



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

Nevada Administrative Code Chapter 319

Friday, December 05, 2014; 9:00am to 10:00am

The following were in attendance:

Carson City, NHD location:

Bob Shaw; Nevada Housing Division

CJ Manthe; Nevada Housing Division

Michael Holliday; Nevada Housing Division

Las Vegas, NHD location:

Sharath Chandra; Nevada Housing Division

Dial in:

Fred Eoff; PFM

1. Agenda item #1 - Call to Order - Michael Holliday, Chief Financial Officer

Michael Holliday, Chief Financial Officer for the Nevada Housing Division, called the meeting to order at 9:02 a.m.

He introduced financial advisor Fred Eoff from Public Financial Management joining in via phone line; in the Las Vegas office Deputy Administrator, Sharath Chandra; and in Carson City, Housing Division Administrator, CJ Manthe.

2. Agenda item #2 - Public Comment

No public comments.

3. Agenda item #3 - Draft NAC regulations discussion: Introduction, purpose, major changes, consideration of received comments and questions.

Michael reviewed the LCB Draft of Proposed Regulation R114-14 (Attachment 1), it has been published on the Division's website and been available for the required amount of time.

After the review, there were no questions or comments

4. *Agenda item #4 - Public Comment.*

No public comments.

5. *Agenda item #5 - Meeting Adjourned at 9:06 am*

ATTACHMENTS

Attachment 1: LCB Draft of Proposed Regulation R114-14

Attachment 2: Policy of Non- Discrimination Section 504

**Please see the posted Audio File of the entire discussion of this.*

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU

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LEGISLATIVE COMMISSION (775) 684-6800
MARILYN K. KIRKPATRICK, *Assemblywoman, Chairman*
Rick Combs, *Director, Secretary*

INTERIM FINANCE COMMITTEE (775) 684-6821
DEBBIE SMITH, *Senator, Chairman*
Mark Krmpotic, *Fiscal Analyst*
Cindy Jones, *Fiscal Analyst*

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DONALD O. WILLIAMS, *Research Director* (775) 684-6825

July 25, 2014

OFFICE OF THE ATTORNEY GENERAL
CARSON CITY, NEVADA

Colleen Platt
Deputy Attorney General
Office of the Attorney General
100 N. Carson Street
Carson City, Nevada 89701

JUL 30 2014

BUREAU OF GOVERNMENT AFFAIRS
GNR/BL/APPELLATE

Re: LCB File No. R114-14

Dear Ms. Platt:

A proposed regulation of the Administrator of the Housing Division of the Department of Business and Industry has been examined pursuant to NRS 233B.063 and is returned in revised form.

We invite you to discuss with us any questions which you may have concerning this review. Please make reference to our file number in all further correspondence relating to this regulation.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Daniel Peinado".

Daniel Peinado
Deputy Legislative Counsel

Brenda J. Erdoes
Legislative Counsel

DP/slj
Enclosure

**PROPOSED REGULATION OF
THE ADMINISTRATOR OF THE HOUSING DIVISION OF
THE DEPARTMENT OF BUSINESS AND INDUSTRY**

LCB File No. R114-14

July 25, 2014

EXPLANATION – Matter in *italics* is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: §§1-15, NRS 319.140.

A REGULATION relating to affordable housing; revising provisions setting forth the conditions governing certain financing of projects by the Housing Division of the Department of Business and Industry; revising provisions which specify the types of projects which the Division will finance; revising provisions relating to the Division's allocation of volume cap to projects; revising provisions relating to the provision by the Division of volume cap to certain projects; revising provisions setting forth the conditions which must be met before the Division will submit a project to the State Board of Finance for approval; revising provisions specifying certain documents which a sponsor of a project must submit to the Division to receive financing; reducing the minimum loan amount for projects which may be financed with the proceeds of certain bonds issued by the Division; revising provisions which establish the maximum terms for amortization and maturity of certain financing; eliminating the requirement of certain provisions in bond and loan documents for a project; revising provisions which place limits on the conversion of a project to nonrecourse financing; revising provisions relating to the minimum allowable projected ratio for debts service coverage of a project; revising provisions relating to the maximum allowable loan to value percentage of a project; revising provisions relating to certain payments to the developer of a project; repealing certain provisions; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, the Housing Division of the Department of Business and Industry operates programs intended to increase the amount of decent, safe and sanitary housing in this State that is available to persons and families of low and moderate income. (Chapter 319 of NRS)

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Existing law authorizes the Division to make loans to encourage the investment of private capital and stimulate the financing of housing through the use of public financing to provide mortgage loans and to make loans to and purchase mortgage loans from mortgage lenders. (NRS 319.020)

Section 2 of this regulation revises provisions setting forth the conditions governing certain financing of projects by the Division.

Section 3 of this regulation revises provisions which specify the types of projects which the Division will finance.

Existing regulations establish priorities for the Division's allocation of volume cap to projects. (NAC 319.711) **Section 4** of this regulation revises these provisions to provide that the Division may allocate volume cap to finance a project submitted by a local government when the local government does not have sufficient volume cap to contribute to the project.

Section 5 of this regulation revises provisions establishing prerequisites for a project to receive volume cap from the Division to provide that the Division may provide volume cap to a project to which one or more local governments have not provided a minimum of 50 percent of the total volume cap if the Division has sufficient volume cap to provide to that project.

Section 6 of this regulation revises provisions setting forth the conditions which must be met before the Division will submit a project to the State Board of Finance for approval.

Section 7 of this regulation revises provisions specifying certain documents which a sponsor of a project must submit to the Division to receive financing.

Existing regulations provide that the Division may issue a combination of taxable and tax-exempt bonds for a project and the proceeds of the bonds must be used to construct or finance certain projects with loan amounts from \$5,000,000 to \$30,000,000. (NAC 319.713) **Section 8** of this regulation reduces the minimum loan amount to \$100,000.

Section 9 of this regulation revises provisions which establish the maximum terms for amortization and maturity of certain financing.

Section 10 of this regulation eliminates provisions requiring that all bond and loan documents for a project must provide for yield maintenance on trustee fees for at least the first 15 years.

Section 11 of this regulation revises provisions which place limits on the conversion of a project to nonrecourse financing.

Section 12 of this regulation revises the minimum projected ratio for debt service coverage on certain housing projects for which the Division issues bonds or a mortgage loan.

Section 14 of this regulation revises provisions concerning certain payments to the developer of a project.

Section 1. NAC 319.670 is hereby amended to read as follows:

319.670 "Project" means a housing facility for residential use which consists of two or more dwelling units for occupancy by eligible tenants on a rental basis. The term includes property to be leased, purchased or developed for sites for multifamily housing and upon which the Division takes a security interest and records a regulatory agreement, whether the Division issues bonds ~~or~~ a mortgage loan ~~for a letter of credit~~ for the lease, purchase or development of the multifamily housing.

Sec. 2. NAC 319.690 is hereby amended to read as follows:

319.690 1. If appropriate, the Division shall issue bonds ~~for a letter of credit~~ or make a mortgage loan for:

- (a) The interim financing of the development, construction or rehabilitation of a project;
- (b) The permanent financing of a project; or
- (c) Both interim and permanent financing of a project.

2. ~~A~~ *To receive financing from the Division for a project through a bond issuance or mortgage loan pursuant to subsection 1* ~~must be:~~

~~(a) Fully or partially insured or guaranteed with a credit facility from a governmental agency other than the Division or by a private source of mortgage insurance, bond insurance, guarantee or other credit instrument that is acceptable to the Division; and~~

~~—(b) Secured by a deed of trust on a project in this State.~~, ***the sponsor must submit to the Division the documents described in paragraphs (a), (b) and (c) of subsection 3 of NAC 319.7125, as applicable.***

3. As a condition precedent to the initial closing of a bond issuance or mortgage loan pursuant to this section, the sponsor must execute any documents which the Administrator deems necessary or appropriate to regulate the acquisition, development, construction or rehabilitation of the proposed project and the operations of the sponsor, in order to protect the interest of the Division and to fulfill the Division's duties.

4. A mortgage loan may only be assigned, transferred, conveyed or pledged by a sponsor or direct lending institution subject to terms and conditions which are approved in writing by the Division before the assignment, transfer, conveyance or pledge. Upon the execution of an agreement for the assumption of the mortgage loan, the sponsor shall pay to the Division a fee of up to 1 percent of the unpaid principal balance of the mortgage loan.

5. The obligation of the Division to finance a project is subject to the ~~issuance of a letter of credit from the Division or~~ ***Division's*** sale of bonds or other obligations of the Division in an amount sufficient to permit financing.

6. Upon the ~~issuance of~~ ***approval of a project by the State Board of Finance, the Division will submit to the sponsor*** a letter of conditional commitment and inducement ~~and the acceptance by the sponsor of~~ ***which includes*** the terms and conditions of the ***financing of the project. The letter*** ~~it~~ ***must include, without limitation, an estimate of the Division's costs for reviewing and issuing the bonds or mortgage loan. The sponsor shall submit to the Division, within 10 days after the letter is issued, a*** ~~fee~~ ***nonrefundable deposit*** which is in an amount

~~{equal to the}~~ **determined by the Division to cover the Division's** ~~{cost for issuing bonds, a mortgage loan or letter of credit and which is in accordance with the Internal Revenue Code of 1986, as amended.}~~ **costs.**

7. ~~{If the sponsor notifies the Division in writing that it does not wish to proceed with the financing, the Division shall retain a portion of the fee to cover the costs incurred. The Division shall return the remainder of the fee to the sponsor within 10 days after the date the Division conclusively determines the total costs incurred.}~~ **Upon the issuance of bonds or a mortgage loan, the sponsor shall remit to the Division any remaining balance of the Division's costs for issuing the bonds or mortgage loan.**

Sec. 3. NAC 319.710 is hereby amended to read as follows:

319.710 The Division shall finance those projects which:

1. Receive approval from a local government that governs the area which includes the project and, if the project includes private activity bonds, receive a transfer from such local government an amount of volume cap deemed necessary by the Division;
2. Are financially feasible at the interest rate ~~{to be charged under the Division's program and the rents which have been}~~ **set forth in the financing documents of the project using:**
 - (a) **The agreed upon** ~~{but not at the prevailing market rate of interest with such}~~ **restricted rents for the *rent-restricted* units designated as set-aside units; and**
 - (b) **Market rents for the units which are not rent-restricted units designated as set-aside units;**
3. Will be rented at or below the rents charged for comparable housing which is affordable by tenants of low or moderate income;

POLICY OF NON-DISCRIMINATION**SECTION 504****PUBLIC NOTICE**

This notice is published pursuant to the requirements of 24 CFR Part 8 Nondiscrimination Based on Handicap in Federally Assisted Programs and Activities of the Department of Housing and Urban Development, as published in the Federal Register on June 2, 1998. Section 8.4 prohibits discrimination against qualified individuals because of his/her handicap status.

Department of Business and Industry: Nevada Housing Division advises the public, employees and job applicants that it does not discriminate on the basis of handicapped status in admission or access to, or treatment or employment in its programs and activities.

Department of Business and Industry: Nevada Housing Division is committed to providing reasonable accommodations for all individuals with disabilities to allow them to participate in all programs and activities. The following person(s) has been designated as the contact to coordinate efforts to comply with the above requirements. Inquiries should be directed to:

Name: Denise Cox
Lead Compliance Audit Investigator
Section 504 Coordinator

Office: Department of Business and Industry
Nevada Housing Division

Address: 1535 Old Hot Springs Road, Suite 50, Carson City, NV 89706

Phone Number: 775-687-2044

FAX Number: 775-687-4040

E-Mail: dcox@housing.nv.gov

TTY Number: 1-800-326-6868

Hours: 8:00 am to 5:00 pm, Monday through Friday