STATE OF NEVADA

DEPARTMENT OF BUSINESS AND INDUSTRY
OFFICE OF THE DIRECTOR

MINUTES of the PUBLIC MEETING of the
ADVISORY COMMITTEE ON HOUSING
Monday, September 25, 2023

COMMITTEE MEMBERS PRESENT:

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

COMMITTEE MEMBERS ABSENT:
None

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

   The meeting was called to order at 2:03PM by Assemblywoman Jauregui.

   Steve Aichroth called the roll.

   Assemblywoman Jauregui noted that Member Thomas is online but did not acknowledge his presence at Roll Call.

2. **Public Comment**

   There was no public comment.

3. **Approval of the October 4, 2022, meeting minutes (For Possible Action)**

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

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

Rental Assistance Update

Steve Aichroth – We had two types of rental assistance that came in through the state. ERA1 was the first one that came through from the Consolidated Appropriations Act. The entirety to the state was $208M. The Division initially received $124M, and then we received a second allocation of $1.4M. The ERA1 funding expired on September 30th, 2022. This funding has been expended.

During the pandemic, a second funding came through which was ERA2. The total amount was $186M, of which the State received $98M. The entirety of that funding was provided to Clark County Social Services, and they have expended all, but $1M of the state provided dollars. The division still has an additional $1.2M which has not advanced to Clark County. That leaves $2.2M to expend by the deadline of September of 2025. Of that $1.2M that we have on hand, $700,000 is for eviction diversion in Southern Nevada.

During the last legislative session AB 396 was passed. This was a direct appropriation from the state to Clark County and the cities of Reno and Sparks for rental assistance. This is not under the division's purview. It was a direct allocation to those jurisdictions. $6 million was provided to Clark County over the course of the next two fiscal years for a total of $12M. $1.5M is allocated over the next two fiscal years to the cities of Reno's and Sparks for a total of $6M.

These funds are specifically for rental assistance to persons who are elderly, persons with disabilities, and families, or persons facing unanticipated emergency. Because these dollars are not under our oversight, I can't speak to where the jurisdictions are in their disbursements.

A question-and-answer period ensued.

Homeowner Assistance Update

Steve Aichroth - The state received $121M in homeowner assistance funds. Those funds are currently being administered by Nevada Affordable Housing Assistance Corporation (NAHAC) in Las Vegas for statewide access. They are running two programs: Unemployment Mortgage Assistance and Mortgage Reinstatement Assistance. The Unemployment Mortgage Assistance is available to those who have experienced involuntary job loss, and the Mortgage Reinstatement Assistance will assist those who have experienced financial hardship.

As of August 31, about 1,400 households have been approved for assistance with $30.4M provided to those households. This program is available until September 2026 and NAHAC is tracking to be fully expended by that time.

5. Homes Means Nevada Initiative Update (For Discussion)

Steve Aichroth - The Home Means Nevada Initiative was $500M for the development and preservation of affordable housing. This has been the primary focus of the division for the last year and a half. We will be going over the documents that were provided earlier.

The first document we'll be looking at is the Home Means Nevada Initiative (HMNI) Process Overview dated September 21, 2023. This is a narrative that's provided to the Interim Finance Committee (IFC) which describes the process we went through for this program.

We started off with the preapplication process. We had 234 applicants, 180 scored enough points to move to the application round. There are committee members who assisted with scoring the applications as they came in. The applications submitted were given 150 points for new development and preservation categories. The initiative was divided up into four buckets: new development, preservation, home ownership and rehabilitation and land acquisition.

We made a recommendation of awards. We identified $391M for new development funding, $56M for preservation, $28.8M for home ownership, and $22M for land acquisition. The award process was done about 10 months ago. There's a narrative on the awards process for those projects in new development, preservation, home ownership and rehabilitation, and for land acquisition.

We've been providing progress to the IFC. We also received $226M in 2022 private activity bond cap authority from the Department of Business and Industry, used to support the construction of these multi-unit tax credit properties.

We plan on allocating around $499M. $1M has been set aside for administrative purposes. We've contracted with a company called ICF, they're assisting us with some of the processes that we're using to get this funding out the door.

On the spreadsheet, labeled Agenda Item five, Advisory committee, HMNI Awards dated 9/21/23 you will see a couple of things. On the top left is a summary of where we are in the process. We have actual agreements and proposed agreements adding up to $495M. The total obligated funds are $226M. The total expended so far is $31M.

To date, we have obligated 45% of the $500M. And the obligation date is dictated by the US Treasury. All ARPA funds must be obligated by December of 2024. The expenditure date for funds goes out to December of 2026.

We've created three different categories, agreement executed, documents in final review, and ongoing discussions. In the spreadsheet you'll see the project name, the organization that sponsored the project, where it's located, proposed funding, actual funding, agreement status, and then the status of obligated funds, expended funds and the expended percentage.

If an agreement has been executed or the financing has closed on a project, it is considered obligated. The ongoing discussions are typically for projects that are receiving tax credits or bond cap authority. Those projects tend to be a little bit more complex, because of the way that the funding needs to be done. Financing agreements are still yellow with ongoing discussions. A couple of projects have been withdrawn.

A question-and-answer period ensued.

6. **Review and comment of 2024 QAP, including, without limitation, discussion regarding increasing the fees for Tax Exempt Bond Financing (For Discussion and Possible Action)**

Christine Hess – In Section 5.1, it's the first time you'll see the introduction of tribal housing set aside. In this case, the proposed amount is up to $1.2M. This is new for the Qualified Allocation Plan (QAP), and you'll see it further defined throughout the document.

In Section 11.1 is the first time you'll see referenced are some changes in the maximum bedroom sizes in terms of square footage.

In Section 13.4, note that the 2024 QAP proposes an increase in the total development costs for new construction and rehabilitation. This will hopefully eliminate the need for multiple waivers and be more aligned with current costs.

In Section 14.3.9, note the differences in the energy points. That's also defined differently in this QAP. In Section 21 note the fees associated with the QAP, the LITEC, and the Bond Application.

There has not been a change in the fee structure since 2015. The division did an analysis and looked at the distribution of fees across the country and regionally for all the HFA's. Based on this analysis, the Division is proposing in the 2024 QAP to adjust the fees for the Cost of Inflation. The division fees, both before and after the adjustment of fees, fall in the middle or within one standard deviation of the mean of all the other HFAs across the country.

When you look through the fee section, you can consider that all fees have been adjusted for the cost of inflation, except for two that I'm going to call out here. Note that the bond application fee, both the initial and final application fees, have been adjusted for the cost of inflation and an additional nominal $1,000 fee increase. Those fees are now $5,000 instead of $4,000. The reservation fee was 9.5%. This fee is slightly above average for the nation, but not an exorbitant number at 9.5%, and still at 10%. This was not adjusted for the cost of inflation but adjusted with a slight increase.

In Section 30, there is a new line that projects requesting waivers will have a three-point deduction in their application score.

A question-and-answer period ensued.

Motion from Member Thomas to approve the QAP as presented. Second from Member Haron. This item was passed unanimously.

7. **Presentation of a report concerning housing to be submitted to the Private Activity Bond Council (For Discussion and Possible Action)**

Christine Hess - This committee forwards to the Private Activity Bond Council a brief report concerning housing. Per statute this report is asking that this committee put forward a report on housing trends, community needs, and housing goals. For the purposes of this Committee, we kept the housing trends short, looking at both rental and home ownership markets.

Both of those trends show how housing is out of reach, for many Nevadans, particularly low and moderate income, and especially low and extremely low-income in the rental space. Nevadans are also getting priced out whether it's in rentals or home ownership.

On page four of this report, you'll see that, as opposed to broad housing goals for the state, we took it upon ourselves to look at housing goals relative to volume cap, since that is the charge of the Private Activity Bond Council. Provided is a summary of both single-family bond utilization since 2019 and multi-family, both new development and rehabilitation bond utilization since 2019.

For the purposes of the meeting, our private activity bonds support both homeownership and rental with the bulk of our private activity bonds, tax exempt bond authority, going to our multi-family space. Since 2019, the program has supported over 1,800 single family loans. Those are loans that have been purchased, utilizing the bonds issued, which was a total of $561M of long-term bonds. This does include an issuance that is closing this week in 2023. The total mortgage revenue bond loans purchased is $501M. We are just closing on a $90M issuance and of that $90M issuance, we only have about $60M. We anticipate moving through that $60M by the first of 2024. That 2023 issuance that we're closing in on now is composed primarily of taxable bonds. This most recent issuance had $15M of tax-exempt bonds and $75M of taxable bonds. This is our single-family program when it comes to goals. The programs are clearly effective and a need.

On page five of the multi-family bonds, this is where you can see how the state has really prioritized, it's volume cap for multi-family rental housing. Here you'll see since 2019 the state designated over $1.1B in tax exempt bonds for multi-family. This includes both new development and preservation. Since 2019, there have been 27 total projects, and nearly 5,000 units, with $746M in bond cap allocated. We still have $368M of bond cap that's not yet been allocated.

Below is a table that shows our projected need to date, which includes projects that have already come before the Board of Finance, which are a total of seven. There were eight that were approved, but one has already been reverted, so seven projects totaling another 1,113 units, for $165.5M in bond cap. There are HMNI projects that are still pending. They're very active, and many of them have not just HMNI funds, but also bond cap, to get them across the finish line.

We have currently projected nine HMNI projects that are also utilizing tax exempt bonds at 1,090 units, and needing approximately $203M in bond cap. There's another additional project, 180 units, with $40M of bond cap. Coming up at the October Board of Finance, we currently have two bond applications that we anticipate presenting to the Board of Finance, which is 138 units. One is a project that needs an additional $15M to reach the finish line, and another is a new project at $28.2M.

Through October, we have $451.6M in bond cap, which means that, based on our carryover, we are using up our 2021 and 2022 allocations, and dipping into the 2023 allocation with $83.5M. In the multi-family category, the Division recommends that the State continue to prioritize its tax-exempt bonding authority for multi-family, especially, because this gets the additional leverage of the 4% low-income housing tax credits.

A question-and-answer period ensued.

Motion to approve the report as presented by Member Hamernik. Seconded by Member Stapleton. Passed unanimously.

8. Review of 2023 Legislative Session (For Discussion)

AB 62

Steve Aichroth – AB 62 was this Committee's bill, and it eliminated the single source of property tax exemption within the state. That was tying it completely to the issuance of federal HOME Investment Partnerships Program (HOME) funds. While we have HOME funds available to us and can be used, it just goes to show that some of the appropriations that potentially are attached and would be singularly attached to the property tax exemption might not exist in the future. The progress lies with the assessors and how they are going to apply the HOME funds and the Tax Commission for the State of Nevada needs to develop a form.

Colleen Platt – There is commissioned within the Department of Taxation that is required to adopt the form that the assessors are supposed to use when someone is applying for an exemption through this statute. The Commission is going to be approving an updated format at its October meeting.

There was a little bit of a disconnect between how the assessor in Clark County and the assessor in Reno are looking at the exemption. We've run into that a couple of times on some projects that either had HOME funds that were paid, but the period of affordability was still in place.

Most of the time when the projects receive these abatements, they're looking for local counsel to provide a tax opinion on that and whether they, in fact, do get that exemption. That's why the assessor's interpretation is important, too, because counsel can't write that opinion until they know how the assessor's office is going to be interpreting the statute.

SB 40

Steve Aichroth - SB40 was the Housing Division bill which was a manufactured housing bill that streamlined some processes so they could be done electronically. We had requirements that required hard signatures that would require somebody in the transfer of a title who would have to go to multiple places to sign. Owners of manufactured homes don't have to run around trying to get signatures on various forms and then drop them off or put them in the mail to the division. This can all be done electronically now. Permits can also be done electronically now. It really should streamline things and it makes for good government.

SB 363

Steve Aichroth - This bill was carried by Senator Spearman. It identifies the account for affordable housing trust funds, that a priority may be given to projects that provide a preference for women who are veterans, previously incarcerated, survivors of domestic violence, elderly women who do not have stable or adequate living arrangements, and married persons with primary, primary, physical custody of a child.

The account for affordable housing trust funds is derived from the real property transfer tax, and is the match required for the acceptance of home funds. The division annually puts $7-9M into an account for affordable housing trust funds to support various projects throughout the state. It can

be used for gap financing and many other areas. We now have the ability that should we want to put a preference on, we can do so.

SB 450

Steve Aichroth - This is the Windsor Park Environmental Justice Act, sponsored by Senator Neal. This has probably been the second highest, immediate priority of the division to enact this and to work through this process. This bill addresses a problem that's been about 50 years in the making, and that is a community of red lined residents in North Las Vegas. Development was created in the mid-sixties, and by the mid-seventies because of the instability of the ground and some groundwater pumping out of that area, these homes had started subsiding and are not stable with cracks in foundations and houses.

A process was developed through HUD, City of North Las Vegas, and Clark County to try to address this issue and it didn't succeed. There are 90 homeowners in that area who still reside there, in homes that if they are not stable, will become unstable in the next few years. The bill provides $37M of funding, some of that is ARPA funding, to provide these residents some relief, and get them into newer homes in the immediate area.

The division was tasked as the original recipient of this funding to develop the program, hire a developer, a non-profit, a local jurisdiction that will enact the provisions in this bill and begin to build a new subdivision for these existing homeowners. We formed an advisory committee to go through that process. There is a Request for Proposal (RFP) out for hiring that development partner. A workshop is being held in October to hold a question-and-answer session on that RFP.

AB 213

Christine Hess - This is the Housing Modernization Act. Jeremy Hays, our Chief Economist is beginning the process of outreach to local jurisdictions, and to those contacts with the hopes of supporting them in their reporting back with the requirements of AB 213.

Jeremy Hays – We are making sure the data is standardized across Nevada. This way, we can have a comparable analysis to say this is where our housing needs are statewide.

AB 310

Christine Hess – Assembly Bill 310 creates a Nevada Supportive Housing Development Fund. Assembly Bill 310 appropriates $32.2M of general funds to the Nevada Housing Division to establish a Supportive Housing Development Fund and provides capacity building for our non-profit service providers and additionally to measure the outcomes. It recognizes that the Nevada Housing Division does not typically vet supportive services, so it does require that the division consult with the Inter-Agency Council on Homelessness to Housing regarding grant awards to the development of services.

It does provide that the division becomes a one stop shop for developers that are coming to the division, both to support their capital needs and construction needs and now they can come for these supportive services, to build the housing that is much needed. This month, we have started putting together a small working group, which includes Brooke Page with Corporation for Supportive Housing as a subject matter expert, Juawana Grant of the Nevada Housing Coalition,

and Jeremy Hays, our Chief Economist. We will be reaching out to Medicaid to get one of their staff people to join our working group.

We have some big goals of putting forward and ideally having funding opportunities open early 2024, but certainly, there are quite a few steps, like promulgating the regulations and establishing the program that must come first. We're at the early stages, but it is moving forward.

AB 396
Stephen Aichroth – AB 396 provides over $12M over two fiscal years to Clark County and $1.5M provided to City of Reno and Sparks for each fiscal year. If they do not spend that year's fiscal amount that was allocated to them by September 20, 2024, it reverts to the general fund. The same thing happens the following year for 2025. If it's not allocated by September 2025, it reverts to the general fund.

AB 448
Stephen Aichroth - AB 448 was the real estate property transfer tax. This was an attempt to close the loophole in the collection of real property transfer tax that some of the larger properties, particularly strip properties down in Las Vegas don't pay in their transfer between ownerships.

The real property transfer tax does support our account for affordable housing trust funds. Any increase in those real property transfer tax collections will result in potentially more money coming into the division for that source.

AB 528
Stephen Aichroth – AB528 is the Homelessness funding, which is being routed through the Governor's Office of Economic Development (GOED). There is a $100M potential match by the state to reduce homeless funding in the Clark County Corridor and other places.

Christine Hess – Assembly Bill 528 is an important bill, and hugely significant for the homeless population to get housing. In the conversations through the session, it was exciting to link, supportive housing like that provided and supported by AB 310.

We need all housing types from transitional in this campus model, but to ultimately permanent housing, or we'll never end that homelessness crisis. Looking forward, I believe, GOED is on the agenda at the Nevada Housing Conference to update the state and stakeholders on where they stand with Assembly Bill 528.

A question-and-answer period ensued.

9. Nevada Housing Coalition Report (For Discussion)

Amanda Vaskov, Government Affairs and Policy Manager, gave an update on the Nevada Housing Coalition.

10. Committee Member Comments

Member Thomas – Could we get the number of units, and metrics going forward on what the price per square foot to get a sense of what we're recommending or when we are looking at projects on where they are falling in cost per unit.

Member Novak - On the property tax exemption if there's an opportunity to, while we're having a dialog with the assessors, to come to some standardization of how we interpret, when the property tax exemption goes into effect.

The way that we interpret the law is once you close your eligible for the property tax exemption, but several jurisdictions say, no you must be fully occupied. It seems like it's straightforward, that once closed and have a recorded Land Use Restrictive Agreement (LURA), and have the funding is in place, that you qualify.

We're having the issue at this point where if you must wait apply and it's June 27, then you're out of luck for a year and you're paying property taxes for a year until the next fiscal year, because you only get a chance to apply for the exemption once a year. I imagine it's going to be very difficult for the assessors to get their mind around what is proof of tax credit funding to the project and how we'll do that. It would be great if we could have some input there. Hopefully, we end up with something that works better and even more efficiently than it does right now.

On AB310, there are probably 6 or 7 Home Means Nevada funded projects that are permanent supportive housing, that are excellent candidates for the AB 310 funds. There are going to be timing issues if we can't move this along, quick enough so that, by the time projects start construction, they know what their funding is for services. It's incredibly valuable funding because there is no money that is earmarked specifically for services in permanent supportive housing. There's money for real estate costs, rental assistance, but there's still a gap for funding for services that stand alone. None of the existing bricks and mortar funding programs cover that, and so we're really hoping that the AB 310 funds can come online while these projects that are in the works move forward. To the extent we can tie those and have some sense of certainty by the end of next year that would be great.

Assemblywoman Jauregui – Regarding the claw backs of COVID Relief Programs and Dollars of AB526. It was Assembly Bill 526 and HMNI would be subject to the claw back provision. I'll send the language to Administrator Aichroth because one of the dates in there is June 15, 2024 that dollars begin to be identified and then it moves quickly from there. Anything that's not obligated will automatically start being clawed back and I believe it's two months after that, non-profits can start applying for those dollars. I think if the dollars aren't going to be expended, I would hate to reward them back. I would like to see them go to organizations who can use them to help our communities.

We are appointed to two-year terms and at one of the next legislative committee meetings, I believe the Senate is going to be appointing a Senate member to fill the position that the legislature fills. If not, then I'm glad that I'll get to continue with you if they do not appoint someone and I get to continue as a member of the Advisory Housing Committee. We'll know once we see that agenda for the next Legislative Committee meeting. If they do appoint a new legislator

to replace me, then I just wanted to say that it's been an honor to serve with you on this Advisory Housing Committee.

I've had 17 years of experience in housing, but most of that is in the private sector and then really in homeowner assistance when it comes to downpayment assistance and retention. Everything that I've learned from the affordable housing arena has come from my time on this committee. It's your knowledge of affordable housing and your years of experience in affordable housing that really helped me get through this session when it comes to championing policies.

I'd like to thank Administrator Aichroth and his team for walking me through how low-income housing tax credits work. I want to say thank you to everyone who served on this committee, because I think all the policy that got passed during the 2023 session couldn't have passed without the work of the people not just in this committee, but collectively working on their own in their personal capacities to get that housing policy passed. I want to say thank you so much, and hopefully I get to see you next quarter, but if not, I want to say thank you so much for the opportunity to work on this committee with you.

11. Agenda Items for Next Meeting (For Discussion)

Member Novak – Would like to start discussion for the 2025 legislative bill.

12. Public Comment

There was no public comment.

13. Adjournment

The meeting was adjourned at 3:48PM.