

Nevada Housing Division

Analysis of Bond Utilization

June 2024

Prepared For: Private Activity Bond Council

The Housing Division’s utilization of Volume Cap has been at all-time highs both for the single family and multifamily programs. Volume Cap, or the ability to issue tax-exempt bonds, is the number one tool that the Housing Division has available to it to support the new development and rehabilitation of affordable multifamily rental housing and to provide affordable mortgages with down payment assistance to make homeownership possible for low- to moderate-income Nevadans.

Multifamily Volume Cap Update

The utilization of Volume Cap for multifamily rental housing development is the only usage with additional leverage because of the generation of 4% Federal Low-income Housing Tax Credits. It is also the State’s most effective means to scale the solution for more affordable homes with rent limits/restrictions.

The Housing Division is typically issuing multifamily housing bonds from Nevada’s carry forward (or what may be considered similar to reserves); however, for the first time in recent history, the Housing Division has committed all of its carry forward going back to 2021 for multifamily housing and has committed nearly half of the current 2023 Volume Cap for multifamily. All committed Volume Cap awards are anticipated to financially close in 2024. The Housing Division is also tracking a pipeline with the affordable housing development community and the current pipeline shows an approximate need of more than \$330 million in Volume Cap through calendar year 2025 and into early calendar year 2026. The following table details the near-term utilization and projected needs for multifamily affordable housing.

Table 1

NHD Summary of Multifamily Bonds as of 05/2024						
PABC Allocation Year	Total Projects (some projects divided over 2 allocations)	Total New Development	Total Acquisition / Rehabilitation	Total Units	Tax Exempt Bonds Transferred from Division to Projects	Carry Forward Balance
2019	9	1146	1050	2196	\$ (264,186,172)	\$ -
2020	9	991	719	1710	\$ (259,694,237)	\$ -
2021	8	1532	0	1532	\$ (275,774,115)	\$ -
2022	3	516	0	516	\$ (84,280,411)	\$ 230,151,815
2023	0	0		0	\$ -	\$ 254,244,888
Totals	29	4185	1769	5954	\$ (883,934,935)	\$ 484,396,702
Obligated / Approved at Board of Finance and Pending Close	8	678	661	1339	\$ (235,535,000)	
Pending Approval at June Board of Finance	4	592	0	592	\$ (132,850,000)	
Total Obligated and Anticipated Financial Close 2024	12	1270	661	1931	\$ (368,385,000)	\$ 116,011,702
Total Anticipated CHF Awarded (Financial Close through 2025)	4	825	0	825	\$ (148,200,000)	\$ (32,188,297.57)
<i>ESTIMATED Other Pipeline through 2025 and into 2026</i>	8	1422	180	1602	\$ (306,000,000)	\$ (338,188,297.57)

Single Family Volume Cap Update

The Housing Division issues tax-exempt mortgage revenue bonds to provide affordable mortgages to low- and moderate-income, first-time home buyers in conjunction with down payment assistance. In 2019, the Housing Division made the strategic decision to restart its utilization of Volume Cap for the homebuyer program. This allowed the Housing Division to pivot nearly its entire homebuyer program to bonds when its previous source of capital for affordable mortgages, with down payment assistance, was not economically feasible due to the high interest rates. Recognizing the high demand for Volume Cap, the Housing Division started blending tax-exempt bonds with taxable bonds in 2023 and continues to do so; however, the Division projects a need of at least \$100 million in Volume Cap to operate its first time homebuyer program.

Table 2 demonstrates a snapshot of the impacts of the tax exempt bonds on mortgage rates that include 4% down payment assistance.

Table 2

Volume Cap Impact - \$225,000,000 FTHB Program			
Tax-Exempt %	Annual Volume Cap Required	4% DPA FTHB Rate	
0%	-	7.875%	
20%	45,000,000	7.500%	
40%	90,000,000	7.250%	
50%	112,500,000	7.125%	<< <i>Current Rate</i>
60%	135,000,000	7.000%	
80%	180,000,000	6.625%	
100%	225,000,000	6.250%	

Table 3 shows all past, and projects future, homebuyer loans with down payment assistance, including first-time homebuyers, supported by the Housing Division's single family bond program.

Table 3

Total Bonds & Loans Funded with Tax-Exempt & Taxable Bonds					
Calendar Year	Tax-Exempt Bonds	Taxable Bonds	Total	Volume Cap %*	Total # Loans Purchased
2019	125,000,000	-	125,000,000	98%	446
2020	-	-	-	0%	178
2021	91,750,000	12,500,000	104,250,000	91%	261
2022	86,680,000	-	86,680,000	86%	479
2023	20,700,000	198,630,000	219,330,000	3%	662
Total	324,130,000	211,130,000	535,260,000		2,026
2024 Total Projected Loans	113,000,000	319,220,000	432,220,000	<26%	804
2025 Total Projected Loans	116,000,000	334,000,000	450,000,000	<26%	884

*The Housing Division utilizes recycled Volume Cap, or Replacement Refunding, when available to preserve Volume Cap.

Table 4 details the near-term utilization and projected needs for the Housing Division’s first-time homebuyer program.

Table 4

Calendar Year	Allocated SF Volume Cap	SF Volume Cap Used	Remaining Volume Cap Including Carry Forward
2019	-	122,562,098	169,677,767
2020	7,001,355	-	176,679,121
2021	25,000,000	95,188,230	106,490,891
2022	5,884,665	74,489,537	37,886,019
2023	100,000,000	7,001,354	130,884,665
Total	137,886,020	299,241,219	130,884,665
2024 Projected Need	100,000,000	96,965,000	133,919,665
2025 Projected Need	100,000,000	100,000,000	133,919,665