JOE LOMBARDO
*Governor*

**STATE OF NEVADA**

TERRY J. REYNOLDS
*Director*

**DEPARTMENT OF BUSINESS AND INDUSTRY**
**OFFICE OF THE DIRECTOR**

# MINUTES of the PUBLIC MEETING of the

# ADVISORY COMMITTEE ON HOUSING

**Tuesday, October 4, 2022 @ 2:00 PM**

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Jauregui
Brooke Page
Audra Hamernik
Bill Thomas
Dr. Hilary Lopez
Fred Haron
Bill Brewer
Dagny Stapleton
Eric Novak

**COMMITTEE MEMBERS ABSENT:**

None

**OTHERS PRESENT:**

Arielle Edwards, NV HAND
Sandra Nunnelee, NV Business and Industry
Chanel N.
Mackenzie Warren Kay
Genie Calma
Michael Holliday, NV Housing
Jon Rudolph, McDonald Carano
Wally Swenson, NV HAND
Mendy Elliott
Robert Shaw, NV Housing
Mae Worthey-Thomas, NV Housing
Nia Girma
Mark Licea, NV Housing
Kanani Espinoza
Steve Aichroth, NV Housing
Tyler Shaw, Ferrari Reeder Public Affairs
Amanda Moss
Sarah Adler, Belz and Case
Christine Hess

## AGENDA

1. **Call to Order and Roll Call**

   Meeting was called to order at 2:00 PM.

2. **Public Comment**

   There was no public comment.

3. **Approval of the August 2, 2022, meeting minutes (For Possible Action)**

   Member Haron made a motion to approve the minutes as presented. Member Thomas seconded the motion. Motion was passed.

4. **Rental Assistance/Homeowner Assistance Update (For Discussion)**

   Rental Assistance Update

   **Stephen Aichroth** - September 30 was the end of the rental assistance period for Emergency Rental Assistance (ERA)1 with the exception of the potential re-allocated funds. $208M was provided in ERA1 funds across the state. The amount disbursed is approximately $193M. That's 90% allowed for disbursement with 10% related to administrative costs. These are preliminary numbers. Most ERA1 funding have been dispersed.

   The State applied for $1.4M in additional ERA 1 assistance that is scheduled for approval at Interim Finance Committee (IFC) on October 20. Those monies need to be spent by December 30 of this year. We've talked to our partners in Clark County and the Housing Stability Service of Home Means Nevada and have received assurances that this money will be spent by December 30.

   As of July 31, about half of ERA2 monies have been dispersed. There is $185M, and $90 million have been dispersed. From a state perspective we will hit the 60% threshold, which allows us to ask for additional funds. We still have another $30M that will come into the state. This will probably go for approval at the December IFC meeting.

   We will have rental assistance through the balance of the calendar year. At the September IFC an additional $25M in American Rescue Plan Act (ARPA) assistance went to support renters through two avenues. One was for $15M to cover an extension of the rental assistance to ensure the program will continue through the year uninterrupted. There was another $10M approved to support an eviction diversion program in Clark County. We're working with Clark County through that process and to get those rental assistance funds to them to make sure there's no gaps while we cobble together the remaining resources. At this point, it looks like there will be no gaps in the funding until the funding is exhausted.

   A question-and-answer period ensued.

   Homeowner Assistance Update

   **Michael Holliday** - We are starting to see more applicants and moving more funds to those in need.

   Through the end of August, the program has disbursed $3.68M in funding that covers mortgage, property tax, homeowners' insurance, and Homeowners Association (HOA) assessments. That's approximately a 200% increase from the first month of the program. This is a steep acceleration and I think that is due to the fact that some of the federal and forbearance assistance

have started to run its course, and people are still under duress.

The Nevada Affordable Housing Assistance Corporation (NAHAC) team has done an outstanding job of getting this program up and running. So far, they've helped 257 homeowners. They have applications of $3.6M in actual funding and applications that are still being processed for a total of $5.4M.

The applications went from 58 in the first month to 92 in the month of August. They're still experiencing a high rate of withdrawals mostly from people not completing the application.

NAHAC started a project called "Project Handholding" after realizing that many homeowners needed help to complete the paperwork. NAHAC is also working with housing counseling agencies to have someone guide the applicants through the application and documentation process.

Having this available is helping those homeowners that really need the assistance to navigate through the program and get funded.

A question-and-answer period ensued.

5. **Homes Means Nevada Initiative Update (For Discussion)**

**Stephen Aichroth** - We had a pre application period, where we asked six different questions, and based on those responses, they would move on to the application period. There were 234 pre applicants, 180 of them qualified for the application round.

There were 66 new development applications: 35 in Clark County, 22 in Washoe, and 9 in the State. In preservation, there were 25 applications, 9 in Clark County, 14 in Washoe County, and 2 in the state.

The applications in the new development and preservation process, had three different scoring committees doing evaluations. The first, was the community group which dealt with the project narrative and some of the site and neighborhood information. Those scored applications from that group have all come in.

For the financial portion we contracted with Novogradac and Company. They are a national accounting firm that specifically deals with affordable housing, and they are one of the most qualified experts in this field. They've got staff looking at the financial sustainability of these projects and are actively scoring the applications in new development and preservation. The third group, comprised of Michael and I, are going to score project readiness.

Based on the preliminary review of those applications, there are over $1.1B in requests, with the anticipated construction or preservation of 6,800 affordable units. Of those 6,800 units, 800 units are identified by the developers as supportive housing. 1,500 units were identified by developers as extremely low income, and 2,000 of those units identified as senior units. Those two areas are $430M. We are about three times oversubscribed on those functions at this time.

A number of those projects with pre-applicants made it through the application phase. We forward committed tax credits to get those projects underway. They have been removed from the list as they don't count for some of the numbers that I just provided. Because they're already underway, they're not receiving Home Means Nevada funds. We exercised the option to get those projects up and going because they were shovel ready.

Regarding the Homeownership Opportunities and Rehabilitation application process, those applications are closed. We have received 13 applications requesting over $96M in funding, and as a reminder, $30M million is slated for this program out of the $500M. These have been scored and we have those results. They will not be vetted by Novogradac because they are specified to provide either financial assistance, homeowner construction, or homeowner rehabilitation. We've done a preliminary review of all those applications, and we will be presenting this to the Governor's Office and to the IFC later this month.

The last bucket of money is Land Acquisition. We have received nine applications requesting over $80M in funding. We'll be evaluating those that just closed last week. We got the results late last week and we will be sorting through those in preparation for recommendations to the Governor's Office and IFC.

We had a total of 103 applications requesting over $1.25B affordable housing development across those four categories. We've got a lot of work ahead of us to process these and then get the agreements out to the various awardees.

A discussion-and-answer period ensued.

**6. Nevada Housing Coalition Report (For Discussion)**

**Christine Hess** - We are hosting the third annual statewide housing conference on October 19 and 20. We'll also be hosting a member meeting that features a housing policy committee conversation with former Senator Ratti moderating. We have an energy and water session with the support from the Nevada Clean Energy Fund.

We've also hosted some education opportunities in partnership with the Corporation for Supportive Housing. Our Supportive Housing Incubator Academy was a great success. We had over 70 participants. This is part of the Federal Home Loan Bank of San Francisco grant. We're excited to showcase and highlight some of the work that is ongoing there. We also are launching an Affordable Housing 101 development financing construction training on October 18.

At the conference, we will launch two new programs, in partnership with the bank. One of those is a mentorship program. We will be announcing that at the conference. This is going to be a small program geared at increasing capacity.

We're going to launch our project catalyst fund, where the coalition for the first-time will be sub granting out $200,000 in small grant awards, up to $50,000. We'll be opening up those applications at conference the morning of October 20 when we welcome CEO and President of the

Federal Home Loan Bank of San Francisco, Teresa Bryce Bazemore. We have a couple of special awards that the Coalition is going to make.

We are working on housing policy solutions while looking forward to supporting the work of the advisory committee. We are looking at a legislative agenda that will focus on stabilizing and providing access for Nevadans for housing. We have quite a few agenda items that are starting to take shape. We have stakeholders from across the spectrum of affordable housing. Those stakeholders include Nevadans in need along with our private sector partners, from the builder's apartment association and realtor's association. We are hopeful coming out of session that things will look better for struggling Nevadans.

At our conference we are hosting a breakout session featuring Washoe Housing Authority, Walker Paiute Tribe, and Reno, Sparks Indian Colony. We have four tribes featured in a breakout session, because it's our opportunity as housing stakeholders to learn about some of the housing challenges across Nevada from some of our community members that we don't often hear from.

7. **Potential use of Infrastructure funding and Inflation Reduction Act Funding for Housing (For Discussion)**

**Stephen Aichroth** - The division attended the Governor's Infrastructure Conference that was held on Friday. Our panel talked about energy and investments. There is $24M that will be coming into the state through additional weatherization through the Infrastructure Act. I think there's some potential pathways looking at the Infrastructure Act, and the Inflation Reduction Act, because the later started off as the Build Back Better Act. It lowered the threshold for private activity bonds and additional rental assistance among other things, then became the Inflation Reduction Act. When the Inflation Reduction Act was passed, we heard from multiple advocacy group that there's nothing in there for affordable housing. However, there's some tax credits for solar energy efficiencies, and I think there's some other things in the Act that will benefit affordable housing developers.

I think there's the ability to combine those funds and potentially tailor it for the residents. For example, we just closed on a project called Copper Mesa. It is 290 units of family affordability, at the corner of 395 and Red Rock Road. In two years, there's going to be 290 families in that area, but the nearest bus stop is two miles away. There may be the ability to rectify this with transit-oriented development that is done with the Infrastructure Act to extend that line, to build bus stops, and to make the service go out to that community where it's not going to cost RTC any money.

These are the intersections that we really need to establish and to make sure that we're all talking and communicating with each other because there are these opportunities out there to combine some of this funding. It's not going to help the development of the project, but certainly will help

the residents who will live there to have the ability to walk outside their apartment and hop on a bus and go to work somewhere in the North Valleys, go to school, etc.

I'll be working with the National Council of State Housing agencies to put on a webinar using Novogradac as one of their experts and the National Housing Trust Fund.

A discussion-and-answer period ensued.

**8. Qualified Allocation Plan (QAP) Updates (For Discussion)**

**Mark Licea** - We have canceled and/or re-allocated 10 or 11 projects. We used over $3M in 2023 to bail out some 2022 projects. For the allocation round next year it appears that we're going to have under $5M. Some of these changes may not be appropriate for the timeframe, but I think it's going to set the course for where I think the QAP needs to go. All of you have a copy with the proposed changes in red.

Note on page three, we're going to have a separate round for additional applications. We're going to request them in March to bolster projects that need additional credit. This will hopefully see them close sooner. We allocated additional credits early this year, which seemed to work very well. For this round in 2023, we're going to request that additional credit requests get to our office by March 3. On that same page, underneath the table, those are our proposed dates for the 2023 round.

On page five, you'll notice our allocation authority for next year and how it's been dramatically reduced. This is an estimated total, which is based on the IRS population figures, and our risk factor which is 2.6. We used almost $3.2M of 2023 credits to assist 2021 and 2022 projects to help them close. We're giving Washoe County an allocation that will give them the ability to do one project for the maximum of $1.25M.

Page seven, a clarification was made that single home developments will only be allowable under Indian housing projects and rent to own construction projects. We're going to have to start pushing for no more, two-bedroom, two-bath units.

Page 19, we're proposing a reduction in the unit size. It used to be 650 to a maximum of 850, and I'm proposing 550 to 750. This affects the ratio, when you're doing the maximum square footage. It was 632 and will now be 599 based on the reduction in unit sizes.

We're going to mandate, no more 2-bedroom 2-bath units for new construction. We have to start addressing the costs and I think we have to do it gradually. A developer is doing a phase two for an elderly housing project and they're reaching $409,000 per unit, which is the smallest unit size.

We can't continue spending more and more to do less and less. We must start changing how we perceive affordable housing, and how we're going to proceed forward.

A question-and-answer period ensued.

**9. Approval of language for Bill Draft Request (BDR) (For Discussion)**

**Assemblywoman Jauregui** – At our last meeting we had talked about what our BDR concept was going to be, and this meeting was scheduled so we could discuss the language before submitting to the Legislative Counsel Bureau (LCB) for drafting.

Member Thomas made a motion to approve the drafted BDR. Seconded by Member Hamernik.

A discussion portion ensued.

Michael Holliday notes that this BDR was not listed as an action item and believes that action cannot be taken.

Stephen Aichroth adds that the BDR concept has already been submitted to LCB. LCB will be back in touch if any information is needed. The language of the BDR was submitted with the submission. LCB will determine the language before it goes to the Legislature.

Assemblywoman Jauregui notes that when the language is received back from LCB an agenda item will be added to the next meeting to approve the language.

The committee did not take action on the motion.

**10. Committee Member Comments**

No comments.

**11. Agenda Items for Next Meeting (For Discussion)**

No comments.

**12. Staff Updates (For Discussion)**

**Stephen Aichroth** - We're almost fully staffed and there's not too many agencies within the state that can say that. There are two vacancies: one for a Compliance Officer, and the other for a Loan Officer. Because of the nature of home buying right now, we're not looking to immediately fill the loan officer position because we don't have an effective program. We're working on potentially using Home Means Nevada.

**13. Public Comment**

Chanel N. asked how do you determine which households and applicants receive aid and how does affordable housing impact the development of a community. Assemblywoman Jauregui explained Project Handholding and asked that Chanel get a hold of her offline if she had anymore questions.

**14. Adjournment**

The meeting was adjourned at 1:45 PM.

The meeting has been properly noticed and posted at the following locations: Department of Business & Industry Director's Offices Las Vegas and Carson City; Nevada Housing Division Carson City; as well as on the web at https://housing.nv.gov and https://notice.nv.gov.

Note: We are pleased to make reasonable accommodations for members of the public with a disability. If special arrangements for the meeting are necessary, please notify Sandra Nunnelee at (775) 684-2920 or snunnelee@business.nv.gov, as soon as possible.