

BULLETIN 19-5

Committee to Study Issues Regarding Affordable Housing SCR 1 (File 40, *Statutes of Nevada 2017*)



Legislative Counsel Bureau

DECEMBER 2018

COMMITTEE TO STUDY ISSUES REGARDING AFFORDABLE HOUSING

Senate Concurrent Resolution 1
(File 40, *Statutes of Nevada 2017*)

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Senate Concurrent Resolution 1
(File 40, Statutes of Nevada 2017)

Senate Concurrent Resolution No. 1—Senator Ratti

FILE NUMBER.....

SENATE CONCURRENT RESOLUTION—Directing the
Legislative Commission to appoint a committee to conduct
an interim study relating to affordable housing within the
State of Nevada.

WHEREAS, The United States Department of Housing and Urban Development defines affordable housing as housing for which an occupant is paying no more than 30 percent of his or her income for gross housing costs, including utilities; and

WHEREAS, Families who pay more than 30 percent of their income for housing may have difficulty affording essentials such as food, clothing, transportation and medical care; and

WHEREAS, According to statistics from the American Community Survey conducted by the United States Census Bureau, of units occupied by persons paying rent in Nevada, an estimated 46.8 percent of occupants spent more than 30 percent of their household income on rent and utilities in 2015; and

WHEREAS, According to statistics from the Housing Division of the Department of Business and Industry, rent for affordable housing units in Nevada increased by 11 percent between 2013 and 2015, while average wages in Nevada increased by only 3 percent during that same period and average vacancy rates for affordable housing units decreased to 4 percent; and

WHEREAS, The shortage of affordable housing has forced thousands of seniors, veterans, families and children in Nevada to occupy motels that typically have minimal or no facilities for the preparation and storage of food and which serve as an inadequate substitute for stable, long-term housing; and

WHEREAS, Various research studies on the impact of housing on children's academic success indicate that the availability of adequate, safe, affordable housing can provide children with enhanced opportunities for academic success by reducing the frequency of unwanted moves which disrupt both the continuity of educational instruction and the social bonds and networks that support learning; and

WHEREAS, Increasing the availability of adequate, safe, affordable housing may also assist the State in meeting its economic development goals, increase the ability of the State to attract and retain a skilled workforce and improve educational outcomes for children in Nevada; now, therefore, be it



79th Session (2017)

RESOLVED BY THE SENATE OF THE STATE OF NEVADA, THE ASSEMBLY CONCURRING, That the Legislative Commission is hereby directed to appoint a committee composed of three members of the Assembly and three members of the Senate, one of whom must be appointed by the Legislative Commission as Chair of the committee, to conduct an interim study of affordable housing within the State of Nevada; and be it further

RESOLVED, That the study must include, without limitation, an examination of:

1. The present and prospective need for affordable housing in the State, including, without limitation, affordable housing that is accessible to persons with disabilities;
2. Any impediments to the development of affordable housing in the State;
3. Methods to increase the availability of affordable housing in rural, suburban and urban areas of the State; and
4. Any other matters which are deemed relevant to the issue of affordable housing; and be it further

RESOLVED, That the committee solicit the input of interested stakeholders, including, without limitation, agencies and organizations that provide access to affordable housing and affordable housing assistance; and be it further

RESOLVED, That any recommended legislation proposed by the committee must be approved by a majority of the members of the Senate and a majority of the members of the Assembly appointed to the committee; and be it further

RESOLVED, That the Legislative Commission submit a report of the results of the study and any recommended legislation to the 80th Session of the Nevada Legislature; and be it further

RESOLVED, That the Secretary of the Senate prepare and transmit a copy of this resolution to the Administrator of the Housing Division of the Department of Business and Industry.



EXECUTIVE SUMMARY

Nevada faces an affordable housing crisis. As the state experiences growth in both economic development and population, housing costs are also rapidly increasing while incomes are not keeping pace. According to the United States Census Bureau, 35 percent of Nevada households spend more than 30 percent of their income on housing and are considered housing cost-burdened. The National Low Income Housing Coalition estimates that, in Nevada, 80 percent of extremely low-income renters are severely cost-burdened. In addition, 209,635 affordable housing units are needed across the state, creating a shortage of rentals available to low-income households according to Nevada's Housing Division (NHD), Department of Business and Industry (B&I).

In 2017, the Nevada Legislature adopted [Senate Concurrent Resolution 1](#), which established the Committee to Study Issues Regarding Affordable Housing. The Committee's primary responsibilities included conducting a study to examine the present and prospective need for affordable housing in Nevada, any impediments to the development of affordable housing, methods to increase the availability of affordable housing, and other relevant matters relating to affordable housing.

The Committee held four meetings and heard from representatives from state and local agencies, businesses, community groups, nonprofit and professional organizations, and the public to provide insight and solutions to Nevada's affordable housing problem.

During each meeting, the Committee received formal presentations and expert and public testimony on a broad range of topics involving affordable housing. Issues included the current state of affordable housing; the definitions of affordable housing; home ownership programs; the impact of fees on development; inclusionary housing; the link between health and housing; overviews of federal, state, and local housing initiatives; possible financing for affordable housing; successful affordable housing developments; supportive housing; and workforce housing.

During its final meeting and work session, the Committee adopted five proposals for bill draft requests (BDRs) to be considered by the 2019 Nevada Legislature. These BDRs concern definitions of affordable housing, financing for affordable housing, housing data collection, local government development fees, and supportive housing. In addition, the Committee approved one letter and two statements of support covering the Low-Income Housing Tax Credit (LIHTC), urban and transit-oriented development, and consumer tenant protections.

SUMMARY OF RECOMMENDATIONS

This summary presents the recommendations approved by the Committee at its meeting on May 31, 2018. The BDRs will be forwarded to the Legislative Commission for transmittal to the 80th Session of the Nevada Legislature.

Recommendations for Legislation

Definitions of Affordable Housing

1. Draft legislation to revise certain definitions of affordable housing to provide consistency within the *Nevada Revised Statutes* (NRS). **(BDR 22–377)**

Housing Data Collection

2. Draft legislation linking [NRS 278.235](#) (Annual Housing Progress Report) to [NRS 319.143](#) (Low-Income Housing Database) to clarify the connection between the two sections and support current practices of NHD, B&I, and local governments. **(BDR 25–378)**

Local Government Development Fees

3. Draft legislation to amend [NRS 278.235](#) to enable local governments to assist affordable housing developments by allowing them to reduce or subsidize building fees, impact fees, and/or enterprise fees without having to be reimbursed from the local government’s general fund (GF) or without having to borrow and pay back enterprise funds from the GF. Local governments must provide for a public review of the fiscal stability of the GF or enterprise fund, as appropriate, if such fees are either reduced or subsidized. **(BDR 22–379)**

Supportive Housing

4. Draft legislation directing Nevada’s Department of Health and Human Services to expand the Medicaid 1915(i) State Plan Option. This would allow Nevada to offer a variety of services under a state plan for home- and community-based services benefit that would facilitate housing as health care. **(BDR 38–380)**

Financing for Affordable Housing

5. Draft legislation to create a Nevada affordable housing tax credit program to encourage the development and preservation of low-income residential housing projects statewide. The proposed program is a four-year pilot program, which authorizes up to \$10 million of transferrable tax credits per fiscal year, not to exceed a total of \$40 million, to be administered by NHD. **(BDR 32–381)**

Recommendations for Committee Action

6. Send a letter to Nevada’s Congressional Delegation advocating for the support and passage of [S.548/H.R.1661](#) (Affordable Housing Credit Improvement Act of 2017), 115th Congress, also known as the Cantwell-Hatch Act, introduced by Senators Maria Cantwell (D-Washington) and Orrin G. Hatch (R-Utah). (See the [letter](#) on the Committee’s overview page at: <https://www.leg.state.nv.us/App/InterimCommittee/REL/Interim2017/Committee/1420/Overview>.)

7. Include a statement in the final report supporting the comments submitted to the Committee by Joshua J. Hicks, on behalf of the Nevada Homebuilders Association, the Southern Nevada Homebuilders Association, and the Builders Association of Northern Nevada, encouraging urban land development, transit-oriented development, comprehensive planning, workforce training, flexibility on permitting and enterprise fund fees, and opposing federal tariffs on construction material.
8. Include a statement in the final report supporting the comments submitted to the Committee by James Conway, on behalf of Statewide Legal Services Coalition, to strengthen consumer protections for tenants, including, without limitation, allowing additional time for tenants to locate new housing in the case of an eviction or a displacement due to rising rents, to help in mitigating the affordable housing crisis in Nevada.

I. INTRODUCTION

While Nevada is experiencing unprecedented growth in its economy and population, it is also experiencing a rapid increase in housing costs resulting in both homeowners and renters being priced out of the market. To address this issue, the 2017 Legislature passed [SCR 1](#) directing the Legislative Commission to appoint an interim committee to study affordable housing within the State of Nevada.

Within the study, the Committee was required to examine:

1. The present and prospective need for affordable housing in Nevada;
2. Any impediments to the development of affordable housing;
3. Methods to increase the availability of affordable housing; and
4. Other relevant matters relating to affordable housing.

The Committee was required to solicit input from interested stakeholders, including agencies and organizations that provide access to and assistance with affordable housing. The Committee was allocated five BDRs for the next session. In addition, this report, which contains the results of the study and recommended legislation, will be submitted to the 2019 Legislative Session of the Nevada Legislature.

The Committee held four meetings. During the first meeting, on [January 23, 2018](#), the Committee heard testimony related to the critical need for affordable housing in Nevada, including the current housing stock; the shortage of affordable and available rentals for low-income households; an overview of affordable housing initiatives at the federal, state, and local levels; an evaluation of the housing database; and possible solutions to the affordable housing problem. Chair Ratti also invited stakeholders, interested parties, and the public to join working groups to help provide the Committee with recommendations to consider. The following working groups were suggested: (1) definitions; (2) financing; (3) housing data; and (4) local government.

At the second meeting, on [March 13, 2018](#), the Committee focused on supportive housing and the link between housing and health. The Committee heard testimony from Nevada's Interagency Council on Homelessness, Division of Public and Behavioral Health (DPBH), Department of Health and Human Services (DHHS), regarding regional efforts to provide a continuum of care for homeless families and individuals, how other states are providing supportive services and strategic goals related to housing, and homelessness prevention and intervention.

Testimony provided during the third meeting, on [May 15, 2018](#), examined workforce housing and the various programs available to help both new and struggling homeowners. Nevada's increasing population and shifting demographics lead to a demand for a wider variety of housing types. According to a presentation at the meeting by Nevada Housing and Neighborhood Development (HAND)—a nonprofit organization dedicated to providing affordable housing solutions in southern Nevada—the lack of affordable housing is projected to worsen for renter households

earning up to \$47,000 over the next ten years. This income level in the Nevada workforce is often referred to as the “missing middle.”

At the final meeting, on [May 31, 2018](#), the Committee heard from the Community Foundation of Western Nevada on how land trusts work with developers to create housing for sale or lease to qualified low-income residents. Completing an affordable dormitory project in Reno for qualified tenants with Nevada residency by the end of 2018 is one of the Community Foundation’s goals. The Committee also heard testimony on inclusionary zoning—an affordable housing tool that links the production of affordable housing to the production of market-rate housing.

Lastly, during the work session, the Committee approved five proposals for drafting legislation and three proposals for letters or final report statements. The topics covered during the work session included:

- Consumer tenant protections;
- Definitions of affordable housing;
- Financing for affordable housing;
- Housing data collection;
- Land use planning and other local development issues;
- Local government development fees; and
- Supportive housing.

More information about the Committee’s activities—including minutes, recordings of meetings, and copies of presentations and other exhibits—may be accessed on the Legislature’s website for the [2017–2018 Interim](#).

II. BACKGROUND

Providing far more than just shelter, housing affects all aspects of a person’s life. Housing has the potential to influence education, health, and wealth outcomes for residents and communities. A recent [report](#) from the Joint Center for Housing Studies of Harvard University states that, “Good-quality, safe, and affordable housing is fundamental to personal well-being and security. But for millions of US families and individuals, paying today’s high housing costs means sacrificing on food, healthcare, savings, and other essential expenses.”¹

¹ [The State of the Nation’s Housing 2018](#), Joint Center for Housing Studies of Harvard University, p.36.

A. Affordable Housing Effects on Median Household Incomes

In 2016, Nevada's median household income was \$55,180 as reported by the United States Census Bureau. In the Las Vegas area, the area median income (AMI) for households was \$54,384, and in the Reno-Sparks area, it was \$58,056. Many young people, families, low- and middle-income individuals, senior citizens, and persons with disabilities do not earn near the median household income and are unable to find affordable housing. While Nevada's workforce includes a varied range of occupations and annual incomes, a wide spectrum of people across the state are affected by the lack of affordable housing. Examples of the 2016 annual average of salaries for certain professions in Nevada's workforce include a gaming dealer earning \$17,950, a kindergarten teacher earning \$52,910, and a construction worker earning \$49,810.² All of these households earn less than the state's median annual household income, thereby making it difficult to find affordable housing.

B. What Is Affordable Housing?

A single definition of affordable housing does not exist. Affordable housing ranges from temporary emergency shelters to transition housing, supportive housing, subsidized housing, market rental housing, or market homeownership. It can also depend on what percentage of income a household spends on housing.

The federal government defines housing as affordable if a family spends no more than 30 percent of its income on housing costs, including utilities. In Nevada, the median gross rent (including utilities) is \$1,003 per month. To afford this amount per month, a family needs an annual income of \$40,120. However, 36 percent of households cannot afford the median rent in Nevada.³ A family with one full-time worker earning the minimum wage cannot afford the local fair-market rent for a two-bedroom apartment anywhere in the U.S.⁴

Subsidized Affordable Housing

Subsidized housing is housing that is made affordable by either nonprofit organizations or federal government subsidies. It can take the form of anything from Housing Choice Vouchers, units created through the LIHTC, and apartments managed and sponsored by nonprofit organizations. Nevada's Housing Division administers several programs to aid in meeting the affordable housing needs in this state. These programs include:

- The LIHTC—This federal program provides income tax credits to developers of housing for low-income households. The goal of the program is to reduce the gap in funds needed to construct or rehabilitate affordable rental housing.
- Multifamily Bond Financing—This type of financing uses tax exempt and taxable mortgage revenue bonds to fund affordable housing projects.

² *Statewide 2016 Occupational Wages Estimates/All Industries*, DETR, <http://detr.state.nv.us/>.

³ *Housing Affordability in Nevada*, NHD, B&I, 2018.

⁴ Affordable Housing, U.S. Department of Housing and Urban Development.

- The Home Investment Partnership (HOME) Program—The HOME Program encourages the state to undertake activities and adopt policies aimed at expanding the supply of affordable housing or ways that best suit its housing needs.
- The Low-Income Housing Trust Fund (LIHTF)—The LIHTF is a state-funded program that expands and improves the supply of both single and multifamily affordable housing through down payments, provisions for emergency housing needs, or rehabilitation assistance.
- The Emergency Solutions Grant Program—This program focuses on homelessness prevention through stabilization services and rapid re-housing initiatives.
- The Neighborhood Stabilization Program—The goal of this program is to stabilize neighborhoods through the rehabilitation of vacant homes and selling or renting those homes to qualified low-income families.
- The Weatherization Assistance Program—This program aids low-income families by improving the energy efficiency of their homes and reducing energy costs.
- NVHousingSearch.org—This free locator service is designed to help Nevadans find rental homes that fit their needs and budgets.
- The Home is Possible™ Program—This program offers qualified buyers down payment and closing cost assistance equal to up to 5 percent of the loan amount.

For more information on any of these programs, see NHD’s website: <https://housing.nv.gov/>.

Area Median Income

The AMI is a statistic calculated on an annual basis for each metropolitan area and nonmetropolitan county, making adjustments for household size and other factors. The affordability of housing is then based on certain percentages of the AMI. Different housing programs use different percentages of AMI.

The U.S. Department of Housing and Urban Development (HUD) uses the AMI to determine an applicant’s eligibility for certain federal housing programs, like public housing and Housing Choice Vouchers. In 2016, more than 24,000 low-income households in Nevada used federal rental assistance to rent affordable housing.⁵

Income Band	Percent of AMI
Extremely Low-Income	0-30%
Very Low-Income	31-50%
Low-Income	51-80%
Moderate-Income	81-120%
Middle-Income	121-165%

⁵ [Nevada Fact Sheet: Federal Rental Assistance](#), Center on Budget and Policy Priorities, March 30, 2017.

When a household spends more than 30 percent of its income on housing it is considered housing cost-burdened. Spending more than 30 percent of income on housing often results in families having inadequate resources to pay for other necessities such as food, health care, and medicine. Households that spend more than 50 percent for housing are severely housing cost-burdened. According to the [National Low Income Housing Coalition](#), a majority of renters in Nevada are either cost-burdened or severely cost-burdened. In addition, Nevada's Housing Division reports that in 2017, almost 80 percent of tenant households in LIHTC subsidized properties had an annual income at or below 50 percent of area median income.

C. Factors Affecting Housing Affordability: Supply and Demand

The driving factors affecting housing affordability are the supply of, and the demand for, housing, according to a recent [report](#) from Nevada HAND.⁶ The tight housing supply, coupled with increasing economic and population growth, results in upward pressure on home prices and a continuing lack of affordability for homebuyers. This increase in pricing also inflates rents and keeps renters renting. To balance the housing markets, housing supplies need to match buyer and renter demand. Following are some of the factors that have led to the affordable housing crisis in Nevada.

Constrained Supply

Housing Inventory

Housing inventory has not kept up with the growing need for affordable housing. During the recession, the number of homes built each year declined, resulting in a shortage of housing supply. Stephen Aichroth, Administrator, NHD, B&I, testifying at the meeting on [January 23, 2018](#), said the recession created a cautious atmosphere in Nevada leading to a hesitancy of financial institutions to lend and construction companies to build, thereby resulting in few affordable housing units being built in the state. With low supply and an increasing population, housing costs have increased.⁷

Adding to the problem, home prices and new-home listing prices also continue to increase. The 2018 median home price in the Las Vegas area markets is more than \$265,000 and more than \$350,000 in the Reno area markets. The January 2018 average new single-family home listing in Las Vegas, was \$372,000, the highest since February 2008. In the same time period, Washoe County saw the largest increase in existing home prices, with a \$447,000 average home price.⁸

Labor, Land, and Construction Costs

Home building costs are also increasing due to several supply-side factors that determine a developer's cost to build housing. These factors include the cost of labor, land, government fees,

⁶ [The Housing Affordability Gap in Southern Nevada](#), Nevada HAND, August 2017.

⁷ [Housing Affordability in Nevada](#), NHD, B&I.

⁸ [Nevada Housing Market Update](#), LIED Institute for Real Estate Studies, Lee Business School, University of Nevada, Las Vegas, January 2018.

and materials, as explained by William A. Thomas, Assistant City Manager, Office of the City Manager, City of Reno, at the meeting on [May 31, 2018](#).

In addition, builders are concerned that tariffs placed on Canadian lumber and other imported products are negatively affecting housing affordability. A [letter](#) submitted to the Committee on behalf of the Builders Association of Northern Nevada, the Nevada Homebuilders Association, and the Southern Nevada Homebuilders Association, recommended that “[o]ur state and local governments should communicate opposition to federal tariffs on construction materials. Demand for homes continues to rise, and the tariffs only serve the function of increasing the cost of construction.” Record-high lumber prices have added nearly \$9,000 to the price of a new single-family home since January 2017, affecting housing affordability.⁹

Lack of Investment

Reduced federal funds for affordable housing construction affects the number of affordable units built. The LIHTC is the most important financial mechanism used to pay for the construction of new affordable housing or the recapitalization of existing properties. However, the reduction in the corporate tax rate has made the federal LIHTC programs less productive by reducing equity pricing. The LIHTC program awards income tax credits to developers to build affordable housing. The developers then sell the tax credits to private investors (through a third party called syndicators) and use the capital to finance their projects. Because the LIHTC provides up-front cash for developers, it reduces the amount of money they need to borrow for their developments. The investors buy tax credits from developers because it lowers the amount of federal taxes that they owe. With each dollar purchased in tax credits, an investor reduces by \$1 the amount of taxes that they pay to the federal government.

Giving an [update](#) on federal legislation before the Committee at its May 15, 2018, meeting, Mr. Aichroth indicated that the LIHTC programs are NHD’s single largest tool to create and preserve affordable housing and accounts for more than 95 percent of all affordable units built today. Mr. Aichroth further explained that the lowering of the federal corporate tax rate from 35 percent to 21 percent reduced the value of the tax credits from \$1.06 to \$0.94 per dollar, resulting in reduced demand for the tax credits.

According to NHD, since 1986, the LIHTC program has assisted in the creating, financing, or preserving of 12,923 multi-family housing units in Nevada, with a total of over \$112 million in 9 percent housing tax credits allocated. Yet many more units are needed across the state; last year, 10,729 households were on waiting lists for tax credit properties.¹⁰

⁹ [“Builder Confidence Slips Two Points as Lumber Prices Soar,”](#) Press Release, National Association of Home Builders, June 18, 2018.

¹⁰ [Taking Stock: Nevada Housing Division 2017 Annual Affordable Apartment Survey](#), NHD, B&I.

Increased Demand

Nevada's Growth

Rebounding from the impacts of the recession that began in 2008, Nevada today is experiencing robust growth in both the economy and population. Nevada's economy, measured by the state's Gross Domestic Product (GDP), has expanded in each of the past 17 quarters. Nevada's GDP growth rate has been higher than the national rate in six of the past ten quarters and the state has added over 45,000 jobs year over year—an increase of 3.4 percent. Nationally, employment grew by just 1.6 percent over the same period. April 2018 marks the 88th straight month of year-over-year job gains in the state, and the 69th straight month that Nevada's job growth has outpaced that of the nation.¹¹ Job levels are expected to exceed the prerecession peak by 127,000 jobs by the end of 2019.¹² Lastly, the state's unemployment rate has decreased by 0.1 percent to 4.8 percent, the lowest level since October 2007, with unemployment claims also dropping by 60 percent.¹³

Along with the increase in the growth of the economy, the population also continues to increase in Nevada. With statewide population expected to grow by 325,000 people over the next 20 years it is estimated that 3.3 million people will be living in the state by the year 2035.¹⁴

Incomes Have Not Kept Pace With Housing Costs

While average weekly wages for the state were at a record high of \$955 in May 2018, a 3.3 percent wage increase from the prior year, rental increases continue to significantly outpace any monetary gain.¹⁵

Between the time period of 2013 to 2017, rental prices rose 29 percent in the Las Vegas area, while average LIHTC rates rose 16 percent. Comparatively, the Reno/Sparks area saw a 37 percent increase in rental prices from 2012 to 2017, and a 15 percent rent increase in average LIHTC rates.¹⁶

Estimates show 36 percent of Nevadans cannot afford the \$1,003 monthly median gross rent.¹⁷ In 2016, the monthly median cost for a mortgage was \$1,401, thus requiring a homeowner to earn \$56,040 a year. Most Nevada households do not earn enough to afford this cost.

III. DISCUSSION OF TESTIMONY AND RECOMMENDATIONS

At its final meeting and work session on [May 31, 2018](#), the Committee considered ten proposed actions for legislation, letters, or statements to include in this final report. Following are the eight proposals that were approved by the Committee. Additional information regarding all

¹¹ *Nevada Economy in Brief*, DETR, April 2018.

¹² [“Meeting Notice and Agenda,”](#) Economic Forum, June 8, 2018, p. 8.

¹³ [“Meeting Notice and Agenda,”](#) Economic Forum, June 8, 2018, p. 7.

¹⁴ [“Minutes of the Meeting of the Economic Forum,”](#) Office of the State Demographer, December 8, 2017, p. 6.

¹⁵ *May Labor Market Press Release*, DETR, June 13, 2018.

¹⁶ [Taking Stock: Nevada Housing Division 2017 Annual Affordable Apartment Survey](#), NHD, B&I.

¹⁷ 2016 American Community Survey 1-Year Estimates, U.S. Census Bureau.

recommendations considered is available in the Committee's Work Session Document at: <https://www.leg.state.nv.us/App/InterimCommittee/REL/Document/12840>.

A. Definitions of Affordable Housing

Recommendation 1

Draft legislation to revise certain definitions of affordable housing to provide consistency within NRS. (BDR 22–377)

The concept of revising the NRS definition of affordable housing originated from the 2007 [legislative study](#) on availability and inventory of affordable housing. During the 2017-2018 Interim, the Committee reexamined this issue and determined that the definition of affordable housing amongst the various statutes is inconsistent. Furthermore, the group found that not only is the general definition too broad, but certain definitions do not mirror the HUD definition of affordable housing. Lastly, to avoid creating a conflict with a federal definition or program or creating an unintended consequence, it was determined that there are several sections of NRS where the current definition should not change.

B. Housing Data Collection

Recommendation 2

Draft legislation linking [NRS 278.235](#) (Annual Housing Progress Report) to [NRS 319.143](#) (Low-Income Housing Database) to clarify the connection between the two sections and support current practices of NHD and local governments. (BDR 25–378)

According to testimony from NHD, the recommendation would clarify that the information from the Annual Housing Progress Report (AHPR) is the data source used to maintain the Low Income Housing Database (LIHD). The Committee decided that linking the two reports would enable the cooperation of the jurisdictions that are required to report on the AHPR and the efficient management of information to be added to the LIHD.

C. Local Government Development Fees

Recommendation 3

Draft legislation to amend [NRS 278.235](#) to enable local governments to assist affordable housing developments by allowing them to reduce or subsidize building fees, impact fees, and/or enterprise fees without having to be reimbursed from the general fund (GF) or without having to borrow and pay back enterprise funds from the GF. (BDR 22–379)

On behalf of the local government working group, the City of Reno brought forth the recommendation to the Committee to aid in incentivizing developers to build affordable housing projects. The recommended change would revise existing law by allowing local governments the authority to discount and subsidize building permits and fees without having to reimburse from

the GF or without having to borrow and pay back enterprise funds from the GF. According to testimony, the change would aid in overcoming some of the roadblocks to affordable housing development by allowing local governments the flexibility to make decisions about the appropriateness of discounts and the priority of affordable housing.

D. Supportive Housing

Recommendation 4

Draft legislation directing Nevada’s Department of Health and Human Services (DHHS) to expand the Medicaid 1915(i) State Plan Option. This would allow Nevada to offer a variety of services under a state plan for home- and community-based services benefit that would facilitate housing as health care. (BDR 38–380)

During [testimony](#), Julie Kotchevar, Ph.D., Administrator, DPBH, DHHS, and Stephanie Woodard, Psy.D, DPBH, DHHS, indicated that currently there is no comprehensive system of supportive housing in Nevada. Supportive housing is defined as decent, safe, and affordable community-based housing that provides: (1) rights of tenancy under state and local landlord tenant laws; (2) voluntary and flexible support and services designed to meet tenants’ needs and preferences; and (3) wraparound supports to allow people with significant support needs to remain in the housing they have chosen.

Under the 1915(i) proposal for supportive housing, the state would be able to offer a variety of services under a home- and community-based services (HCBS) benefit, including acute care medical services and long-term services and support. Other examples of state options include targeting the HCBS benefit to specific populations, establishing separate additional needs-based criteria for individual HCBS, or establishing a new Medicaid eligibility group. Supportive housing would include an array of services such as tenancy support and case management, as well as offsets for items such as child care and transportation. With the 1915(i) option, possible barriers that hinder an individual from being securely housed would be identified and addressed.

E. Financing for Affordable Housing

Recommendation 5

Draft legislation to create a Nevada affordable housing tax credit program to encourage the development and preservation of low-income residential housing projects statewide. The proposed program is a 4-year pilot program, which would authorize up to \$10 million of transferrable tax credits per fiscal year, not to exceed a total of \$40 million, to be administered by NHD. (BDR 32–381)

Testimony at the meeting on [May 31, 2018](#), revealed that Nevada’s current need for affordable housing is unmet. In the last decade, there has been a lack of production of housing for low-income households. The Committee explored ideas to increase the preservation and production of affordable housing and ultimately proposed a transferrable tax credit program. According to testimony, in other state programs, a developer of housing for low-income households submits a

project application to the state seeking federal tax credits. If the project is approved for LIHTC, it is also able to receive state tax credits. The developer sells the credits, usually through a syndicator, to an investor who gains an ownership stake in the project. The sale value of the credits provides equity in the project, which reduces the debt the developer would otherwise have to incur to undertake the project. The tax credit program is intended to be used in combination with the existing federal and state affordable housing programs administered by NHD and will provide gap funding to enhance the financial viability of eligible projects that would not otherwise be possible without the gap funding provided by this state tax credit program.

F. Recommendations for Committee Action

Recommendation 6

Send a letter to Nevada's Congressional Delegation advocating for the support and passage of [S.548/H.R.1661](#) (Affordable Housing Credit Improvement Act of 2017), 115th Congress, also known as the Cantwell-Hatch Act, introduced by Senators Maria Cantwell (D-Washington) and Orrin G. Hatch (R-Utah). (See the [letter](#) on the Committee's overview page at: <https://www.leg.state.nv.us/App/InterimCommittee/REL/Interim2017/Committee/1420/Overview>.)

As a result of hearings concerning Nevada's shortage of affordable housing, the Committee seeks the assistance of Nevada's Congressional Delegation to support the passage of the bipartisan Affordable Housing Credit Improvement Act of 2017 ([S.548/H.R.1661](#)). The LIHTC is the most important tool to pay for the construction of new affordable housing or the recapitalization of existing properties. The LIHTC program provides income tax credits to developers of housing for low-income households. The goal of the program is to reduce the gap in funds needed to construct or rehabilitate affordable rental housing. Some of the proposals in the bill could positively impact the LIHTC program, including: (1) allowing income averaging; (2) allowing states to provide a 30 percent basis boost for financed bond projects (3) establishing the minimum 4 percent credit floor; and (4) increasing the 9 percent tax credit allocation by 50 percent.

Recommendation 7

Include a statement in the final report supporting the comments submitted to the Committee by Joshua J. Hicks, on behalf of the Nevada Homebuilders Association, the Southern Nevada Homebuilders Association, and the Builders Association of Northern Nevada, encouraging urban land development, transit-oriented development, comprehensive planning, workforce training, flexibility on permitting and enterprise fund fees, and opposing federal tariffs on construction material.

Mr. Hicks submitted the letter to the Committee for consideration during the [work session](#) at the final meeting on [May 31, 2018](#).

Recommendation 8

Include a statement in the final report supporting the comments submitted to the Committee by James Conway, on behalf of Statewide Legal Services Coalition, to strengthen consumer protections for tenants, including, without limitation, allowing additional time for tenants to locate new housing in the case of an eviction or a displacement due to rising rents, to help in mitigating the affordable housing crisis in Nevada.

Mr. Conway submitted the letter to the Committee for consideration during the [work session](#) at the final meeting on [May 31, 2018](#).

IV. REPORTS, PRESENTATIONS, AND OTHER SOURCES REVIEWED OR HEARD BY THE COMMITTEE

Through the course of the study, the Committee either heard testimony or reviewed the following reports, presentations, and other sources covering the topic of affordable housing in Nevada on which the Committee's recommendations were based:

Nevada Reports and Presentations

- [2017 Annual Housing Progress Report](#), Elizabeth Fadali, Ph.D., Economist, NHD, B&I, February 15, 2018.
- [Nevada Fact Sheet: Federal Rental Assistance](#), Center on Budget and Policy Priorities, March 30, 2017.
- [The Housing Affordability Gap in Southern Nevada](#), Nevada HAND, August 2017.
- [Housing Affordability in Nevada](#), NHD, B&I, 2018.
- “[Nevada Affordable Housing Dashboard: Low Income Housing Database](#),” PowerPoint Presentation, Elizabeth Fadali, Ph.D., Economist, NHD, B&I, May 31, 2018.
- [Southern Nevada Strong](#), January 23, 2018.
- [Strategic Plan: Nevada Interagency Council on Homelessness, March 2018 Handout](#), DPBH, DHHS, March 2018.
- [Taking Stock: Nevada Housing Division 2017 Annual Affordable Apartment Survey](#), NHD, B&I.
- “[Truckee Meadows Housing Study](#),” PowerPoint Presentation, Truckee Meadows Regional Planning Agency, January 23, 2018.

National Reports

- [*Housing as Health Care: A Road Map for States*](#), National Governors Association Center for Best Practices, September 2016.
- [*The Gap: A Shortage of Affordable Homes*](#), National Low Income Housing Coalition, March 2018.
- [*The State of the Nation's Housing 2018*](#), Joint Center for Housing Studies of Harvard University.
- [*Worst Case Housing Needs: 2017 Report to Congress*](#), Office of Policy Development and Research, HUD, August 2017.

V. SUGGESTED LEGISLATION

The following bill draft requests* will be available during the 2019 Legislative Session at the following website: <https://www.leg.state.nv.us/App/NELIS/REL/80th2019/BDRs/List>.

BDR 22–377	Revises certain definitions of affordable housing for consistency.
BDR 25–378	Connects information about affordable housing collected by local governments to the statewide low-income housing database maintained by the Housing Division of the Department of Business and Industry.
BDR 22–379	Revises the methods a local government may use to assist in the development of affordable housing.
BDR 38–380	Directs the Department of Health and Human Services to expand the Home and Community-Based Services benefit under the State Plan for Medicaid to include services that facilitate housing as healthcare.
BDR 32–381	Provides for the creation of an affordable housing tax credit program.

*The following explains the number or letter preceding the dash in the BDR number that is assigned by the Legal Division during the drafting process:

- BDR 40–368 A number denotes the NRS Title (i.e., Title 40), which encompasses the main subject of the bill draft.
- BDR R–369 The letter “R” denotes the bill draft is a resolution.
- BDR S–370 The letter “S” denotes the bill draft is a special act.

VI. APPENDICES

The following documents are available on the Committee's webpage at: <https://www.leg.state.nv.us/App/InterimCommittee/REL/Interim2017/Committee/1420/Overview>.

- Housing Affordability in Nevada, Nevada's Housing Division
<https://www.leg.state.nv.us/App/InterimCommittee/REL/Document/10963>
- Nevada Affordable Housing Dashboard
<https://www.leg.state.nv.us/App/InterimCommittee/REL/Document/12968>