

JOE LOMBARDO
Governor

STATE OF NEVADA

DR. KRISTOPHER SANCHEZ
Director



PERRY FAIGIN
Deputy Director

MARCEL F. SCHAEERER
Deputy Director

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

Private Activity Bond Council
Minutes from February 5, 2024 at 1:00 PM

Private Activity Bond Council members in attendance:

Dr. Kristopher Sanchez, Director-Business & Industry
Bob Potts, Deputy Director – Governor’s Office of Economic Development
David Paull, Managing Director – Core Advisory Partners
Dina Neal, Nevada State Senate
Natalie Yanish, Member Representative – Nevada League of Cities & Municipalities
Vinson Guthreau, Executive Director-Nevada Association of Counties

Other individuals in attendance:

Abbe Yacoben
Alina Ceballos
Andrew Haskin
Bill Brewer
Brendan Leake
Carrie Foley, Business & Industry
Chase U.
Chris Weiss, Business & Industry
Christine Hess, Nevada Housing Division
Colleen Duewiger
Debbie Carter
Hassan
Jim
Kari Estrada
Katie Coleman
Kevin Hickey
Kevin R. Sipes
Lauren Lozano, Business & Industry
M. Rodriguez
Marcel Schaeerer, Business & Industry
Patsy Buxton
Perry Faigin, Business & Industry

Rosa Reynolds
Shawn Heusser, Nevada Rural Housing Authority
Steve Aichroth, Nevada Housing Division
Terri S.

1. Call to order by Chair, Director Dr. Kristopher Sanchez.

Director Sanchez called the meeting to order at approximately 1:00 PM. Carrie Foley took roll call. All committee members were in attendance. Carrie Foley said that the agenda along with the documents that will be discussed during the meeting can be found at www.business.nv.gov by clicking on the tab that says About, then Meetings & Agendas and selecting 2024 Meetings & Agendas.

2. Public Comments – public comments may be limited to 3 minutes per speaker.

Director Sanchez asked if there were any public comments. There were no public comments.

3. Approval of October 19, 2022 meeting minutes (for possible action).

Director Sanchez asked for a motion to approve the minutes from the October 19, 2022 meeting. Bob Potts made a motion to approve the minutes. Director Sanchez seconded the motion. Natalie Yanish and David Paull abstained from voting as they were not members of the Private Activity Bond Council in October of 2022. All other members voted in favor. The motion passed unanimously.

4. Allocation of Volume Cap for calendar year 2023 and distribution to the Director's Office and to local government entities.

Carrie Foley said the state of Nevada received an allocation of \$381,332,640.00. Half of the allocation automatically reverts to the Director's Office in the amount of \$190,666,320.00. The other half is allocated to the various local jurisdictions in Nevada in the amount of \$190,666,320.00.

5. Acceptance of 2023 local government resolutions requesting utilization of volume cap (for possible action).

Carrie Foley said that the Director's Office collects resolutions from the various local jurisdictions by September 1st of each year. She said most local jurisdictions transfer their allocations to either the Nevada Housing Division or the Nevada Rural Housing Authority. Carrie Foley said the total amount of 2023 funds available to the Director's Office is \$215,722,444.13, which includes the allocation that automatically reverts to the Director's Office in the amount of \$190,666,320.00, as well \$25,056,124.13 from jurisdictions that did not submit a resolution to the Director's Office by September 1, 2023.

Carrie Foley said the total transfer from local jurisdictions to the Nevada Housing Division is \$138,522,443.74.

Carrie Foley said the total transfer from local jurisdictions to the Nevada Rural Housing

Authority is \$27,087,752.14.

Director Sanchez asked for a motion to approve the resolutions. David Paull made a motion to approve the resolutions. Bob Potts seconded the motion. All members voted in favor. The motion passed unanimously.

6. Report by the Housing Division on allocation, utilization, and carryover of Volume Cap.

Steve Aichroth said the Nevada Housing Division has been the recipient of the bulk of private activity bonds received in the state for the past few years. He said the Nevada Housing Division can use the money for multifamily development and single-family development. Steve Aichroth said it is the single largest catalyst for affordable housing nationally and in the state of Nevada.

Steve Aichroth said in single-family development the use of tax-exempt bonds gives the Nevada Housing Division the ability to offer down payment assistance, possibly lowering the interest rate, for first-time homebuyers or for use in the Mortgage Credit Certificate program.

Steve Aichroth said that in reviewing the minutes from our last meeting in October 2022, he would like to remind the committee that the Home Means Nevada program is a \$500 million initiative to support the development of affordable housing in Nevada. He discussed what the Nevada Housing Division has been able to do with the funding received. Steve Aichroth said we should see a large number of affordable units becoming available.

Christine Hess started by recognizing the hard work of the staff at the Nevada Housing Division. She then discussed the tables provided by the Nevada Housing Division, see attached for additional information. Christine Hess said many states with a significant affordable housing need are oversubscribed in their volume cap. She said since 2019 the Nevada Housing Division has committed \$1.2 billion of tax-exempt bonds to multifamily housing. Christine Hess said the Nevada Housing Division has approximately \$426 million available, which is committed to and available to multifamily development.

Christine Hess said there is a need of nearly \$670 million in volume cap to support approximately 23 projects through early calendar year 2025. The Nevada Housing Division is proposing using \$115,722,444.13 of the Director's Office funds for multifamily development.

David Paull asked Christine Hess about the amount of volume cap that might be needed for 2025. Christine Hess said multifamily affordable development in Nevada has increased tremendously because of the need. She said unless there are changes at the federal level she anticipates the need for multifamily will continue in Nevada.

Steve Aichroth discussed the potential federal legislation that would reduce the amount of bond cap needed per project.

Christine Hess said through the single-family homebuyer program the Nevada Housing Division has helped over 29,000 families with purchasing a home. This number represents

\$6.5 billion in first mortgage loans with approximately \$250 million in down payment assistance. Christine Hess said the single-family bond program has supported over 2,000 loans and includes \$16 million in down payment assistance. She said on January 2nd the Nevada Housing Division launched the Home is Possible program with bonds and this allows for up to \$140,000.00 in income, which is considerably more than their other programs, and has fewer restrictions. Christine Hess said the Nevada Housing Division has had 12 families so far take advantage of the program since January 2nd.

Christine Hess said there is also Home First, which is funded with \$7.5 million provided by the Home Means Nevada initiative. This program offers low-income families \$15,000.00 in down payment assistance, it has a lower income threshold, and has a below market 30-year fixed rate mortgage. She said the Nevada Housing Division has allocated 427 of the 500 loans available and expects to fully exhaust that by April 2024.

Christine Hess said the Nevada Housing Division has a first-time homebuyer program which originated in March of 2019 and offers low to moderate income families downpayment assistance up to 4% of the loan amount.

Christine Hess said the Nevada Housing Division is planning three single-family bond issuances for a total of \$265 million, supporting 900 loans or 900 Nevada homeowners. She said based on this projection the Nevada Housing Division is seeking \$100 million for single-family to go in partnership with the \$115,722,444.13 million for multifamily, which will represent 100% of the Director's Office 2023 authority.

There was discussion on how bond funding will be allocated between single-family and multifamily in the future. There was also discussion on how funds are being used in urban versus rural areas. Steve Aichroth said that the Nevada Housing Division works with the Nevada Rural Housing Authority with their programs. Steve Aichroth said the Nevada Housing Division is here to support the Nevada Rural Housing Authority in any way they possibly can. He said the Nevada Housing Division has regular communications and meetings with the Nevada Rural Housing Authority to find out what the needs are in the rural areas. Steve Aichroth said the Nevada Rural Housing Authority is the boots on the ground in the rural areas.

Christine Hess discussed the annual report to the Private Activity Bond Council from the Advisory Committee on Housing, which is a body designated by statute. She said rents in Nevada are still extremely high and out of reach for many Nevadans. Christine Hess said vacancies are still relatively low. She said when it comes to income restricted units and affordable units there are not enough, there is an extreme shortage. Nevada continues to have one of the greatest needs in the country for affordable housing.

There was discussion on rate ranges that are available right now.

7. Report by the Nevada Rural Housing Authority on their programs and the status of their volume cap allocation.

Shawn Heusser said that he appreciates the partnership that the Nevada Rural Housing Authority shares with the Department of Business & Industry, Nevada Housing Division, and the Private Activity Bond Council. He provided a report showing what the Nevada

Rural Housing Authority has used funds for in the past. Shawn Heusser said the Nevada Rural Housing Authority had a small amount that reverted to the Treasury this past year, and they currently have a carryforward balance above \$100 million. He said this means the Nevada Rural Housing Authority will be able to continue their Mortgage Credit Certificate program and serve over 500 residents in Nevada over the next four years.

Shawn Heusser said one of the great things about the Mortgage Credit Certificate program is that it assists homebuyers by essentially putting money back into their pocket or providing them with additional funds to be able to afford their home and their mortgage.

Shawn Heusser went over the document he provided, see attached for additional details. He said the Nevada Rural Housing Authority has been able to assist over 10,000 Nevadans living in rural Nevada.

8. Recommendation by the Director for Volume Cap utilization for specific projects (for possible action).

Director Sanchez said at this point he doesn't have any recommendations for specific projects. Bob Potts said he is aware of a couple projects that are brewing right now, but they are not firm enough yet for him to discuss at this time.

9. Recommendations for future agenda items.

Senator Neal discussed the strategy cities are using as they are moving toward what their version is of affordable housing. She said what she is seeing is that they are outpacing their resident's income. Senator Neal said she would like to have a broader conversation about who builds, how they build, and trying to keep in alignment with residents income.

Director Sanchez said one of the things that we can put on the agenda for the next meeting is some sort of visualization of distribution across the state, in both rural and urban. He would like to see where these developments are, and where the programs are being taken advantage of the most, and to see what gaps may exist.

Senator Neal asked if along with the map we could also see where the corporate rentals are. She said she is hearing that there are entire neighborhoods that are owned by corporate entities, or in some places it's streets.

Bob Potts agreed that is a good idea, and specifically where bonding capacity has been used in both rural and urban and seeing what that looks like. He said it would also be good to see how many were north, and how many were south. Bob Potts said 3-4 years ago we did a primer on private activity bonds for council members and folks who were participating in these meetings. Bob Potts said he thinks it would be helpful for people to understand what is under that umbrella and how it works.

10. Committee comments.

Director Sanchez said he was appointed as the Director of the Department of Business & Industry on November 13th. He said there is a lot to learn at Business & Industry, and he is enjoying working there and working with a great team. Director Sanchez said he is trying

to get up to speed with everything the department does along with the Private Activity Bond Council.

Director Sanchez said the last meeting of the Private Activity Bond Council took place in 2022, and he intends to have meetings more frequently. He said we have highlighted some important areas to look at and consider. Director Sanchez said his team will be working on scheduling more meetings to discuss updates and to run through some of these questions to make sure everybody is comfortable with where we are at and where we are headed.

11. Public comments – public comments may be limited to 3 minutes per speaker.

Director Sanchez asked if there were any public comments. There were no public comments.

12. Adjournment.

Bob Potts made a motion to adjourn the meeting. David Paull seconded the motion. All members voted in favor. The motion passed unanimously. The meeting was adjourned at approximately 1:53pm.