

2025 Recapture and Resale Provisions for North Dakota HOME Program Activities

Recapture is used for Homeowner Rehabilitation programs that are administered through approved Community Action Agencies. Resale is used for Homebuyer Downpayment Assistance programs which are administered through approved Community Land Trust organizations. Each land trust operates their resale formula differently. The resale provisions used will be dependent on the community land trust the homebuyer is working with. These provisions will be included in the declaration of lien interest and homebuyer written agreements executed at purchase.

All provisions are outlined below.

Single Family Homeowner Rehabilitation Program – operating through Community Action Agencies.

The period of affordability is as follows:

HOME Assistance Per Unit	Minimum Period of Affordability
Single-Family Homeowner Rehabilitation	5 yrs.

The amount subject to recapture is the amount of direct subsidy received. 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: If the property that is subject to recapture is sold, the maximum amount of the recoverable grant are limited to net proceeds of the sale of the property.

Month	Recapture	Month	Recapture	Month	Recapture	Month	Recapture	Month	Recapture	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%

Recaptured Funds

The recaptured funds must be returned to the Agency to be used to carry out HOME-Eligible Activities.

Homebuyer Down Payment Assistance Program

Resale will be used for Homebuyer Downpayment Assistance programs which are administered through approved Community Land Trust organizations. Each land trust operates their resale formula differently. The resale provisions used will be dependent on the community land trust the homebuyer is working with.

a. Period of Affordability (POA)

This period is based on the amount of direct HOME subsidy to the buyer, as follows:

HOME Down Payment Assistance to Homebuyer	Minimum Period of Affordability
Less than \$15,000	5 yrs.
\$15,000 - \$40,000	10 yrs.
More than \$40,000	15 yrs.

- b. Property must be occupied as a principal residence by the homebuyer and subsequent low-income buyers throughout the POA. No subleasing is allowed. The Subrecipient must monitor and verify primary residency of the homebuyer on an annual basis for the affordability period. The most current utility statement, proof of paid taxes, and homeowner's insurance are acceptable documentation.
- c. During grant monitoring of the Subrecipient, the Agency will review 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 Subrecipient.

Resale Provisions-

The HOME resale requirements are established in the HOME rule at §92.254(a)(5)(i). Under HOME resale provisions, the PJ (and Program Administrator) is required to ensure that, when a HOME-assisted homebuyer sells his or her property voluntarily or involuntarily during the affordability period:

- The property is sold to another low-income homebuyer who will use the property as his or her principal residence; (80% or less of area median income) that will use the property as its principal residence.
- The original homeowner(s) receives a "fair return" on their investment, (i.e., the homeowner's share of the value of the property, including the value capital improvements made to the house); and Such sale must be at a price that allows for "fair return on investment, including any "improvements" to the seller (the former homebuyer) as defined in the Calculation of Resale Price and Fair Return below.

The property is sold at a price that is affordable to a reasonable range of low-income buyers, which means homeowners who meet the homebuyer underwriting policy and meet income eligibility of 80% or less area median income.

- The ratios that will be used to determine the assistance necessary for the homebuyer – Unless alternative ratios are approved by NDHFA, the ratios that will apply to homebuyers are:
 - Maximum front-end ratio – The monthly housing expenses (i.e., front-end ratio) do not exceed 31% of the buyer's monthly underwriting income;

- Minimum front-end ratio – The monthly housing expenses (front-end ratio) is at least 20% of their monthly underwriting income OR the first mortgage is limited by the loan-to-value ratio and not the buyer's payment capacity; and
- The total debt burden (i.e., back-end ratio) is not more than 41%.

It is acceptable to have a policy that allows ratios to exceed the above maximums so long as the primary loan is a Fannie Mae or Freddie Mac conforming loan product or a governmental insured loan such as USDA, FHA, or VA.

Under resale, §92.254(a)(5)(i) of the HOME rule states that the period of affordability is based on the total amount of HOME funds invested in the housing. In a DPA-only program, this would include the assistance directly provided to the buyer plus any project delivery costs that are charged as project costs rather than as Administrative Costs.

Presumption of Affordability will not be used.

HOME Project Funds	Minimum Period of Affordability
Less than \$15,000	5 yrs.
\$15,000 - \$40,000	10 yrs.
More than \$40,000	15 yrs.

Grand Forks Community Land Trust- Resale Calculation

Calculation of Resale Price and Fair Return. When the homeowner sells, the following procedures and calculations will be used to determine the Fair Return to the seller as required by the HOME Final Rule:

1. Homeowner's Initial Ownership Interest – The homeowner's ownership interest at time of original purchase is the percentage of the Initial Appraised Value that the homeowner provided, as defined and calculated below.
 - a. Homeowner's Base Price: The price paid by the homeowner upon the execution of the Program Administrator Ground Lease. (Homeowner's Base Price equals the Homeowner's Ownership Interest at time of purchase.)
 - b. Initial Appraised Value of Home and Leased Land: The fee simple value of the home and the leased land based on an independent appraisal at time of original purchase.
 - c. Homeowner's Initial Ownership Interest (%): The Homeowner's Initial Ownership interest is the ratio of Homeowner's Base Price to Initial Appraised Value, expressed as a percentage.
2. Homeowner's Ownership Interest at Resale – The ownership interest at time of resale is determined through appraisal to include the value of homeowner capital improvements and the homeowner's share of the appraised value of the property at resale.
 - a. Appraised Value at Resale: An independent appraisal determines the appraised value of Home and Leased Land at resale.
 - b. Value of Homeowner's Capital Improvements (if applicable): If the homeowner has submitted Capital Improvements, the appraised value of the improvements will be identified in the appraisal, and the homeowner will be credited with 100% of the appraised value of the Improvements.
 - c. Appraised Value of Homeowner's Ownership Interest at Resale: The Appraised Value of the Homeowner's Ownership Interest is calculated by adding:

- i. The Appraised Value of Homeowner's Capital Improvements plus
 - ii. The "net" Appraised Value at Resale (with Value of Capital Improvements subtracted) multiplied by the Homeowner's Initial Ownership Interest percentage.
3. Formula Resale Price – The resale price at time of resale is defined and calculated below.
 - a. Appraised Value of Increased Homeowner's Ownership Interest at Resale: This equals:
 - i. The Value of Homeowner's Capital Improvements (if any) plus
 - ii. The Homeowner's Share of the Increase in Appraised Value, which is the "net" increase in Appraised Value multiplied by 40%.
 - b. Maximum (Formula) Resale Price – The maximum price at which the home can be resold is determined by Formula Resale Price, which is calculated as:
 - i. The Homeowner's Base Price plus
 - ii. The Appraised Value of Increased Homeowner's Ownership Interest at resale (which includes 100% of the Value of Homeowner's Capital Improvements plus the Homeowner's Share of the Increase in Appraised Value.)
4. Purchase Option Price – The Purchase Option Price will be used if the Program Administrator elects to exercise the Purchase Option. If elected, the Purchase Option Price is the lesser of:
 - a. The Appraised Value of Homeowner's Ownership Interest at Resale (calculated in 2c above); or
 - b. The Formula Resale Price as defined in 3b above.

Capital Improvements. When a homeowner completes an eligible capital improvement to their community land trust home post-purchase, they are eligible for 100 percent of the improvement value and appreciation deemed attributable to improvement. Eligible Improvements include:

- Increase in legal bedroom size;
- Increase in legal bathroom size;
- Addition of or substantial rehabilitation to garage;
- Other substantial modifications approved by the Program Administrator, which are anticipated to increase value by a minimum \$2,500 and increase functionality of the home. Improvements made solely for cosmetic purposes or considered routine maintenance will not be considered.

Improvements must comply with the ground lease, and documentation of completion must be submitted. Upon refinancing or resale, the homeowner must submit a request for capital improvements calculation. The Appraisal will indicate a monetary value of improvements, and the Formula Resale Price calculation will be modified to incorporate the capital improvements calculation.

Purchase Option Price and Formula Price Example. The following are examples of the calculations specified above, one for an appreciating value and one for declining value:

Calculation Step	Appreciating Value - Sample Calculation
1.a. Homeowner's Base Price	\$150,000
1.b. Initial Appraised Value	\$200,000
1.c. Homeowner's Initial Ownership Interest	$\$150,000 / \$200,000 = 75\%$

Calculation Step	Appreciating Value - Sample Calculation
2.a. Appraised Value at Resale	\$240,000
2.b. Appraised Value of Capital Improvements	\$10,000
2.c. Value of Homeowner's Interest at Resale	$\$10,000 + (\$240,000 - \$10,000) * 75\% = \$182,500$
3.a. Value of Homeowner's Increased Interest at Resale	$\$10,000 + (\$172,500 - \$150,000) * 40\% = \$19,000$
3.c. Maximum (Formula) Resale Price	$\$150,000 + \$19,000 = \$169,000$
4. Purchase Option Price	Lesser of \$182,500 & \$169,000 = \$169,000

Calculation Step	Declining Value - Sample Calculation
1.a. Homeowner's Base Price	\$150,000
1.b. Initial Appraised Value	\$200,000
1.c. Homeowner's Initial Ownership Interest	$\$150,000 / \$200,000 = 75\%$
2.a. Appraised Value at Resale	\$180,000
2.b. Appraised Value of Capital Improvements	\$8,000
2.c. Value of Homeowner's Interest at Resale	$\$8,000 + (\$180,000 - \$10,000) * 75\% = \$135,500$
3.a. Value of Homeowner's Increased Interest at Resale	$\$8,000 + (\$135,500 - \$150,000) * 40\% = \$2,000$
3.c. Maximum (Formula) Resale Price	$\$150,000 + \$2,000 = \$152,000$
4. Purchase Option Price	Lesser of \$135,500 & \$152,000 = \$135,500

Resale Requirements. During the period of affordability, the home must be resold to another Low-Income buyer approved by the Program Administrator. The Program Administrator may repurchase the home and convey it to an eligible LI buyer using the Purchase Option or permit the homeowner to find an eligible buyer, as described below.

Upon notice by the homeowner of intent to sell, the Program Administrator shall have the option to purchase the home at the Purchase Option Price as defined above in step 4

If the Program Administrator elects to purchase the home, it may exercise the purchase option by either proceeding to purchase the home directly or assigning the Purchase Option to a HOME-eligible low-income person.

If the purchase (by Program Administrator or its assignee) is not completed within 120 days as stated in the executed Program Administrator Ground Lease, the homeowner may sell the home and homeowner's rights to the leased land for a price no greater than the then applicable Purchase Option Price, to any party if that party is a HOME-eligible low-income person.

If the Program Administrator does not exercise its option and complete the purchase of the homeowner's property as described above, and if the homeowner (a) is not then residing in the home and (b) continues to hold the homeowner's property out for sale but is unable to locate a buyer and execute a binding purchase and sale agreement within one year of the date of the Notice of Intent to Sell, then the Program Administrator may appoint its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the purpose of the Program Administrator Ground Lease, sell the property, and pay to the homeowner the proceeds of the sale, minus the Program Administrator's costs of sale and any other sums owed to the Program Administrator by the homeowner.

Resale Provisions- Minot Area Community Land Trust

The purchase option price equals the lesser of the appraised value or the homeownership interest or the formula price.

In no event may the home be sold for a price that exceeds the Purchase Option Price.

The Purchase Option Price shall be the lesser of (a) the Appraised Value of Homeowner's Ownership Interest at Resale as calculated in line "d" of Section 10.10 below or (b) the Formula Price calculated in accordance the formula below.

If CLT does not choose to commission an appraisal to determine the appraised value of Homeowner's Ownership Interest, then the Purchase Option Price shall be the Formula Price.

If CLT believes that the value of Homeowner's Ownership Interest at Resale may be less than the Formula Price, CLT may, within ten (10) days of receiving Homeowner's Notice of Intent to Sell, commission a market valuation of the Leased Land and the Home to be performed by a duly licensed appraiser acceptable to CLT and Homeowner. CLT shall pay the cost of such Appraisal. The Appraisal shall be conducted by analysis and comparison of comparable properties as though title to Land and Home were held in fee simple absolute by a single party, disregarding all of the restrictions of this Lease on the use, occupancy and transfer of the property. Copies of the Appraisal are to be provided to both CLT and Homeowner.

Formula Price Calculation

The Formula Price shall be equal to the amount of Homeowner's Base Price plus interest at a rate of two-and-one-half percent (2.5%) compounded annually.

Subsequent Sale of Home to an Income Eligible Homebuyer. The HOME Final Rule at 92.254(a)(5)(ii) permits PJs to allow the subsequent homebuyer to assume the HOME assistance if:

- the homebuyer is Low-Income;
- no additional HOME assistance is provided; and
- the new buyer agrees to be subject to the HOME requirements for the remainder of the original period of affordability.

This option is authorized for this DPA program. If the Program Administrator determines through underwriting that the subsequent Low-Income homebuyer needs additional HOME assistance beyond the amount of the original HOME assistance, additional HOME homebuyer assistance may be provided and will be combined with their assumption amount of the existing note to determine the new POA and execute a new (replacement) written agreement and declaration of lien interest for the total assistance.

Copies of comments received during the 30-day comment period. Comments are also summarized in PR-15 Citizen Participation Section.



Date: May 12, 2025

To: North Dakota Housing Finance Agency

From: High Plains Fair Housing Center

Re: Comments on the State of North Dakota 2025-2029 Consolidated Plan

The Fair Housing Act and N.D.C.C. § 14-02.5 help ensure that all people – regardless of race, color, national origin, religion, sex, disability, familial status, receipt of public assistance, marital status, and age (over 40)– have a range of choices about where to live. It also ensures that all neighborhoods are good places to live, regardless of the demographics of their residents. The Federal Fair Housing Act was passed in 1968 and was the only civil rights law to include a dual purpose: to put a stop to discriminatory housing practices and to affirmatively further fair housing by ensuring that any state or local government that receives federal funding must administer their programs and activities in a way that expands access to opportunity for all.

Over 30 years ago, HUD published a rule that grouped Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) programs into the Consolidated Plan for Housing and Community Development. The new single-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. It was termed the Consolidated Plan for Housing and Community Development. It is imperative that fair housing is kept at the forefront of every decision as the State works to develop the 2025 Annual Action Plan (AAP), not just because it is required under the Fair Housing Act and Section 504 of the Rehabilitation Act of 1973, but because North Dakota's population is growing and diversity in demographics and abilities has increased creating critical needs in our housing infrastructure.

www.highplainsfhc.org

High Plains Fair Housing Center | info@highplainsfhc.org
PO Box 5222 | Grand Forks, ND 58206 | 701-203-1077

Nothing in this letter is legal advice, for legal advice please see an attorney.

The Draft 2025 Consolidated Plan of the North Dakota found some racial disparities among households:

- American Indians make up 9.8% of the severely cost burdened but only make up 5% of the total population.
- Blacks make up 6% of severe cost burden, but 3.25% of the population.
- Further renters are more likely to be cost burdened than homeowners and there is a higher percentage of renters that are persons of color, noting that there is limited access to affordable housing for persons of color.
- American Indians (28%) and Blacks (18%) make up a disproportionate share of the homeless population.
- While there is an increasing number of persons with disabilities in North Dakota there is insufficient access to affordable housing by persons with disabilities
- Discriminatory patterns in lending based on race and national origin.

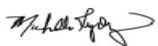
The four recommended actions that were determined through planning process and citizen participation are (1) Increasing access to affordable housing, (2) Increased efforts to combat homelessness (3) Enhancements of public infrastructure and facilities and (4) Encouraging economic opportunity.

The two that High Plains encourages the state to focus strongly on are: (1) to promote affordable housing development in areas of high opportunity to address both disproportionate housing needs based on race and color and (2) increase efforts to combat homelessness.

Additionally, North Dakota should encourage all developers and builders to design affordable housing adhering to the guidelines in the Americans with Disabilities Act and Fair Housing Act, so that they the growing population with disabilities are able to age in place.

Protecting equal opportunity and freedom from discrimination for everyone is in North Dakota's best interest. The responsibility of insuring objective and effective approaches to community development that expand economies and opportunity for everyone lies with us all. Where you live matters. Protecting housing choice and addressing gaps to access in housing regardless of race, ethnicity, sex, religion, family status, disability, receipt of public assistance, etc. is a critical component of equitable and economically prosperous communities in North Dakota.

Sincerely,



Michelle Rydz, Executive Director

High Plains Fair Housing Center is a statewide organization that works to eliminate housing discrimination and to ensure equal housing opportunities to North Dakota families and individuals. We assist people who believe that they have experienced discrimination while attempting to rent or purchase housing. We conduct investigation into potential housing discrimination, and we provide community education to promote fair housing. We work with state and local government as they meet their expectations to increase community access and opportunity to all North Dakotans. Lastly, we work with several government agencies, community advocacy organizations, and other non-profits to promote individual choice in housing and community access to jobs, education, religious expression, healthy living environments, and all the other opportunity our communities in North Dakota provide.



617 N 7th St * Bismarck, ND 58501 * (701) 751-0142

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Public Comment – 2025–2029 Consolidated Plan & 2025 Annual Action Plan

To: North Dakota Department of Commerce – Division of Community Services
North Dakota Housing Finance Agency
Email: dcs@nd.gov, hfainfo@nd.gov

Subject: Public Comment – 2025–2029 Consolidated Plan & 2025 Annual Action Plan

Date: May 12, 2025

Dear Review Team,

Thank you for the opportunity to provide input on the State of North Dakota's 2025–2029 Consolidated Plan and the 2025 Annual Action Plan. On behalf of Welcome House, Inc., a family-focused transitional shelter in Bismarck serving homeless parents and children, I respectfully submit the following comments:

1. Continued Investment in ESG for Emergency Shelters and Prevention Services:

We commend the Plan's prioritization of ESG funding for emergency shelters, rapid rehousing, and homeless prevention. Welcome House serves approximately 35 families per year, many of whom arrive with no stable housing, income, or support network. ESG funds are vital for sustaining our shelter operations, case management, and stabilization efforts.

2. Inclusion of Transitional Housing in Homeless Response:

While Permanent Supportive Housing and Rapid Rehousing are important, transitional housing remains a critical bridge for many families, especially those rebuilding after domestic violence, incarceration, or financial crises. We ask that transitional housing remain eligible and recognized as part of the state's homelessness strategy.

3. Support for Reinstating HMIS Participation for Smaller Agencies:

Welcome House temporarily discontinued HMIS participation in 2024 due to lack of funding. If ESG or other CPD resources could be used to subsidize HMIS licensing and training costs for small providers, it would enhance regional data quality and coordination.



4. Affordable Housing Development and Preservation:

We support the Plan's commitment to expanding affordable rental housing, especially through the HTF and HOME programs. However, we recommend ensuring that smaller nonprofits have equitable access to these funds, potentially through set-asides, technical assistance, or simplified application options.

5. Operating and Capacity Support for Nonprofit Providers:

Many rural or smaller community-based providers face operational capacity challenges. We urge the state to continue prioritizing technical assistance and allow reasonable administrative/operating support through ESG and HTF allocations.

Closing

We appreciate the thoughtful planning and inclusive process reflected in the Plan. Welcome House is committed to working with state and local partners to end homelessness and improve housing access in North Dakota. Thank you for considering these comments as you finalize the Consolidated Plan.

Sincerely,



Vincent McCloud, Executive Director

Welcome House, Inc.

617 N 7th St, Bismarck, ND 58501

execdir@welcome-house.net | 701-278-1203



From: [-Info-Div. of Community Services](#)
To: [Forderer, Tonya R.](#)
Subject: FW: 2025-2029 Consolidated Plan and 2025 Annual Action Plan
Date: Wednesday, April 16, 2025 1:59:29 PM

We received this comment. Do you get the NAHRO invites? I do, but can never seem to attend. It could be a good thing for Andrea or Keiara to participate in.

From: David Klein <david@greatplainsha.com>
Sent: Tuesday, April 15, 2025 3:50 PM
To: -Info-Div. of Community Services <dcsc@nd.gov>
Subject: 2025-2029 Consolidated Plan and 2025 Annual Action Plan

You don't often get email from david@greatplainsha.com. [Learn why this is important](#)

******* CAUTION:** This email originated from an outside source. Do not click links or open attachments unless you know they are safe. *********

I read through the document quickly and have a comment regarding page 10.

ND NAHRO is a membership organization that covers public housing authorities but has limited participation. Although Tribal Housing Authorities are invited to attend and participate in meetings, none communicate with ND NAHRO members. ND NAHRO has extended meeting and membership invitations to NATIVE, Inc. and other Native American organizations.

Department of Commerce is also invited to each ND NAHRO meeting with limited participation.

David Klein

Executive Director

Great Plains Housing Authority

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