**STATE OF NEVADA**

STEVE SISOLAK

*Governor*



TERRY J. REYNOLDS

*Director*

**DEPARTMENT OF BUSINESS AND INDUSTRY**

**OFFICE OF THE DIRECTOR**

**MINUTES of the PUBLIC MEETING of the**

**ADVISORY COMMITTEE ON HOUSING**

**Wednesday, January 12, 2022 @ 9:00AM**

**COMMITTEE MEMBERS PRESENT:**

Amy Jones Audra Hamernik

Bill Brewer Brooke Page

Nancy Brown

**COMMITTEE MEMBERS ABSENT:**

Fred Haron Rae Lathrop

**OTHERS PRESENT:**

Stephen Aichroth, NV Housing Division Michael Holliday, NV Housing Division

Kanani Espinoza, Rowe Law Group Robert Shaw, NV Housing Division

Christine Hess, NV Housing Coalition Mendy Elliott

Amanda Lakin, NV Housing Coalition Dr. Tiffany Tyler-Garner

Valerie Balen Karenza Strode, Nevada Housing Division

Justin Luna Michelle Larime

Sandra Nunnelee, NV Business and Industry

**AGENDA**

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

The meeting was called to order at 9:01 a.m.

1. **Public Comment**

Dr. Tiffany Tyler-Garner on behalf of the Children’s Advocacy Alliance and the Strong Start Coalition. She is interested to learn more of the Committee’s efforts to combat the growing numbers of early childhood homelessness.

1. **Election of New Chair/Vice Chair (For Possible Action)**

Chair Brewer asks for nominations for the position of Chair. Member Brown nominates Chair Brewer. Member Hamernik asks if the election needs to be held today and any advantage to having an elected official as the chair. Chair Brewer does not believe there is an advantage but having an elected official intimately involved would be an advantage to the committee. He goes on to note that it’s been a challenge to identify a housing champion in the legislature and that the incoming representative will need time getting up to speed. Stephen Aichroth agrees with Chair Brewer and notes that by statute the committee must elect a chair. Chair Brewer states this nomination could serve in a time limited capacity until a new legislator is identified. Member Hamernik seconds Member Brown’s motion.

Member Hamernik asks to wait to fill the vice-chair position until other positions are filled unless someone wants to step up and fill the position. Chair Brewer asks Stephen Aichroth if the legislative position will be filled by the next quarterly meeting. Stephen Aichroth does not know if the legislative position will be filled at that time. Member Hamernik asks how the legislative position is filled. Stephen Aichroth states that the legislative position is appointed by the legislative commission. He will be following up with the Legislative Commission regarding this vacancy.

Chair Brewer asks if there is any more discussion regarding the nomination which there is none. Chair Brewer calls for a vote to approve him serving as Chairman until an elected representative is appointed. All voted aye. Member Brown notes that the motion changed, and she modifies her motion to nominate Chair Brewer for a six-month period. Seconded by Member Hamernik. Chair Brewer calls for discussion which there is none. All vote aye. None opposed. Chair Brewer is nominated as Chair for the next six months. The Vice-Chair position remains open until the legislative position is filled. Member Hamernik asks if the replacements will be on board within a month or two. Chair Brewer confirms that timeline. Stephen Aichroth will begin finding replacements to bring on board and mentioned that terms of service are two-years. All members need to be renewed at this time. The Housing Division will be sending out an email asking members who would like to serve for another two years, or if they decline to serve until a replacement can be found.

1. **Approval of the July 26, 2021 Meeting Minutes (For Possible Action)**

Member Hamernik made a motion to approve the minutes as presented. Member Jones seconded. Motion approved.

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

**Stephen Aichroth:** Rental Assistance has been a huge undertaking, not just by the division, but by the partners who are present for their organization’s involvement. There are three buckets of rental assistance: The first, coronavirus relief funds, were received in March 2020 with programs established around June 2020. Clark County Social Services, NV Rural Housing Authority, and Reno Housing Authority, all stepped up to provide rental assistance. Clark County offered general housing assistance. There was $108M in this bucket that was used to assist Nevadans: $30M of that came from the State, the balance of which was through Clark County and local jurisdictions funding. That was the origination of the Housing Assistance program (CHAP) program and credit was given to Clark County Social Services for establishing that program. CHAP became the blueprint for our infrastructure that both Member Jones and Chair Brewers organizations have followed. This was done before any federal assistance was offered.

In December 2020 the Consolidative Appropriations Act passed and created the next bucket called Emergency Rental Assistance (ERA)1. ERA1 received $280M as of today. Those cities receiving funding are Henderson, Las Vegas, North Las Vegas, Clark County, Reno, and Washoe. As of November 30, 2021, the expenditure rate is 74%, or $139M dollars being dispersed. This puts Nevada 12th in the country of ERA use. Almost all the ERA dollars have been expended, Clark County is only using state funding and have used that for several months. Their expenditure rate is about $20M a month. The programs are up and running and are effective. Of the rental assistance used, 89% has gone to Clark County residents. There is a more significant demand down South as opposed to the rural and Northern Nevada areas.

ERA2 was passed through the America Rescue Plan in March 2021. The state was provided roughly $164M through local jurisdictions, the Treasury only issued 40% of that money to be used. We’ve primarily used ERA1 funds, but now with higher expenditure rates (20M a month), we will switch to ERA2 funds. The plan is to provide all the ERA2 allotment to Clark County. Minimum payment to the state is $98M, we received 40% of that already ($39M) and will be providing that to Clark County. We will continue with Nevada Rural Housing Authority (NRHA) and Reno Housing Authority (RHA) operating for the foreseeable future with ERA1 funding, which streamlines the process. The need is more significant in Clark County than any other areas of the state. We can’t request the remaining 60% of the funding until we expend 75% of the initial 40%. When we made the change from the original CHAP using the Coronavirus Relief Fund (CRF) funds to the ERA bucket there was re-programming and waiting lists were created. We want to avoid those issues in the future.

**Chair Brewer:** The expenditures in Clark County is robust, and he’s glad those funds are being utilized. We’re pushing $300,000 a month and we made an effort to get the word out, especially in rural Nevada. We’ve not seen much of a change in utilization rate.

**Member Jones:** $1M has been utilized. There have been staffing changes in the CHAP program and housing authority which has slowed down processing. We’ve expended the City of Reno funds and about $1M from Washoe County funds. Washoe County funds have been used slowly because they are only assisting Sparks residents and unincorporated Washoe County. After expending these funds, we will just have state monies. There will be no issues using these funds as there is still a need in Washoe.

**Stephen Aichroth:** Homeowner Assistance fund was created through the American Rescue Plan. The state is slated to receive $121M in funding, as of today we have received the initial 10%. When Treasury established the plan, they sent out 10% of the funding immediately, with the balance of 90% to be provided when we receive an approved plan via Treasury. Our focus has been rolling out the rental assistance.

This is not a situation where we were experiencing foreclosures and people were losing their homes during this pandemic, in fact, just the opposite is true. Housing prices have risen and there is stability in the homeowner space. That’s also because of the way private enterprise has reacted and a lot of forbearance was granted voluntarily. Because of this Treasury did not really address this even though it was passed in March.

There wasn’t a lot of guidance because it wasn’t considered the highest priority. Recently they have offered guidance and we resubmitted our plan back in August. It was done so in a timely fashion, and we worked with Treasury to answer their questions. There were 17 initial questions, and we are down to two that are awaiting a response. We anticipate approval of the plan. Last I’d heard they were 23 states that have received approval and there are still 27 states awaiting approval.

Once that plan is accepted the 90% will come through to the state and it will have to go through the Interim Finance Committee (IFC) process much like we had to do with the ERA funds in the original 10% to get the authority to advance that. With the 10% received we have contracted with Nevada Affordable Housing Assistance Corporation (NAHAC). They administer our hardest hit fund program. With that 10% they have hired the infrastructure and personnel so that when we receive the balance of the funding, they’ll be able to rapidly implement the program. Currently they have established a pilot program so people who need homeowner assistance can apply to NAHAC. People will be able to apply at NAHAC.org and for homeowner assistance using some of the funds that have already been established.

The pilot has two programs, and they are consistent with what we have submitted with our plan, and consistent with what was modeled in the Homeowner Assistance Fund (HAF) program which are the hardest hit funds. That is employment mortgage assistance, and a mortgage reinstatement program.

**Michael Holliday:** The two programs are in addition to what we have. Steve mentioned that we haven’t seen a whole lot of need because the other part of what the federal government did requires servicers to provide loss mitigation options at the homeowner level. If you have an FHA loan or conventional loan, there are quite a few options that you can get directly from your servicer. Compared to the 2007-2008 housing crisis, the servicers are at the table really trying to help homeowners. The Homeowner Assistant Fund is a really a safety net for someone who can’t get assistance through the servicer.

The first of the programs, Unemployment Mortgage Assistance (UMA), is for folks who have a loss of income, due to unemployment or severe underemployment. They can receive the lesser of $3000 per month or 100% of their property tax insurance and HOA dues for up to 12 months. It’s in the form of a three-year forgivable loan. It is a second mortgage that sits there for three years. If they stay in the house for three years, they don’t owe anything back to the program or the federal government. There is a $54,000 per household cap on that program and we believe they will be able to help 4,766 homeowners. We require the servicer who takes advantage of this to waive all the unpaid fees and charges they might have, on the homeowner’s behalf. None of the money is used for late fees. That is what the servicer brings to the table.

The second program is the Mortgage Reinstatement Assistance Program (MRAP). This is for people with a financial hardship due to the COVID pandemic after 1/21/2020. Their income has to be less than 150% of the area median income where they reside or 100% of the median income for the US, whichever is greater. This one provides up to $35,000 per household for principal interest, taxes, insurance, and HOA dues. It is one payment and is designed to try and get people current on their mortgage. The homeowner must provide proof that they can pay the mortgage going forward. This is a three-year forgivable loan. If they stay in their home for three years, they do not have to repay. This program should help around 2,222 homeowners and it does require the servicer to waive the fees.

There is a $100,000 per household cap from the Homeowner Assistance Fund. There are a lot of options now between what the servicers can do and what we can do.

Chair Brewer asks about the eviction and foreclosure process, mitigation efforts through the courts and what kind of assistance is under that program.

**Stephen Aichroth:** We are not seeing a lot of eviction or foreclosures processes right now. We have supported “Home Means NV” in their rental eviction program and provided them funding.

**Michael Holliday:** We have given them $5 million thus far and they have not taken a second draw. Nevada is leading the country in the fastest recovery and the lowest number of foreclosures and mortgages in duress. We’re in pretty good shape right now but I do think that’s because the servicers are at the table.

A question-and-answer period followed the presentation, and discussion ensued.

1. **Update of State Affordable Housing Tax Credits (For Discussion and Possible Action)**

**Stephen Aichroth:** There is no action needed on this item.

**Michael Holliday:** There was a legislative change in the state tax credits and one project has received the first allocation. Prior to the legislation change it was difficult to implement it. As soon as the legislation passed, I started getting calls from syndicators willing to work on the State tax credit much like they do with the federal tax credit. We had a project approved by the Board of Finance (BOF) yesterday, that has a letter from a syndicator for $.90 per credit for the state low-income housing tax credits. We now have a system that’s going to work, and I think we have a product that appeals to investors.

This program started at the beginning of a calendar year. We had $10 million available last year, and we have used $6M. $3M for the Nevada Hand Project, and $3M for the project approved yesterday. $4M from last year would have rolled forward to this year however the cap for any single year is $13M million. We have $13M available for calendar year 2022. Roughly at $3M a project that is 3 or 4 projects, and that’s in addition to the GHAP program. The state tax credits under the new guidelines are easier to use. Any of us would be okay to go in front of the legislature and tell them we got $.90 per credit. That is beating some of federal tax credits right now. Now that this program is structured correctly it will be useful going forward.

1. **Potential American Rescue Plan Funding for Housing (For Discussion)**

**Stephen Aichroth:** We know that there are discretionary dollars (although they are not) but that’s the easiest way to explain some of the federal relief funds that were provided in the American Rescue Plan. I will refer to them as FRF funds. The state along with local jurisdictions were provided these fiscal recovery funds and they are to address a litany of issues brought on by the pandemic.

The final rule was published last week detailing all the aspects of the fund. That final rule is about a 400-page document. If you pull this up on-line most of the housing stuff is on pages 103 to 109. The two things that I wanted this committee to know about the funding is that the final rule allows for an eligible basis reduction in tax credits. If you want to do a tax credit project and it $30 million in the building and we apply these federal relief funds in the capital stack for that, it reduces the tax eligible basis. It doesn’t mesh well in using it with tax credit projects.

The second thing it references is if a project is eligible for housing trust funds or home funds, that is their eligibility benchmark. Those are funding sources that we are used to. If there is a project that is eligible, we know that it can be eligible for the use of American Rescue Plan Act (ARPA) funds.

We can take projects that might be in the 9% eligibility for 9% tax credit and use them to either acquire things that have nothing to do to affect eligible basis or do second phases of those projects strictly with ARPA funds. Those seem to be the natural courses to take with this.

Moving forward, the division believes that this will really help get those lower income targeting projects used. From the states perspective we know that the NV Housing Coalition submitted a plan for $500M of ARPA funds to be used for housing. I know that is out there and they are aware of it.

On the state level, and I can only use this one bucket as an example. The last Interim Finance Committee (IFC) established a $30M bucket for nonprofits. That was announced in mid-December. Applications were due January 3, and they are now working through that and determining which projects will move forward. This includes food insecurity, COVID response, infrastructure, etc. If they can tie it back to an eligible use of this fund, and it’s been submitted via a nonprofit, they are going to do that. The governor’s office is vetting those and then they will be presented to the IFC committee for approval for funding.

That appears to be how this process is going to work out on the state level. The proposal submitted by the coalition is not there right now. We are focusing on that non-profit bucket. This is an ongoing process.

A question-and-answer period followed the presentation, and discussion ensued.

**Stephen Aichroth:** The FRF does not allow for expenditures past 2026. At this time, you cannot use this as a loan fund. Individual projects will be approved through the IFC.

1. **Discussion of the drafting of one legislative measure which relates to matters within the scope of the committee. (For Possible Action)**

**Member Hamernik:** Real estate tax exemption are based solely on Home Investment Partnership dollars. There are ways we can implement this that other states use, that would have real estate tax exemption based on several different affordable housing products, not just the Home program that have regulatory agreements/covenants that the state administers. It would have to be fully approved through the state and have recorded documents. I believe there is real potential here and there are lots of examples across the country that we could use.

**Mendy Elliott-Flynn**: Once you identify who our housing champion is going to be within the legislative building, we can have an open discussion with them about what the opportunities might be. Our plan is to talk about next steps of potential legislation and have a menu of opportunities for the committee.

American Legislative Exchange (ALEC) is a national organization that legislators belong to. Our plan is to identify a housing champion and start sitting down with them.

**Steve Aichroth:** Our bill draft needs to be conceptually submitted by September. We don’t have to have specific language to that affect, but I believe based on what we did with SB 12 that the conceptual language must be submitted by September. I will confirm the dates for this.

If this committee considers what Member Hamernik has proposed, I believe Clark County was working on a Bill Draft Request (BDR) for last legislative session, so they probably already have the framework. Clark County would be supportive of the proposal and feel that it would be better to come through this committee than to be submitted by Clark County.

**Chair Brewer:** It’s important that we get these on the floor. No decisions need to be made today but start to get all the thoughts on the table by the next meeting so we can be ready by September.

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

**Christine Hess:** First, I will update on our strategic priorities. Our strategic initiatives in the coalition as a statewide nonprofit for affordable housing include education, advocacy, and collaboration. Starting with education we had a very successful Nevada housing conference held at the end of October. Thank you to so many of you who moderated or participated in those panels. The feedback was tremendous and if the committee members would like a final conference report, please let me know. Our next conference will be the first or second week in October in Northern Nevada. It was important to the planning team that we do represent the entire state and we moved from our Las Vegas venue last year up to northern Nevada this year.

We will be starting our Lunch and Learns. They will be the fourth Wednesday of every month from noon to 12:45 p.m. Notices will be sent out. The presentation in March will focus on the state of affordable housing.

We also will be releasing an Affordable Housing 101 Tool Kit that includes information on finding affordability, includes an overview of AMI along with Nevada policies and Nevada resources. That was in partnership with enterprise community partners and thanks to the support we got from Charles Schwab Bank. They are still actively engaged in affordable housing in Nevada, and we appreciate their support. This will be released next week.

Advocacy and collaboration are a big part of what we do. I wanted to touch on the ARPA recommendations. With the final rule released, we are also working on our recommendations versus the final rule and how that final rule impacts what we recommended to the state, which was an investment in affordable housing of $500M.

That investment was for multifamily housing with a designation of funds towards extremely low income through supportive housing, and the 0 to 30% AMI in preservation land and home ownership. We’ll be looking at our recommendations through the lens of the final rule and forwarding our analysis on to the powers that be.

We are still advocating for strategic investments, and I love the idea of moving the projects forward. We are hopeful that the affordable housing investment the state makes is made sooner than later, and in a way that utilizes the housing division and much of the infrastructure that’s already in place to expedite the projects and move eligible projects forward to get this money out the door. The 2026 deadline is looming. That’s where we are on the American Rescue Plan.

We have been following and advocating very closely for the housing provisions within the Build Back Better act (BBB). Most likely a vote will be in March. We are advocating to our congressional delegates that the housing provisions that were part of the Build Back Better act would be impactful for Nevada. We hope that our congressional delegates are still advocating for those housing provisions. We’re also keeping an eye on the budget conversation for fiscal year 22. Right now, the two proposals out of the house and senate both show an increase in HUD funding. The house version of the budget also included tenant based rental assistance which would be an increase over what we currently see. We will be advocating for continued investment in housing as they look at their budget.

I also wanted to bring to the attention of this committee the Nevada State Infrastructure Bank Board (NSIB). The Board met January 5 and it was an excellent board meeting. There is currently an open comment period on the recommendation by the state infrastructure bank on designating $20M of the $75M available to the state infrastructure bank for affordable housing.

The housing coalition is excited to see that prioritization of affordable housing within the funds that were recently allocated in the 21st session for the SIB. We are still looking into the language. There’s an opportunity to put efforts behind the pipeline for trade workers. It’s very detailed and complex and will be working up some formal comments.

The next item is relative to bill draft requests going into the 2023 session. The Nevada Housing Coalition Policy Committee is beginning its work. Our policy committee will be meeting monthly beginning this week and our members on that committee are very diverse. They’re all members of the coalition but they come from the private sector.

I want to think this advisory committee again. You sponsored SB 12 last session. The preservation protections are important and were past with wide support and signed by the governor. We will be looking to present some bill draft requests for your consideration again this session.

As a follow-up to SB 12 I am participating in a national group on a conversation regarding preservation. If there’s some opportunities, or needs to strengthen anything, I’ll let you know if there’s a conversation for the advisory committee.

We’re currently following some active legislation in Oregon and we’re waiting for a bill to drop to see if there’s an opportunity there. The coalition will be initiating tribal engagement. That’s an area of weakness for the coalition but as we consider our communities it’s important to bring that perspective to the table.

Yesterday morning at the interim government affairs meeting there was discussion on their interim topics of study. Interim government affairs have six studies that they can do. Chairwoman, Senator Marily Dondero Loop brought up affordable housing and affordable housing discrimination as potential studies. I am following up with Senator Dondero-Loop to let her know that the housing coalition is here to support.

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

**Stephen Aichroth:** We’ve been working quite a bit on ERA, homeowner assistance and ARPA funds. With regards to ARPA funds, we don’t know how this process is going to work via the executive and legislative branch. We’re engaged and that’s key. I believe, we have both on the legislative side and executive branch side momentum to make sure that affordable housing is at the table. Our opinions are being valued.

1. **Committee Member Comments**

No comments.

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

**Stephen Aichroth:** We could do a review of the 2022 Qualified Allocation Plan (QAP) and going back to things that were brought up a little bit earlier and make that an agenda item. Part of the purview of this committee is to review the QAP. Make suggestions and put it on the record of changes this committee would like to see in the 2023 QAP. The 2022 QAP was adopted in November right after we came back from the Housing Coalition Conference. There will be one workshop to hear from the developers and community input before adoption. We’re talking about minor changes to what we already have a blueprint for. If we can present the 2022 QAP and discuss what changes need to be considered for 2023.

This committee has had the opportunity to review the annual housing progress report which is statutorily scheduled to be published in a month. This committee is to provide a report to the Private Activity Bond Council. The Division has historically provided that report to the Private Activity Bond Council. This committee is not able to comment on that report.

 Discussion ensued.

**Chair Brewer:** As a committee we could make a recommendation to the Private Activity Bond Cap to set aside some bond cap specifically for housing. There are pros and cons to doing this and would require some discussion before this committee took any action on that.

1. **Public Comment**

No comments.

1. **Adjournment**

The meeting was adjourned at 10:37 a.m.