Nevada Housing Division

2016 QAP Hearing- 11/12/15- 9:00-12:00 pm

Las Vegas Office / CC Office / Great Basin College locations

Meeting Minutes:

List of attendees (see attached)- Attendee at the Great Basin College location was Jeff Butler from Gregory Development Co.

Meeting called to order by Mike Dang- Chief of Federal Programs for the Nevada Housing Divisions at 9:00 am. The administrative staff of the Nevada Housing Division (NHD) was introduced; and all attendees introduced themselves.

Mike Dang asked if there was any initial public comment. There was none.

-Mike Dang then introduced the public hearing for the 2016 Qualified Allocation Plan (QAP) for the 2016 round of low income housing tax credits (LIHTC) allocated by NHD

-The items were reviewed page by page and the attendees commented.

-Mike Dang briefly discussed the revised/filed NAC changes to the LIHTC program.

-The importance of checking all boxes on the LIHTC application was discussed. Applications will only be considered for the info represented by the specific info on the boxes relating to location/set asides/geographic areas, etc.

-Date of additional credit application submission, which is proposed to be different than initial submission was discussed.

-The credit apportionment and the 270 day rule were briefly discussed, to be clarified later at this meeting. The issue of USDA funds being reduced to fund a project that violated the 270 day rule in 2015 was discussed. This was questioned by Jim/Holly Gregory and the Nevada Rural Housing Authority. They argued that the funds should be equally distributed and not taken directly out of the USDA set-aside (a reduction of over $200,000.00)

-The Market Study was discussed, to emphasize the issue of over saturation of LIHTC properties in the proposed project location and how to address it in the market study. The Division has prepared a list of Market Study consultants. Applicants not using one of these consultants would need to submit a request to the Division for approval of their market consultant.

-Mike Dang brought up the issue of the prioritizing of USDA funded rural properties. USDA/RD has recommended prioritizing acquisition /rehab projects vs. new construction. Sarah Adler, Eric Novac / Holly and Jim Gregory commented. The pros and cons of both were discussed.

-Mike Dang discussed the cut in the additional credit set-aside from 5% to 2.5%. The pros and cons were discussed. Eric Novac mentioned that the construction costs in northern NV are higher and have risen sharply; and that the set- aside should at least be restored at the 5% level. Utilizing a deferred developer fee to also fill the gap was discussed. Issue was discussed further.

-Mike Dang discussed the efficiency points awarded to projects, which may prevent those projects from applying for additional credits the subsequent year's QAP. The pros and cons were discussed. Frank Hawkins voiced his approval. Alan Molasky mentioned the volatility of the construction market and how having a safety net of additional credits for projects may be needed.

-Mike Dang discussed the waterfall issue and changes. The process was discussed by Eric Novak and Frank Hawkins predominately. Mr. Novac wants to make sure there is clarity in the process; and Frank Hawkins was concerned that the Clark County apportionment of 75% be maintained. The 5% rule, relating to the waterfall was then discussed.

Mike Dang mentioned NHD's intention to place all surplus credits in each set-aside directly into the General Pool; and not to trickle up into Washoe/other counties, etc, and then go to the General Pool. This discussion was followed by the proposed set-aside of over $600,000 in LIHTC credits for Washoe County and surrounding areas for the growth created by the "Tesla Effect" . Issue raised were:

-criteria for the set-aside/clarity

-eligibility of the tenants in the target area

-All other counties having their allocations reduced.

The 270 day rule for project closing was discussed. Jim/Holly Gregory questioned if this was being followed, as an applicant for USDA funds violated the rule, yet were still funded. The issue of keeping or dropping the rule was discussed. David Paull of NV HAND suggested that there should be a "HUD" exemption of the 270 day rule; as projects funded by HUD are notoriously laborious and inefficient, resulting in delays.

Mike Dang again brought up the issue of USDA funding. The project should, some parties felt, be fully supported by USDA and backed by a USDA letter of support. The prioritization of rehab over new construction was again discussed and how best to vet USRD projects. The $10,000 USDA rehab requirement vs. the $30,000 QAP rehab requirement was also discussed. Eric Novak believed it should be the same.

Mike Dang then discussed the Housing for Individuals project designation. Eric Novak stated it was a HUD violation to exclude children; and this category should be dropped. Attendees were reminded that

Fair Housing law would also prohibit exclusion of children from this category of project. The issue of marketing was discussed; and that as long as children are not excluded, there should not be an issue.

Mike Dang discussed the issue of Mixed Income projects increasing the number of market rate units from 10% to 20%. All were in agreement that this requirement was too high; and the loss of equity makes the project harder to pencil.

Mike Dang then raised the issue of the 14% contractor fee cap. Holly and Jim Gregory stated it was too difficult to fund subs based on the fee restriction. Mike Dang indicated that the 14% cap is based on a NCHSA recommendation.

Mike Dang brought up the issue of Nevada Based Developer. Holly and Jim Gregory voiced their opinion that new developers were not vetted enough, questioning the developer's ability to claim points in this category. They specifically brought up the Carefree Housing project. Mr. Dang responded that this applicant was vetted.

Holly Gregory and Frank Hawkins brought up the language in the QAP. They were concerned that the word "may' appears so much will result in a lack of clarity and will give NHD too much discretion to make decisions. There are too many grey areas in the QAP as it stands.

Mike Dang brought up the issue of readiness preference points, more specifically permit ready. Alan Molasky and Lorri Murphy stated that Ovation Development specifically held off on this process as they believed the Division committed to removing this in the 2016 QAP based on discussion at the 2015 QAP hearings. Steve Silverman supported this assertion. Others did not recall any final commitment being made last year but did remember viewpoints supporting and not supporting this matter. Frank Hawkins commented that a developer is not forced to do this. CDPCN does so due to their commitment to affordable housing; and that doing this is a developer decision. Eric Novac noted that he believed NHD was the only QAP in the country that has this component.

Mike Dang introduced preference points for smoke free housing. The issue was discussed; as was the complication brought up with the medical marijuana issue. It was discussed that there must be a policy in place; and that all HUD housing will be smoke free based on current legislation.

Issues relating to land cost/total development cost/identity of interest/no VOC vs. low VOC products /cost of rehab per unit were discussed. The only general consensus being that low VOC products are much more affordable than no VOC products. Mr. Molasky said the cost to benefit ratio for no-VOC versus low-VOC is so substantial that the Division may want to rethink this matter.

The issue of projects receiving efficiency points being excluded from applying for Additional Credits for the same project in subsequent years was discussed again. Frank Hawkins Supported this position; Mr. Molasky believe there needs to be a cushion to compensate for uncontrollable factors in the marketplace.

The issue of receiving preference points for project paid utilities was discussed. It was discussed that it seems to work for 55+ projects, but most at the meeting questioned the viability in family projects.

Frank Hawkins specifically stated that it works for him as he is very proactive with his tenants. It was discussed with no real conclusion.

Mike Dang raised the issue of the 30% boost no longer being incorporated in calculating the developer fee. It was discussed; some developers did not support this action, as they stated that the cost to initiate and implement a project is very expensive. One developer said they earn the extra 30% when they receive it. The issue of limiting amenities and decreasing unit size was also discussed to make projects more cost effective.

Preference points for supportive services was discussed. The discussion seemed to support points for services that can be verified by NHS compliance staff.

Mike Dang brought up the issue of donated land. Some in the audience felt this was double-dipping as these projects would be able to get higher points for efficiency; others stated that it was good for local jurisdictions to donate. The issue of the ability of local jurisdictions to be able to donate land was also discussed; as was the BLM land transfer issue. Some in the audience also believed that donated land should be subject to a RFP process.

The issue of a developer cap of $1,000,000 in credits was discussed, as was a cap, if any, on consultants. The issue was discussed with no consensus.

The last major issue discussed was rent targeting below 40%. It was agreed that this be removed as the only way to sustain such projects is if these units have rental assistance.

Mike Dang concluded the meeting asking for any additional public comment. There was none.

Mike Dang concluded the meeting at 11:50 pm.

Minutes respectfully submitted by Mark P. Licea, Nevada housing Division.

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Mark P. Licea