

State of Nevada
DEPARTMENT OF BUSINESS & INDUSTRY
Housing Division
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DATE: September 7, 2021

TO: Terry Reynolds, Director Department of Business and Industry

FROM: Michael Holliday, CFO – Housing Division

REGARDING: Analysis of Housing Division’s use of Private Activity Bond Cap (PABC)

The Division uses PABC each year to issue tax-exempt multi-family housing bonds which in turn generate 4% Federal Low-income Housing Tax Credits to create and preserve affordable rental units within the state. On average this program creates roughly 600 new units per year and preserves and rehabilitates 200-600 units annually. The ability to use PABC in this manner is crucial to continuing the development of the state’s affordable housing stock.

Low interest rates and the federal change to establish a 4% floor for low-income housing tax credits have helped offset high land and labor costs. Because of these factors and high demand for housing in the state the Division anticipates strong interest for the PABC based multi-family program for the foreseeable future. Additionally, the State’s Transferable Affordable Housing Tax Credit program was extended and modified to increase flexibility in the 2021 legislative session and this could spur additional development requests as well.

The Division also uses a portion of PABC it receives from the local jurisdictions and the State to issue tax-exempt mortgage revenue bonds in order provide affordable mortgages to low and moderate income homebuyers in conjunction with down payment assistance. This program often is the only path for a low or moderate income resident to purchase a home.

The attached tables illustrate the Nevada Housing Division’s (NHD) historical and projected use of Private Activity Bond Cap to finance affordable housing with both the single-family mortgage and multi-family rental housing programs.

Nevada Housing Division Private Activity Bond Cap Issuance Analysis (all figures in Millions)
9/7/2021

The following table illustrates the history of the Housing Division's PABC Issuance from 2016 through mid-2021 as well as projections for the remainder of 2021-2024. The statistics are provided on a calendar year basis and are in millions of dollars. The second table shows PABC financed developments which are under construction by project type and developer.

Of note - Single-family mortgage revenue bonds (MRB) are projected at relatively small levels given the current structure of the Division's Homeownership programs. If there were legislative or other changes which modified the current program structure projections would be at much higher levels.

It is estimated the Division's Single-family and Multi-family programs could use \$1.3 billion in Private Activity Bond Cap through calendar 2024. This would allow the Division to provide mortgages for homebuyers (\$156mm) and to create and preserve affordable apartment housing options (\$951mm) for low-income Nevadans.

Single Family - PABC Issuance History					Multi Family - PABC Issuance History				
Calendar Year	Issued	Projected	Total		Calendar Year	Issued	Projected	Total	
2016 \$	-	n/a	\$	-	2016 \$	48	n/a	\$	48
2017 \$	-	n/a	\$	-	2017 \$	121	n/a	\$	121
2018 \$	-	n/a	\$	-	2018 \$	250	n/a	\$	250
2019 \$	168	n/a	\$	168	2019 \$	184	n/a	\$	184
2020 \$	73	n/a	\$	73	2020 \$	183	n/a	\$	183
2021 \$	42	\$	33	\$	75	2021 \$	31	\$	228
2022 \$	-	\$	75	\$	75	2022 \$	-	\$	305
2023 \$	-	\$	75	\$	75	2023 \$	-	\$	305
2024 \$	-	\$	75	\$	75	2024 \$	-	\$	305

Single Family - Projected PABC Needed					Multi Family - Projected PABC Needed							
	2021 \$	2022 \$	2023 \$	2024 \$	Balance		2021 \$	2022 \$	2023 \$	2024 \$	Balance	
Current Single-Family PABC Available					\$	61	Current Multi-Family PABC Available				\$	182
Projected Bond Issuance	(33)	(33)	(73)	(75)		28	Projected Bond Issuance	(328)	(305)	(341)	(341)	
						(8)						
						(194)						

Projections Assume no change in federal legislation regarding current program mechanics

Projections based on 3-4 projects per year

Current Bond Financed Multi-Family Affordable Housing Developments Under Construction

Development	Number of Units	Location	Type	Construction	Developer	Estimated Completion
Silver Terrace	128	Reno	Family	Acq/Rehab	Integra Property Group	3rd Quarter 2021
Blue Diamond	185	Las Vegas	Senior	New	Ovation Development	1st Quarter 2022
Desert and Aha	420	Las Vegas	Senior and Family	New	Nevada HAND	4th Quarter 2022
Sanctuary Seniors	208	Reno	Senior	New	Vestage Housing/Greenstreet	3rd Quarter 2021
Whitell Pines	228	Reno	Family	Acq/Rehab	Lincoln Avenue Capital	2nd Quarter 2022
Peavest Terrace	50	Reno	Family	Acq/Rehab	Integra Property Group, LLC	2nd Quarter 2022
Springview	180	Reno	Family	New	Vestage Housing	2nd Quarter 2022
Lake Mead	156	N Las Vegas	Family	New	Foreign Companies	Late 2022 Early 2023
Desert Pines	204	Las Vegas	Family	Acq/Rehab	Nevada HAND	Late 2022 Early 2023
Wigwam and Ft. Apache	195	Spring Valley	Senior	New	Ovation Development Company	Mid 2023
Southwest Village	332	Reno	Family	Acq/Rehab	Lincoln Avenue Capital	Late 2022 Early 2023
Woodcreek	232	Las Vegas	Family	Acq/Rehab	Field Residential	Late 2022 Early 2023
	2,328					

Nevada Housing Division (NHD) Private Activity Bond Cap Summary Projected @ 17.21

Year	Jurisdiction Transfers	Director's Office Transfers	Total Cap Transferred to NHD	Total Cap Utilized	Total Carryforward Balance
2014	148,165,478	148,412,500	296,577,978	(296,577,978)	0
2015	134,077,856	150,757,500	284,835,356	(284,835,356)	-
2016	107,419,055	135,455,945	242,875,000	(242,875,000)	0
2017	110,878,295	-	110,878,295	(110,878,295)	(0)
2018	91,023,854	-	91,023,854	(91,717,821)	39,305,833
2019	113,672,458	185,328,250	298,400,708	(284,186,172)	14,214,537
2020	83,695,591	183,000,000	266,695,591	(67,568,783)	199,096,808
2021	-	-	-	-	-
Totals	789,332,181	782,954,198	1,571,286,380	1,318,669,189	252,617,191

Carryforward @ 17.21

Multi-Family	182,595,475
Single-Family	80,521,723
Total	263,117,198

Net Approvals: 116,110,000
Net Provided Balance: 97,343,473

* Pending Board of Finance Approval