

**2023 HOUSE INDUSTRY, BUSINESS AND LABOR**

**HB 1499**

# 2023 HOUSE STANDING COMMITTEE MINUTES

## Industry, Business and Labor Committee Room JW327C, State Capitol

HB 1499  
2/7/2023

Relating to a primary residence revolving loan fund; to provide a continuing appropriation; and to provide a transfer.

Chairman Louser called to order 8:00 AM

Members Present: Chairman Louser, Vice Chairman Ostlie, Representatives Boschee, Christy, Johnson, Koppelman, Ruby, Schauer, Thomas, Tveit, Wagner, Warrey.

Members absent: Representatives Dakane, Kasper.

### Discussion Topics:

- Average interest rate
- First time home buyers
- Low-income purchasers
- Stacked with other programs.

### In Favor:

Representative Shannon Roers Jones, District 46 SE Fargo, #19435, proposed amendment #19433, #19434

Jeff Sattler, President, ND Association of Builders, #19444, #19445

Katherine Grindberg, Executive VP Fargo Moorhead, West Fargo Chamber of Commerce, #19429

Representative Koppelman moved to adopt amendment LC #23.0758.03001.

Representative Thomas seconded.

Roll call vote:

Representatives	Vote
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	AB
Representative Jorin Johnson	Y
Representative Jim Kasper	AB
Representative Ben Koppelman	Y
Representative Dan Ruby	Y
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y

Representative Jonathan Warrey	Y
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Motion passed 12-0-2

Representative Koppelman moved a do pass as amended.

Representative Christy seconded.

Roll call vote:

<b>Representatives</b>	<b>Vote</b>
Representative Scott Louser	Y
Representative Mitch Ostlie	Y
Representative Josh Boschee	Y
Representative Josh Christy	Y
Representative Hamida Dakane	AB
Representative Jorin Johnson	N
Representative Jim Kasper	AB
Representative Ben Koppelman	Y
Representative Dan Ruby	N
Representative Austen Schauer	Y
Representative Paul J. Thomas	Y
Representative Bill Tveit	Y
Representative Scott Wagner	Y
Representative Jonathan Warrey	Y

Motion passed 10-2-2

Representative Schauer will carry the bill.

Chairman Louser adjourned the meeting 8:13 AM

*Diane Lillis, Committee Clerk*

OK  
2-7-23

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1499

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study relating to an interest rate buydown program for homeowners with a primary residence mortgage.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - BANK OF NORTH DAKOTA - INTEREST RATE BUYDOWN PROGRAM.** During the 2023-24 interim, the legislative management shall consider studying the feasibility and desirability of creating an interest rate buydown program at the Bank of North Dakota for North Dakota homeowners with a primary residence mortgage and the potential impact of the program on workforce and on increasing access to home ownership. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

**REPORT OF STANDING COMMITTEE**

**HB 1499, as engrossed: Industry, Business and Labor Committee (Rep. Louser, Chairman)** recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (10 YEAS, 2 NAYS, 2 ABSENT AND NOT VOTING). Engrossed HB 1499 was placed on the Sixth order on the calendar.

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study relating to an interest rate buydown program for homeowners with a primary residence mortgage.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY - BANK OF NORTH DAKOTA - INTEREST RATE BUYDOWN PROGRAM.** During the 2023-24 interim, the legislative management shall consider studying the feasibility and desirability of creating an interest rate buydown program at the Bank of North Dakota for North Dakota homeowners with a primary residence mortgage and the potential impact of the program on workforce and on increasing access to home ownership. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

**2023 SENATE INDUSTRY AND BUSINESS**

**HB 1499**

# 2023 SENATE STANDING COMMITTEE MINUTES

## Industry and Business Committee Fort Union Room, State Capitol

HB 1499  
3/8/2023

A bill for an act to provide for a legislative management study relating to an interest rate buydown program for homeowners with a primary residence mortgage.

11:00 AM Chairman D. Larsen opened the meeting on HB 1499.

Members present: Chairman D. Larsen, Vice Chairman Kessel, Senator Barta, Senator Klein, Senator Boehm.

### **Discussion Topics:**

- Entry level buyers
- Home buyers
- States businesses
- Interest rate buydown

11:00 AM Representative Shannan Roers-Jones introduced HB 1499 and testified in favor.  
# 22764

11:29 AM Rick Clayburg, North Dakota Bankers Association, testified in favor of HB 1499.  
No written testimony.

11:39 AM Chairman D. Larsen closed the hearing on HB 1499.

11:40 AM Chairman D. Larsen adjourned the meeting.

*Brenda Cook, Committee Clerk*

# 2023 SENATE STANDING COMMITTEE MINUTES

## Industry and Business Committee Fort Union Room, State Capitol

HB 1499  
3/21/2023

A bill relating to an interest rate buydown program for homeowners with a primary residence mortgage.

9:32 AM Chairman D. Larsen called the Committee Work to order. Members present: Chairman D. Larsen, Vice Chairman Kessel, Senator Barta, Senator Klein, Senator Boehm.

### Discussion Topics:

- Committee action

9:36 AM Senator Klein moved to DO PASS HB 1499. Senator Barta seconded the motion.

Roll call vote:

Senators	Vote
Senator Doug Larsen	Y
Senator Greg Kessel	Y
Senator Jeff Barta	Y
Senator Keith Boehm	Y
Senator Jerry Klein	Y

Vote: 5-0-0 Motion to DO PASS HB 1499.

Chairman Larsen will carry the bill.

9:36 AM Chairman D. Larsen adjourned the meeting.

*Brenda Cook, Committee Clerk*



**REPORT OF STANDING COMMITTEE**

**HB 1499, as engrossed: Industry and Business Committee (Sen. Larsen, Chairman)** recommends **DO PASS** (5 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1499 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.

**TESTIMONY**

**HB 1499**



## FMWF Chamber Support for HB 1499

02/07/2023

Chairman Louser and members of the House Industry Business and Labor Committee:

For the record, my name is Katherine Grindberg, and I have the pleasure of serving as the Executive Vice President of the Fargo Moorhead West Fargo (FMWF) Chamber of Commerce. The Chamber's mission is to be a catalyst for economic growth and prosperity for businesses, members, and the greater community. On behalf of our over 1,900 members, I respectfully offer testimony in support of House Bill 1499.

Every state across the United States is competing to attract, develop, and retain workforce, hoping to fill thousands of open jobs. In order for our state to effectively compete on a global scale for workforce, we must identify innovative and multi-pronged solutions to address this crisis. For example, we know that one of the major underlying challenges to workforce shortages is access to affordable housing for workers. In order to effectively address this issue holistically, we must address the multiple underlying issues that exist, like housing.

House Bill 1499 does exactly that by expanding opportunities and incentivizing workforce to remain in the state or relocate from another area to North Dakota. Simply put, this bill would make home ownership more affordable across the state by helping reduce interest rates during times of rapid inflation and increasing Federal interest rates. This bill would create an additional tool to enhance the recruitment and retention efforts taking place across the state. This program, in conjunction with many of the other workforce proposals, is critical to addressing this complex workforce issue.

On behalf of our members, I would like to thank committee members for their time this morning and would urge a DO PASS recommendation on House Bill 1499.

Respectfully,

Katherine Grindberg  
Executive Vice President  
FMWF Chamber of Commerce  
[kgrindberg@fmwfchamber.com](mailto:kgrindberg@fmwfchamber.com)

23.0758.03001  
Title.

Prepared by the Legislative Council staff for  
Representative Roers Jones  
February 6, 2023

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1499

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide for a legislative management study.

**BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

**SECTION 1. LEGISLATIVE MANAGEMENT STUDY.** During the 2023-24 interim, the legislative management shall consider studying the feasibility and desirability of creating an interest rate buydown program at the Bank of North Dakota for North Dakota homeowners with a primary residence mortgage and the potential impact of the program on workforce and on increasing access to home ownership. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-ninth legislative assembly."

Renumber accordingly

23.0758.03001

Sixty-eighth  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO. 1499**

Introduced by

Representatives Roers Jones, Conmy, Cory, Hanson, Mitskog, O'Brien, Pyle, Schreiber-Beck, Strinden, VanWinkle

Senators Axtman, K. Roers

1 A BILL ~~for an Act to create and enact a new section to chapter 6-09 of the North Dakota Century~~  
2 ~~Code, relating to a primary residence revolving loan fund; to provide a continuing appropriation;~~  
3 ~~and to provide a transfer~~ for an Act to provide for a legislative management study.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 ~~SECTION 1. A new section to chapter 6-09 of the North Dakota Century Code is created~~  
6 ~~and enacted as follows:~~

7 ~~Residential partnership in assisting community expansion fund - Continuing~~  
8 ~~appropriation.~~

9 ~~1. There is created in the state treasury the residential partnership in assisting~~  
10 ~~community expansion fund from which the Bank of North Dakota shall buy down the~~  
11 ~~interest rate on loans made by a lead financial institution in participation with the Bank.~~  
12 ~~The fund consists of all moneys transferred to the fund by the legislative assembly,~~  
13 ~~interest upon moneys in the fund, and payments to the fund.~~

14 ~~2. The Bank shall administer the fund. Moneys in the fund are appropriated to the Bank~~  
15 ~~on a continuing basis for interest rate buydown disbursements and administrative~~  
16 ~~costs pursuant to this section. The fund must be audited annually pursuant to section~~  
17 ~~6-09-29, and the cost of the audit must be paid from the fund.~~

18 ~~3. The Bank shall develop policies to administer the fund in accordance with this section,~~  
19 ~~including policies for loan participation with local financial institutions.~~

20 ~~4. The Bank shall calculate the amount of the interest rate buydown to reduce the~~  
21 ~~interest rate by up to two percent below the statewide average mortgage rate, but not~~  
22 ~~in an amount that would bring the interest rate to less than four percent. The interest~~  
23 ~~rate buydown must be paid in full when the loan is originated. The amount of the loan,~~

1 ~~on which the interest rate is being bought down, may not exceed four hundred~~  
2 ~~thousand dollars. The interest rate may be bought down only on a loan for the primary~~  
3 ~~residence of an owner. To be eligible for a loan under this section, the homeowner~~  
4 ~~must be a resident of the state or provide a certification of intent to become a resident~~  
5 ~~of the state; the property associated with the loan must be within the state; and the~~  
6 ~~homeowner must continue to own the property and maintain the property as a primary~~  
7 ~~residence for five years after receiving the interest rate buydown. The Bank shall place~~  
8 ~~a lien on the property not to exceed the value of the interest rate buydown, and the~~  
9 ~~amount of the lien must be reduced by twenty percent per year until the lien is~~  
10 ~~removed after the fifth year.~~

11 ~~—SECTION 2. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO~~  
12 ~~RESIDENTIAL PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION FUND. The office-~~  
13 ~~of management and budget shall transfer \$50,000,000 from the strategic investment and~~  
14 ~~improvements fund to the residential partnership in assisting community expansion fund, during~~  
15 ~~the biennium beginning July 1, 2023, and ending June 30, 2025.~~

16 **SECTION 1. LEGISLATIVE MANAGEMENT STUDY.** During the 2023-24 interim, the  
17 legislative management shall consider studying the feasibility and desirability of creating an  
18 interest rate buydown program at the Bank of North Dakota for North Dakota homeowners with  
19 a primary residence mortgage and the potential impact of the program on workforce and on  
20 increasing access to home ownership. The legislative management shall report its findings and  
21 recommendations, together with any legislation necessary to implement the recommendations,  
22 to the sixty-ninth legislative assembly.

**HB 1499 – Residential Partnership in Assisting Community Expansion Fund (RPACE)**  
**House Industry, Business and Labor Committee**  
**February 7, 2023**  
**Rep. Shannon Roers Jones**

As drafted HB 1499 would create a \$50M fund managed by the Bank of North Dakota to be utilized to support homeownership in North Dakota. The fund would create a program that would buy down interest rates on home loan for a principle residence, within North Dakota, up to 2% below the market rate, but not lower than 4%. The interest rate buydown would be available for home loans originated by a local lender, up to \$400,000, and the cost of the funds to buy down the interest rate would be forgiven 20% per year, so they would be completely forgiven after 5 years.

The purpose of the bill is to make homeownership more affordable, especially during periods of high interest rates, and to serve as a tool to recruit workforce to the state.

The fund is not intended to apply only to lower income or first-time homebuyers, but to all potential homeowners in the state. This is because, not only do we have programs to assist first-time buyers, and income restricted buyers, but programs directed only at entry level buyers consume all the inventory available at that price point. By making the buy down funds available for a higher loan amount it will help buyer move up into a larger home, freeing up much needed entry level homes. For higher price point homes, the \$400,000 loan amount can be bundled with equity and potentially a second mortgage.

I see many benefits to this type of loan program. First we are helping our North Dakota residents buy a home, which is the single most accessible means of building personal wealth. Secondly, we are providing a tool to help the state's businesses, economic development corporations, and chambers compete with other cities and states around the nation to attract desperately needed workforce to North Dakota.

Beyond that, home purchase transactions create value for the state through the taxes generated by realtors, lenders, home builders, title companies, and all the ancillary services and purchases required when a family buys a new home.

While I was working with local mortgage lenders, the Bank of North Dakota, North Dakota Housing Finance and other lender representatives to work out the details of this program, it has recently come to my attention that this fund may not be quite ready for prime time. It appears that some of the assumptions that I was working with related to the costs to buy down interest rates, and whether the loans can be sold on the secondary market may not be workable. While I think the idea is worthy of further research, I don't believe it can be properly vetted in time to construct a fund that will function to serve the citizens of North Dakota this session.

I am asking the committee to amend my bill into a study to consider the feasibility and desirability of creating an interest rate buydown program for a primary residence mortgage, as well as the potential impact on workforce, and increasing access to homeownership.

I have submitted the proposed amendment and the marked-up version with my testimony.

# TESTIMONY



FEBRUARY 7, 2023

## **HB 1499 HOUSE IB&L COMMITTEE**

Chairman Louser and members of the committee:

My name is Jeff Sattler and I'm the president of North Dakota Association of Builders. NDAB represents our state's homebuilding industry with 1500 members across North Dakota. We stand in support of HB 1499.

HB 1499 recognizes the importance of state government's role in the effort to improve housing affordability so that it may attract and employ workers within the community in which they live and work. NDAB believes that the homebuilding industry is essential in a growing and vibrant state economy like North Dakota. Owning a home is a part of the American dream; and our work ensures that North Dakotans have access to safe, decent and affordable housing.

Now that said, providing affordable housing has gotten exceedingly harder in the last 5 years. According to NAHB, prices of lumber products in recent years have caused the average price of a new single-family home to increase by more than \$14,000. Furthermore, permits in the urban areas of the state are down by 30% from a year ago. Anything we can do to make home construction and homeownership more attainable and more affordable is a priority for the homebuilding industry.

Thank you, for the opportunity to voice our support. We ask that you give HB 1499 a "do pass" recommendation. I'll take any questions you may have.

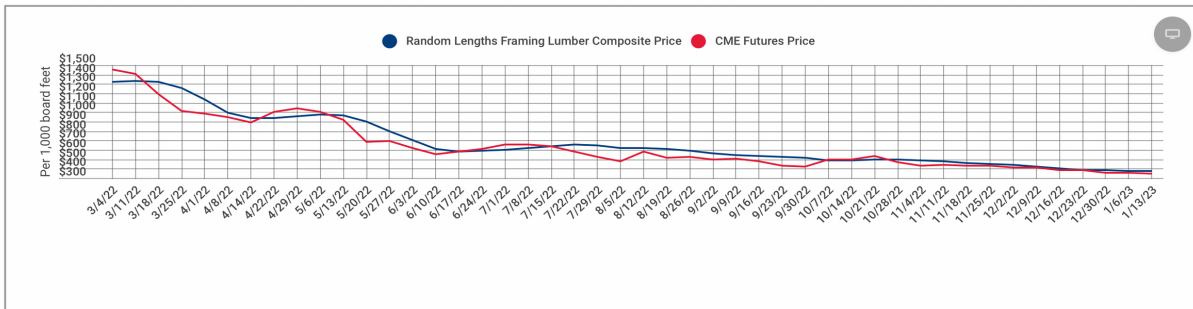


# TESTIMONY



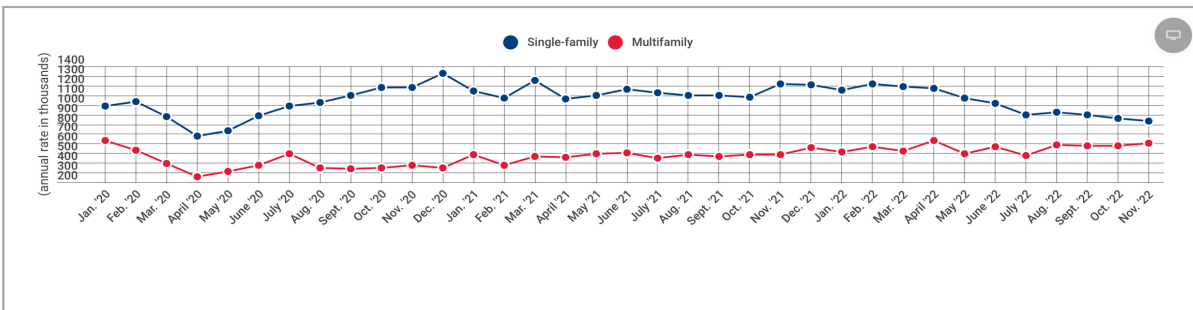
## HB 1499 HOUSE IB&L COMMITTEE

FEBRUARY 7, 2023



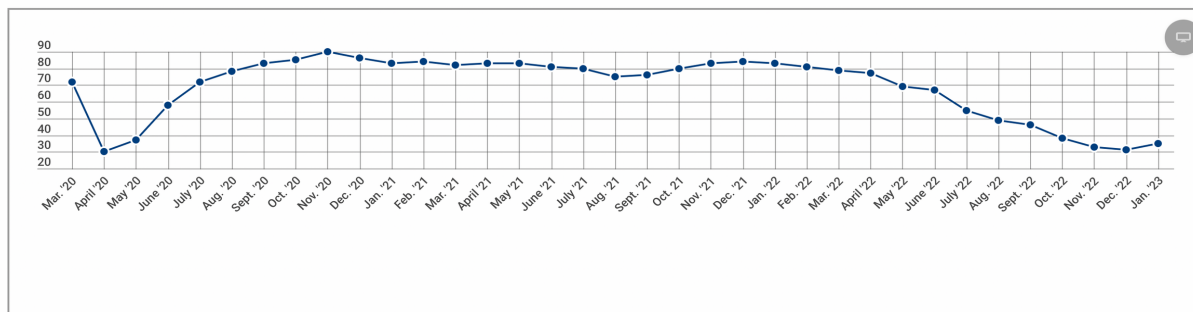
### Framing Lumber Prices

Fluctuations in the costs of building materials, particularly those of framing lumber, contribute significantly to home prices and housing affordability levels.



### Housing Starts

Housing starts data are key economic indicators that track the pace of residential construction. These monthly Census Bureau statistics typically reflect broader trends within the overall economy such as interest rates and job growth.



### NAHB/Wells Fargo Housing Market Index (HMI)

The HMI offers an insider's perspective on the current state of housing. Each month, builder sentiment about the present and near-term housing market is depicted on a scale of 0 to 100, indicating the portion of builders experiencing positive market conditions.

**HB 1499 – Residential Partnership in Assisting Community Expansion Fund (RPACE)**  
**Senate Industry, Business and Labor Committee**  
**March 8, 2023**  
**Rep. Shannon Roers Jones**

Homeownership is the single most accessible way for North Dakotans to build personal wealth. HB 1499 would study the feasibility of creating an interest rate buydown program which would make homeownership more accessible for North Dakotans.

As originally drafted HB 1499 would have created a fund managed by the Bank of North Dakota to be utilized to support homeownership in North Dakota. The fund would create a program that would buy down interest rates on home loan for a principal residence, within North Dakota. The purpose of the bill would be to make homeownership more affordable, especially during periods of high interest rates, and to serve as a tool to recruit workforce to the state.

The fund is not intended to apply only to lower income or first-time homebuyers, but to all potential homeowners in the state. This is because, not only do we already have programs to assist first-time buyers, and income restricted buyers, but programs directed only at entry level buyers consume all the inventory available at that price point. By making the buy down funds available for a higher loan amount it would help buyers move up into a larger home, freeing up much needed entry level homes.

I see many benefits to this type of loan program. First, we are helping our North Dakota residents buy a home, which as I mentioned, is the single most accessible means of building personal wealth. Secondly, we are providing a tool to help the state's businesses, economic development corporations, and chambers of commerce compete with other cities and states around the nation to attract desperately needed workforce to North Dakota.

Beyond that, home purchase transactions create value for the state through the taxes generated by realtors, lenders, home builders, title companies, and all the ancillary services and purchases required when a family buys a new home.

While I worked with local mortgage lenders, the Bank of North Dakota, North Dakota Housing Finance, and other lender representatives to work out the details of this program, it became apparent that this fund may not be quite ready for prime time. More research is required related to the costs to buy down interest rates, and whether the loans can be sold on the secondary market. The idea is worthy of further research, but it couldn't be properly vetted in time to construct a fund that would function to serve the citizens of North Dakota this session.

For these reasons, I am asking the committee to pass this study which would consider the feasibility and desirability of creating an interest rate buydown program for a primary residence mortgage, as well as the potential impact on workforce, and increasing access to homeownership.