

The State of North Dakota will make every effort to ensure that Limited English Proficient (LEP) persons have meaningful access to federally funded programs and services as is required under Title VI of the Civil Rights Act of 1964.

The State of North Dakota has a diverse population where many languages are spoken. A substantial number of persons that speak these languages do not speak English or do not speak English very well and are considered Limited English Proficient (LEP).

Regardless of which language a person speaks or their ability to speak English, the State of North Dakota will make every effort to ensure that they have meaningful access to federal funding services through either oral interpretation or written translations of vital documents.

Since the State of North Dakota has a number of LEP persons, all countywide public notices and public hearings must ensure that language services are provided or available. For example, each year the public notice for the Annual Action Plan will be printed in various languages and translation services will be provided as necessary for the public hearing.

However, many programs and services delivered within the State of North Dakota, including those carried out by participating cities, have distinct service areas and, as such, an assessment must be made by each agency administering the activity to determine which language services should be provided based on the identified LEP population in the service area.

To assist participating agencies, the State of North Dakota has developed a bulletin instructing them to conduct the four-factor analysis and develop their own Language Access Plan (LAP) to ensure that LEP persons have meaningful access to their federally funded programs and services. The state will also provide technical assistance to assist the agencies in conducting the four-factor analysis and in developing their Language Access Plans. The four-factor analysis is as follows:

Factor 1: Determine the number or proportion of LEP persons served or encountered in the eligible service area.

Factor 2: Determine the frequency with which LEP persons come in contact with the program.

Factor 3: Determine the importance of the information, services, program, or the activity to people's lives.

Factor 4: Assess costs versus resources and benefits in providing language services.

The State of North Dakota is confident that no person will be denied federally funded services based on their ability to speak English.

The State of North Dakota is committed to keeping all interested groups and individuals informed of each phase of the consolidated planning process and of activities being proposed or undertaken under HUD formula grant programs. Opportunities to comment on or participate in planning community development and affordable housing activities and projects will be publicized and disseminated throughout the state.

PUBLIC HEARINGS

Eight public hearings will be held to gather comments on the Consolidated Plan. The hearing will be held prior to drafting of the plan.

A summary of the written and oral public comments from individuals or groups received in writing or at the public meetings will be considered for the Consolidated Plan.

Venues used for interviews, focus groups, grant applications, and public meetings are fully accessible to people with disabilities that impact mobility. Should a venue not be fully accessible, the individual(s) should contact the Department of Commerce's Section 504 Coordinator, Adele Sigl via email at dcs@nd.gov or by calling 701-328-5300, TTY: 800-366-6888, Spanish TTY: 800-435-8590 or Relay ND Voice: 800-366-6889.

PUBLICATION OF CONSOLIDATED PLAN DOCUMENTS

The state will publish the draft Consolidated Plan or Annual Action Plan for public review in a manner that affords citizens, public agencies and other interested parties a reasonable opportunity to examine its contents and submit comments. The Draft Plan will be a complete document and shall include:

- The amount of assistance the state agencies expect to receive, and
- The range of activities that may be undertaken, including the estimated amount that will benefit persons of low and moderate income.

A notice for the release of the Draft Plan will be published in several newspapers of general circulation at the beginning of the public comment period. The release will include a list of the locations where copies of the entire proposed Consolidated Plan may be obtained or examined. The following are among the locations where copies of the public comment draft will be made available for inspection:

- North Dakota Department of Commerce, DCS offices
- DCS website: <http://www.communityservices.nd.gov/>

Citizens and groups may obtain a reasonable number of free copies of the proposed Consolidated Plan by contacting the Department of Commerce's Section 504 Coordinator, Adele Sigl via email at dcs@nd.gov or by calling 701-328-5300, TTY: 800-366-6888, Spanish TTY: 800-435-8590 or Relay ND Voice: 800-366-6889.

PUBLIC COMMENTS ON THE DRAFT CONSOLIDATED PLAN AND ANNUAL ACTION PLANS

One public meeting will be held in each of the state's Regional Planning Districts prior to drafting the Consolidated Plan, to gather input from citizens regarding proposed changes. Written comments and citizen participation by low and moderate income individuals, minorities, non-English speaking persons and persons with disabilities will be encouraged through the affirmative efforts outlined in the Encouragement of Citizen Participation section on page 2.

Notices of the meetings will be published in the daily newspapers across the state no less than 15 days prior to the meeting and a press release will be forwarded to all newspapers statewide. DCS will also attempt to email a copy of the notice or press release to interested parties.

The proposed Consolidated Plan will be made available to interested parties for a comment period no less than 30 days.

Along with the notification that the proposed Consolidated Plan is available for public comment, a summary of the proposed plan's contents and purpose will be published. The notification will be published on or before the day the proposed Consolidated Plan comment period begins. Locations where copies of the entire proposed plan may be obtained will also be stated in the notice.

The proposed Consolidated Plan will be available at DCS's website at www.communityservices.nd.gov/ for the full public comment period. Copies of the proposed plan will also be available from DCS during the public comment period.

PUBLIC OUTREACH

An informed citizenry is critical to effective and responsive housing and community development programs. Efforts to educate residents and empower their participation are an ongoing element of the consolidated planning process.

Public education and outreach will be facilitated through the use of public advertisements that describe the consolidated planning process, opportunities for citizen participation and available funding through the CDBG, ESG, NHTF, and HOME programs.

TECHNICAL ASSISTANCE

Groups or individuals interested in obtaining technical assistance to develop project proposals or applying for funding assistance through HUD formula grant programs covered by the Consolidated Plan or Annual Action Plan may contact the staff of the North Dakota Department of Commerce, DCS. Such assistance may be of particular use to community development organizations, nonprofit service providers, and for-profit and nonprofit housing development groups that serve or represent persons of low and moderate income.

SUBSTANTIAL AMENDMENT CRITERIA FOR THE CONSOLIDATED PLAN

The following will constitute a substantial amendment to the Consolidated Plan:

1. A change in the method of distribution or grant selection criteria.
2. The addition of an activity not initially identified in the Consolidated Plan.
3. Funding of an activity not identified in the Consolidated Plan as a high or medium priority.

ADMINISTRATIVE AMENDMENTS

Administrative amendments are those that are not considered substantial in nature and pertain chiefly to minor administrative modifications of the programs. Thus they do not require in-depth citizen participation.

CITIZEN PARTICIPATION IN THE EVENT OF A SUBSTANTIAL AMENDMENT

In the event of a substantial amendment to the Consolidated Plan, the DCS, depending on the nature of the amendment, will conduct at least one additional public hearing. This hearing will follow a comment period of no less than 30 days, where the proposed substantially amended Consolidated Plan will be made available to interested parties. Citizens will be informed of the public hearing through daily newspaper notification and the state websites prior to the hearing.

Citizens will be notified of the substantially amended Consolidated Plan's availability through newspaper notification prior to the 30-day comment period. The substantially amended sections of the Consolidated Plan will be available on the DCS website, for the full public comment period.

CONSIDERATION OF PUBLIC COMMENTS ON THE SUBSTANTIALLY AMENDED PLAN

In the event of substantial amendments to the Consolidated Plan, the state will openly consider any comments on the substantially amended Consolidated Plan from individuals or groups. Comments must be received in writing or at public hearings. A summary of the written and public hearing comments on the substantial amendments will be included in the amended Consolidated Plan. The final Consolidated Plan will also include a summary of all comments not accepted and their reasons for dismissal.

AMENDMENT CRITERIA FOR THE CDBG PROGRAM DISTRIBUTION STATEMENT

Amendments to Program Statement Affecting the Action Plan of the Consolidated Plan as stated in the Citizen Participation Plan for the North Dakota Consolidated Plan and Annual Performance Report.

The following information must be submitted to DCS when amending Regional Program Statements:

1. The Regional Council Board or its designated committee must approve amendments to the Regional Program Statement prior to notifying cities, counties and other interested parties.
2. All cities, counties and other interested parties in the region must be notified in writing of the intended change and allow 30 days for comment. The written notice should be sent in letter or memo form.

3. A copy of the notification must be submitted to the DCS **within ten working days of the date of the notification**, along with a copy of the board approval and the minutes approving the amendment. **The 15-day comment period must be completed by the application/amendment deadline as stated in the most current Program Distribution Statement.**
4. Upon receipt of the intended change, DCS will forward a copy of all changes to HUD.
5. Changes to the Regional Program Statement cannot be implemented prior to the 30 day process.

What constitutes an amendment to the Action Plan? (the following are examples, but the list is not inclusive)

1. Changes to initially established grant selection criteria.
2. Funding of activities not initially identified in the annual Action Plan.
3. Funding of an activity not identified in the Plan as a high or medium priority.

Amendments to Regional Program Statement for the CDBG Program as stated in the Citizen Participation Plan for the North Dakota Consolidated Plan and Annual Performance Report.

The following information must be submitted to the DCS when amending Regional Program Statements:

1. The Regional Council Board or its designated committee must approve amendments to the Regional Program Statement prior to notifying cities, counties and other interested parties.
2. All cities, counties and other interested parties in the region must be notified in writing of the changes to be made and given 15 days to respond. The written notice should be sent in letter or memo form. **The 15-day comment period must be completed by the application/amendment deadline as stated in the most current Program Distribution Statement.**
3. Changes to the Regional Program Statement cannot be implemented prior to notifying cities, counties and other interested parties.
4. A copy of the notification must be submitted to the DCS **within 10 working days after the end of the 15-day comment period**, along with a copy of the board approval and the minutes approving the amendment. **If the notification is not submitted within the required time frame, the amendment will not be valid.**

What constitutes an amendment to the CDBG Program? (the following are examples, but the list is not inclusive)

1. Transferring money from one emphasis area to another.
2. Modifications to deadline dates.

EXCEPTION:

Transfers without Notice

1. After scoring and ranking has occurred, transfers between funding categories that are \$20,000 and less can be made without public notice.
2. If a balance remains in a funding category, and not all applications received for that category were funded, an explanation must be provided why the applicant(s) were not offered the balance of the funds remaining.
3. Transfers without notice will be limited to two transfers per year.
4. The DCS must be notified of all transfers in writing within ten days of the Board decision, along with a copy of the board approval and the minutes approving the transfer.

NOTE: This policy applies to allocation funds only. Revolving Loan funds can only be used for Economic Development projects.

AMENDMENT CRITERIA FOR THE HOME PROGRAM DISTRIBUTION STATEMENT

The state may relocate funds from one category to another, or one state recipient or subrecipient to another, because of high demand, an emergency due to a natural disaster, or determinations that performance-based measures have not been met.

State program income received by DCS may be allocated, at our discretion, for any project or activity deem necessary.

The application process for CHDOs/Nonprofits will be competitive for the first round if any funds remain, and it will be on a first-come, first-served based needs.

CHANGES IN FEDERAL FUNDING LEVEL

Any changes in federal funding level after the Consolidated Plan and Annual Action Plan's draft comment period has expired and the resulting effect on the distribution of funds will not be considered an amendment or a substantial amendment.

ANNUAL PERFORMANCE REPORTS

Performance reports on CDBG, HOME, ESG, and NHTF programs covered by the Consolidated Plan or Annual Action Plan are to be prepared by the North Dakota Department of DOC, DCS within 90 days of the start of each program year. Draft performance reports will be made available upon written request. The draft performance report will be available for comment for no less than 15 days, and any public comments received in writing will be reported in an addendum to the final performance report.

ACCESS TO RECORDS

To the extent allowed by law, interested citizens and organizations shall be afforded reasonable and timely access to records covering the preparation of the Consolidated Plan or Annual Action Plan, project evaluation and selection, HUD's comments on the Plan and annual performance reports. In addition, materials on formula grant programs covered by the Consolidated Plan or Annual Action Plan, including activities undertaken in the previous five years, will be made available to any member of the public who requests information. A complete file of citizen comments will also be available for review by interested parties.

COMPLAINTS AND GRIEVANCES

Citizens, administering agencies and other interested parties may submit complaints and grievances regarding the programs the North Dakota Department of Commerce, DCS administers; North Dakota Housing Finance Agency administers the NHTF program. Complaints should be in writing, specific in their subject matter, and include facts to support allegations. The following are considered to constitute complaints to which a response is due:

- The administering agency has purportedly violated a provision of the Citizen Participation Plan;
- The administering agency has purportedly violated a provision of federal CDBG, ESG, NHTF or HOME program regulations; and
- The administering agency, or any of its contractors, has purportedly engaged in questionable practices resulting in waste, fraud or mismanagement of any program funds.

Residents may also present complaints and grievances orally or in writing at the community meetings and/or public hearing. All public comments, including complaints and grievances, made either orally or in writing within the 30-day public comment period, will be included in the final Consolidated Plan or Annual Action Plan. Such complaints or grievances for CDBG, HOME, ESG, or NHTF shall be directed to the Consolidated Plan representative at the DCS Community Services Division.

TIMELY RESPONSE TO COMPLAINTS OR GRIEVANCES

Upon receipt of a written complaint, the designated representative at Community Services Division shall respond to the complainant within 15 calendar days and maintain a copy of all related correspondence, which will be subject to review.

Within 15 calendar days of receiving the complaint, the designated representative shall discuss the matter with the department manager and respond to the complainant in writing. A copy of the Community Services Division response will be transmitted, concurrently, to the complainant and to the division directors. If, due to unusual circumstances, the designated representative finds that he/she is unable to meet the prescribed time limit, the limit may be extended by written notice to the complainant. The designated representative's notice must include the reason for the extension and the date on which a response is expected to be generated, which may be based on the nature and complexity of the complaint.

Public review materials and performance reports will include data, as appropriate under confidentiality regulations, on any written complaints received and how each was resolved.

ACTIVITIES EXEMPT FROM SUBSTANTIAL AMENDMENT CITIZEN PARTICIPATION REQUIREMENTS

URGENT NEEDS

It may be necessary to amend the Consolidated Plan or Annual Action Plan in the event of an emergency such as a natural disaster. These amendments may include funding new activities and/or the reprogramming of funds including canceling activities to meet community development needs that have a particular urgency. Therefore the State of North Dakota may utilize its HOME or CDBG funds to meet an urgent need without the normal public comment period, which is otherwise required for substantial amendments.

To comply with the national objective of meeting community development needs having a particular urgency, an activity will alleviate existing conditions that the State of North Dakota certifies:

- Pose a serious and immediate threat to the health and welfare of the community;
- Are of recent origin or recently became urgent;
- The state is unable to finance the activity on its own; or
- Other resources of funding are not available to carry out the activity.

A condition will generally be considered to be of recent origin if it is developed or became critical within 18 months preceding the Community Services Division's certification.

AVAILABILITY OF THE CITIZEN PARTICIPATION PLAN (CPP)

Citizens and groups may obtain a reasonable number of free copies of the proposed CPP by contacting the Department of Commerce's Section 504 Coordinator, Adele Sigl via email at dcs@nd.gov or by calling 701-328-5300, TTY: 800-366-6888, Spanish TTY: 800-435-8590 or Relay ND Voice: 800-366-6889.

APPENDIX B- ADDITIONAL PLAN DATA

**Table B.1
Allocation Priorities
North Dakota
NDDOC**

	Preserve Existing Rental And Owner Housing Stock (%)	Fund Homeownership Opportunities for Lower Income (%)	Provide Funding to Increase Multifamily Housing (%)	Support Emergency Shelters and Transitional Housing (%)	Create Additional Transitional And PSH (%)	Provide Financial Support to At Risk of Homeless (%)	Fund Homeless Prevention Activities (%)	Encourage Economic Development Opportunities (%)	Enhance Local Public Infrastructure (%)	Encourage Public Facilities and Services (%)	Encourage Communities to do Strategic Planning (%)	Engage in Funding Disaster Relief Areas (%)	Total (%)
CDBG	10							42	9	38	1		100
HOME	59	6	31				4						100
ESG				60		20	20						100
CDBG-DR												100	100
NHTF	33		33		34								100

APPENDIX C- NATIONAL HOUSING TRUST FUND PROGRAM

The state's 2017 NHTF allocation will be made available to eligible applicants through competitive application rounds and will be administered in accordance with 24 CFR Part 93.

Allocation of Funds

FY2017 Federal Allocation (projected)	\$3,000,000
Less State Administration*	300,000
Allocation Available for Distribution	\$2,700,000

*Administration of 10% of the State's federal allocation is allowed. However, the State will calculate its Administration Fee based on actual and projected administration costs. Therefore, State Administration may be less than \$300,000 and Allocation Available for Distribution may be more than \$2,700,000.

NHTF funding will be awarded for the development, preservation, and operation of affordable multifamily rental housing to serve extremely low income households, particularly those which are or at risk of chronic homelessness. Eligible recipients for funding include units of local, state, and tribal government, local and tribal housing authorities, community action agencies, regional planning councils, nonprofit organizations, and for-profit developers.

The NHTF will be administered in accordance with North Dakota's NHTF Qualified Action Plan (QAP), attached in full to this Annual Action Plan as Appendix C. Per federal statute and regulation, the QAP prioritizes funding based on:

1. Geographic diversity.
2. Applicant's ability to obligate funds and undertake eligible activities in a timely manner.
3. The extent to which the project has rents that are affordable, especially to ELI households, and has federal, state, or local project-based rental assistance so that rents are affordable to extremely low income families.
4. The length of the units' affordability period.
5. Merits of the application in meeting the state's priority housing needs.
6. The extent to which the applicant makes use of non-federal funding sources.

North Dakota employs a set-aside of 10% of the state's NHTF allocation to the highest-scoring eligible Native American application. Remaining NHTF funding is then awarded to the highest-scoring eligible applications. There is no maximum amount of NHTF funding that any one project can receive, although QAP does limit the amount of subsidy which each NHTF-assisted unit can receive. In addition, no more than 1/3 of the state's NHTF allocation may be used to cover operating expense deficits of the NHTF-assisted units.

The deadlines for applications will be due to the HFA by September 30, 2017.