



**NEVADA LEGISLATURE
LEGISLATIVE COMMISSION'S SUBCOMMITTEE
TO STUDY THE AVAILABILITY AND INVENTORY
OF AFFORDABLE HOUSING**

(Assembly Concurrent Resolution No. 11, File No. 97, *Statutes of Nevada 2005*)

SUMMARY MINUTES AND ACTION REPORT

The third meeting of the Legislative Commission's Subcommittee to Study the Availability and Inventory of Affordable Housing was held on February 27, 2006, at 1 p.m. in the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada, in Room 4401. The meeting was videoconferenced to Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. A copy of this set of "Summary Minutes and Action Report," including the "Meeting Notice and Agenda" ([Exhibit A](#)) and other substantive exhibits, is available on the Nevada Legislature's Web site at www.leg.state.nv.us/73rd/Interim. In addition, copies of the audio record may be purchased through the Legislative Counsel Bureau's Publications Office (e-mail: publications@lcb.state.nv.us; telephone: 775/684-6835).

SUBCOMMITTEE MEMBERS PRESENT IN LAS VEGAS:

Assemblyman Marcus L. Conklin, Chairman
Senator Steven A. Horsford
Senator Dennis Nolan
Assemblywoman Marilyn Kirkpatrick

SUBCOMMITTEE MEMBER PRESENT IN CARSON CITY:

Senator Maurice E. Washington

SUBCOMMITTEE MEMBER ABSENT:

Assemblywoman Francis O. Allen

OTHER LEGISLATOR PRESENT:

Senator Michael A. Schneider

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Kelly S. Gregory, Research Analyst, Research Division, Legislative Counsel
Bureau (LCB)

William L. Keane, Principal Deputy Legislative Counsel, Legal Division, LCB

Ann M. Iverson, Senior Deputy Legislative Counsel, Legal Division, LCB

Lucinda Benjamin, Senior Research Secretary, LCB

OPENING REMARKS

The meeting was opened by Chairman Conklin. He indicated that documents requested by members at the January 23, 2006, meeting of the Subcommittee were now available on the Subcommittee's Web site.

UPDATE ON THE SOUTHERN NEVADA WORKFORCE HOUSING STUDY

- Lesa Coder, Director of Operations, Clark County Redevelopment Agency, provided a brief introduction for the study performed by the Restrepo Consulting Group LLC, which examined available housing stock, affordability, and demographic information for Clark County. Chairman Conklin announced that the study is also available on the Subcommittee's Legislative Web site.
- John Restrepo, Principal, Restrepo Consulting Group LLC, provided information on the study team members and the scope of work covering analyses of the: (1) housing demand; (2) housing supply; (3) affordability gap; (4) construction costs for single and multi-family complexes; and (5) level of subsidy required for purchasing a house. Please see [Exhibit B](#).
- Ms. Coder presented the study's findings using a Microsoft PowerPoint presentation titled "Southern Nevada Workforce Housing Study" and discussed its five key features. She provided examples of area median income (AMI) levels, information on construction costs, the subsidy gap, and the AMI qualification requirement to purchase homes. Further, Ms. Coder presented information on the Home Affordability Index, which is the ratio of home prices to annual income; the higher the number, the less affordable the home. She stated that regional discussions need to be completed, financial support acquired, and goals set for housing development. Please see [Exhibit B](#).
- In response to a question from Chairman Conklin, Ms. Coder explained that estimated land costs are \$550,000 per acre; however, a recent sale brought \$800,000 per acre, plus any additional costs for in-fill areas.
- In response to Chairman Conklin, Mr. Restrepo stated that the BLM process was not used to develop the figures in the presentation. Ms. Coder added that the information is project specific and in order to present information on subsidies, the BLM information was not included.
- Chairman Conklin discussed the AMI affects in developing affordable housing and asked where affordable housing can be focused, without adversely affecting the housing market. Ms. Coder referred to the Restrepo report and explained the expected level for housing units required to meet the need. Chairman Conklin asked for clarification of "need" and whether it pertains to individuals who currently cannot afford to purchase

or rent a home. Ms. Coder stated the information was based on pricing existing and new homes and explained that the projected numbers are subjective.

- In response to a question by Assemblywoman Kirkpatrick, Ms. Coder explained that the data in the Restrepo Report was not separated by jurisdictions in the Las Vegas Valley because data sources are generally community-wide, but added that separate information could be an adjunct to the report. Mr. Restrepo explained that the study date was approximately June 2005, and the median was used instead of the average to allow for differences between jurisdictions. He explained that comparable median land sales were examined for a set of selected transactions, combining urban and suburban transactions. Ms. Coder added that developers have stated that land prices used in the study were not high enough and they provided information on current land sales costs.
- In response to a question from Senator Horsford, Ms. Coder indicated that each jurisdiction is represented in the various working groups that examine ordinances and stated this topic is being discussed and the results will be submitted to the Subcommittee. She indicated the details of home construction are different from jurisdiction to jurisdiction, which also affects the availability of housing units.

Senator Horsford stated that if the number of homes needed continues to grow, each community must act now rather than waiting for legislative action in 2007 because the problem is growing exponentially.

APPROVAL OF THE “SUMMARY MINUTES AND ACTION REPORT” OF THE JANUARY 23, 2006, MEETING IN LAS VEGAS, NEVADA

(As directed by Chairman Conklin, this agenda item was taken out of order.)

THE SUBCOMMITTEE APPROVED THE FOLLOWING ACTION:

ASSEMBLYWOMAN KIRKPATRICK MOVED TO APPROVE THE MINUTES OF THE SUBCOMMITTEE’S MEETING HELD ON JANUARY 23, 2006, IN LAS VEGAS, NEVADA. THE MOTION WAS SECONDED BY SENATOR HORSFORD, WHICH PASSED UNANIMOUSLY.

DISCUSSION OF AFFORDABLE HOUSING ISSUES AND INITIATIVES IN THE PRIVATE SECTOR

- Steven G. Hill, Chairman of Government Affairs, Associated General Contractors, noted it is difficult to attract employees in a wide income level. In the Las Vegas area the cost of living is increasing, and the high cost of housing affects wages. He said it has a circular affect; as wages rise, the cost of construction also increases. Mr. Hill added that a potential solution may address causes rather than a total solution, such as the rising cost of land and construction affects the availability of affordable housing.

He suggested issues to be addressed include: (1) return on investment in the housing industry; (2) condominiums and townhouse construction; (3) affects of federal acts, i.e., Southern Nevada Lands Management Planning Act and Multiple Species Habitat Conservation Act, on availability of land for development; (4) land auctions; (5) land investment; (6) housing, mixed use, and height development; (7) proximity to transportation; and (8) inclusionary zoning.

- Responding to questions, Mr. Hill provided additional information on: (1) zoning; (2) high housing prices; and (3) housing subsidy programs. Chairman Conklin expressed concern about housing needs not being met and no apparent conduit to meet the need. Mr. Hill further stated that local governments are addressing the housing requirements for each individual area's need. He deferred to the Home Builders Association.
- Ms. Kirkpatrick asked how upgrades can be regulated to keep the price of homes more affordable and asked if standards could be reduced to facilitate the construction of affordable houses. Mr. Hill explained that safety standards would remain the same, however, style, size, and aesthetic issues are being examined by the Home Builders Association.
- Senator Horsford asked what the short- and long-term priorities should be in order to address the immediate need for affordable housing and requested information on: (1) in-fill areas and policies and their effects on developers; and (2) balancing units and building communities that are desirable to workforce and higher-end housing markets.

Continuing, Mr. Hill discussed housing developments in Boston, Massachusetts, and other high density areas; eminent domain; and tax incentives for developing in densely populated areas.

- Assemblywoman Kirkpatrick requested information on row housing units in the eastern United States and asked if it might be possible to build similar housing complexes in Nevada. Mr. Hill explained that there are walkable communities where residents can walk to needed services in areas that are not throughways.

OVERVIEW OF THE SOUTHERN NEVADA PUBLIC LANDS MANAGEMENT ACT AND THE ACQUISITION OF FEDERAL LAND FOR AFFORDABLE HOUSING PURPOSES

(As directed by Chairman Conklin, this agenda item was taken out of order.)

- Juan Palma, Field Manager, Bureau of Land Management (BLM), Southern Nevada office, provided information on the: (1) Southern Nevada Public Land Management Act (SNPLMA); (2) available public lands in Nevada; and (3) disposal process of land in Nevada. Land sales are jointly approved by local jurisdictions and the BLM for

parks and schools and to meet the needs of local areas. Mr. Palma explained the BLM land sales process and development of affordable housing projects in conjunction with the United States Department of Housing and Urban Development (HUD). Please see [Exhibit C](#).

Responding to questions from Subcommittee members, Mr. Palma explained that local jurisdictions determine the amount of acreage set aside for affordable housing. In addition, the BLM receives requests for land from specific jurisdictions, which determine local ordinances and land uses, and then a joint selection process is used to determine which parcels are sold at auction. No requirements are stipulated by the BLM on land requested by local jurisdictions; the local jurisdiction and HUD determine the use of the land.

- Senator Horsford asked if BLM land parcels are within the Cooperative Management Area and expressed concern about parcels located near designated flight paths. Senator Horsford asked if additional land could be reserved and if the BLM plans to increase the threshold of affordable housing from the 80 percent qualification requirement. Mr. Palma estimated approximately 40,000 acres of land is available, but stressed the need for local jurisdictions to set aside parcels as quickly as possible.
- In response to questions from Chairman Conklin, Mr. Palma provided information about scattered parcels of land in Las Vegas and explained the SNPLMA process for leaving parcels vacant. The Chairman asked if negotiations can be held to discuss the acquisition of some of the parcels that are managed by BLM. Mr. Palma stated that interim guidelines can be modified to enable negotiations and offered to provide information on the reserved parcels regarding the length of time they have been reserved and by whom.
- Ms. Coder, previously identified, said that Clark County has reserved parcels under the SNPLMA in Las Vegas and stated there is a maximum of 22,000 units for high density developments.
- Senator Nolan asked if the land would be released through auction. Ms. Coder stated that the parcels have been removed from the auction process, so the direct sale process would be used and added the County Commissioners have initiated zoning on the property.
- Senator Horsford referred to the map submitted by Mr. Palma, and questioned why the in-fill parcels have not been reserved and how developers are notified when parcels become available. Ms. Coder responded that the Restrepro report indicated what land is available to Clark County and the potential yield of property for affordable housing. She added that once the land becomes available, a subsidy must also be designated for that parcel. She explained the process for reserving lands for master planned communities that are project specific.

PUBLIC COMMENT

(As directed by Chairman Conklin, this agenda item was taken out of order.)

- Senator Michael A. Schneider, Clark County Senatorial District No. 11, spoke as a citizen and real estate developer, on the price of housing in the United States. He stated that low interest rates have contributed to the rise in housing costs and the demand for land. Senator Schneider explained factors that add to construction costs include general contractors selecting subcontractors without using a bidding process and the possibility of litigation for construction defects.
- Senator Nolan expressed support for the concept presented by Senator Schneider and discussed revitalization of older areas within Las Vegas.
- Senator Schneider discussed the moving of warehouses to alternative areas to relieve traffic congestion.

DISCUSSION OF AFFORDABLE HOUSING ISSUES AND INITIATIVES IN THE PRIVATE SECTOR

(As directed by Chairman Conklin, this agenda item was taken out of order.)

- Christina Dugan, Vice President, Public Affairs, Las Vegas Chamber of Commerce (COC), provided information on COC members and discussed the 80 and 110 percent of median income used to determine eligibility for affordable housing. She informed the Subcommittee of companies located in Las Vegas who expect to relocate additional employees to the area but are hesitant because of housing availability. Ms. Dugan said the COC has been examining the issue of affordable housing and asked that any changes be made gradually to assess the effects on the local economy. She suggested using tax incentives, private-public partnerships, forgivable down payments by companies for employees, financial counseling for employees, and the BLM land process to attain housing for the workforce. She expressed concerns about creating segregated workforce housing, inclusionary zoning policies, and large expenditures from the State General Fund.
- In response to a question posed by Assemblywoman Kirkpatrick, Ms. Dugan stated an adequate mix of zoned areas for industrial and housing use within the resort corridor is needed.
- Michael F. Dillon, Jr., Community Relations Director, Builders Association of Northern Nevada (BANN), provided information on BANN and discussed the affordability of housing statewide. He added that the purchase of water rights in Washoe County also affects the high cost of housing developments in northern Nevada. Mr. Dillon referred to incentives for business to locate in Nevada and the affects of available workforce housing for potential business in Nevada.

- Robert Nielson, owner of Shelter Properties, past president of BANN, stated that federal tax credits and other programs directed at individuals in certain income levels are different from the open housing market. Impact fee structures are typically used to address affordable housing and fee structures need to be examined carefully before changes are made. He further stated that additional regulation adds to the cost of homes and stated that regulations, impact fees, and streamlining the development process is important because the fees add to the cost of a home and can make it less affordable.

OVERVIEW OF NONPROFIT AFFORDABLE HOUSING DEVELOPMENT

- Cloyd Phillips, Executive Director, Community Services Agency and Development Corporation, provided information on five recommendations from Washoe County outlined in “Affordable Housing Legislative Policies,” which are included in [Exhibit D](#). He stated that the high cost of connection fees and water rights makes it very difficult to develop affordable housing. Mr. Phillips also addressed: (1) prevailing wage rates; (2) wage rate affects on housing development; and (3) incentive programs for nonprofit developers.

In response to a question posed by Assemblywoman Kirkpatrick, Mr. Phillips explained the Qualified Allocation Plan (QAP) Tax Credit Allocation for Washoe County. In conclusion, he discussed multi-family complexes and the State assistance program for low-income housing.

- Chairman Conklin announced that Michael Mullin, President, Nevada Housing and Neighborhood Development (HAND), would not testify at this time, but would provide written comments at a later date.
- Ron Trunk, Chief Executive Officer, Citizens for Affordable Homes, Inc. (CAHI), provided information on the CAHI self-help home building program, and noted their service area is located in Lyon and Nye Counties. Mr. Trunk provided information on the number of homes built, down payment assistance, and weatherization programs for seven northern Nevada counties. He discussed the relocation of populations from urban to rural areas and stressed the importance of water rights in housing development.
- Responding to questions, Mr. Trunk addressed the: (1) number of homes built in Fernley; (2) senior housing project in Carson City; and (3) emphasis on single family homeownership. He stated the current cost is \$30,000 per acre foot for water in Fernley and provided clarification about the impact fees for CAHI housing development. He added that there is a cap on the cost of construction, which CAHI is rapidly nearing.
- Senator Washington provided information about the Subcommittee to Study the Feasibility and Advisability of Consolidating Water Related Services in Washoe County

(S.C.R. 26, File No. 100, *Statutes of Nevada 2005*) and suggested Mr. Trunk submit information to the S.C.R. 26 Subcommittee.

UPDATE ON THE SURVEY TO DETERMINE THE AVAILABILITY OF AFFORDABLE HOUSING DATA

- Kelly S. Gregory, Research Analyst, Research Division, LCB, provided information on the survey conducted to assist the Subcommittee in identifying the gaps within basic affordable housing information collected by local governments and associated entities affiliated with housing, economic development, and supportive services. She explained what agencies and organizations have responded and stated the survey results indicate that the required information is available in various forms. She provided a copy of the results of the survey and the survey instrument to Subcommittee members. Please see [Exhibit E](#).
- Chairman Conklin stated the next meeting of the Subcommittee will be on April 10, 2006, at 1 p.m. He provided possible agenda information on the three remaining meetings and final work session.

ADJOURNMENT

There being no further business to come before the Subcommittee, the meeting was adjourned at 4:57 p.m.

Respectfully submitted,

Lucinda Benjamin
Senior Research Secretary

Kelly S. Gregory, Research Analyst
Research Division, LCB

APPROVED BY:

Assemblyman Marcus L. Conklin, Chair

Date: _____

LIST OF EXHIBITS

[Exhibit A](#) is the “Meeting Notice and Agenda” provided by Kelly S. Gregory, Research Analyst, Research Division, Legislative Counsel Bureau.

[Exhibit B](#) is a Microsoft PowerPoint presentation titled “Southern Nevada Workforce Housing Study, February 27, 2006” submitted by Lesa Coder, Director, Clark County Redevelopment Agency, and John Restrepo, Principal, Restrepo Consulting Group LLC.

[Exhibit C](#) is a summary of the Southern Nevada Public Land Management Act (PL-105-263), including Amendments to the Act submitted by Juan Palma, Field Manager, Bureau of Land Management, Southern Nevada Office.

[Exhibit D](#) is a document titled “A.C.R. 11 Recommendations for Washoe County” submitted by Cloyd Phillips, Executive Director, Community Services Agency and Development Corporation.

[Exhibit E](#) is a memorandum to members of the Subcommittee to Study the Availability and Inventory of Affordable Housing (A.C.R. 11, File No. 97, *Statutes of Nevada 2005*) and survey results submitted by Kelly S. Gregory, Research Analyst, Research Division, Legislative Counsel Bureau.

This set of “Summary Minutes and Action Report” is supplied as an informational service. Exhibits in electronic format may not be complete. Copies of the complete exhibits, other materials distributed at the meeting, and the audio record are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. You may contact the Library online at www.leg.state.nv.us/lcb/research/library/feedbackmail.cfm or telephone: 775/684-6827.