

STEVE SISOLAK
Governor

STATE OF NEVADA



TERRY J. REYNOLDS
Director

MARCEL F. SCHAEERER
Deputy Director

BUDD MILAZZO
Deputy Director

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

**Private Activity Bond Council
Minutes from December 8, 2020 at 1:30 PM**

Private Activity Bond Council members in attendance:

Terry Reynolds, Director-Business & Industry
Bob Potts, Deputy Director – Governor’s Office of Economic Development
Julia Ratti, Nevada State Senate
Teresa Benitez-Thompson, Nevada State Assembly
Dagny Stapleton, Executive Director-Nevada Association of Counties
Jo Walker, Executive Assistant-Nevada League of Cities
Mike Mullin, Founder & Former CEO of Nevada HAND

Other individuals in attendance:

Steve Aichroth, Nevada Housing Division
Marcel Schaeerer, Business & Industry
Budd Milazzo, Business & Industry
Carrie Foley, Business & Industry
Leslie Olson, Business & Industry
Emily Ku, Commission on Minority Affairs
Henna Rasul, Nevada Attorney General’s Office
Diane Arvizo, Nevada Rural Housing Authority
Kathi Thomas Gibson, City of Las Vegas
Monica Cochran, City of Reno
David Paull, Nevada HAND
Scott Carter, City of Las Vegas
Chris Weiss, Business & Industry
Peyton Barsel
Jenny Cartwright, Douglas County
Karen Schneider
Patrick Petrie, City of Las Vegas
Deanna Judkins, Clark County
Chase Underwood
Tracy Wheeler, City of Reno
Katie Coleman
Terri Sheridan, City of North Las Vegas
Russell Rowe
Kanani Espinoza

1. Call to order by Chair, Director Terry Reynolds

Director Reynolds called the meeting to order at 1:30 PM. Carrie Foley took role call. All committee members were in attendance.

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

Director Reynolds read a note on public comments. There were no public comments.

3. Approval of September 11, 2020 meeting minutes (for possible action)

Director Reynolds asked if there were any questions or comments on the minutes. Assemblywomen Benitez-Thompson said she would like to abstain on the vote because she wasn't present at the meeting on September 11th. There were no other comments or corrections to the minutes.

Mike Mullin made a motion to approve the minutes from the September 11, 2020 meeting. Bob Potts seconded the motion. All members who were voting voted in favor. The motion passed unanimously.

4. Report by Housing Administrator, Steve Aichroth and CFO Michael Holiday on housing programs and projects and the status of their volume cap allocation

Director Reynolds asked Steve Aichroth to discuss the documents submitted prior to the meeting. Steve Aichroth discussed the two documents. The first is a memo outlining a high-level view of what the Housing Division does with the bond cap. The second page of the document contains tables with information on single-family and multi-family housing development. Steve Aichroth discussed the single-family bond issue history. He said the Housing Division has issued over \$242 million in single-family tax-exempt bonds over the last two years. Steve Aichroth expects the issuance to be a bit smaller in 2021 and then grow in 2022. The current amount available of single-family is enough for 2021 so it would be workable to have cap allocated to the Housing Division from the Director's Office for multi-family.

Steve Aichroth discussed the second column regarding multi-family funds. Steve Aichroth said the Housing Division is averaging about \$170 million per year in multi-family tax exempt bonds. He said current projections based on discussions with developers indicate no slowing of requests for next year.

The Housing Division's current warehouse of multi-family cap is projected to be used up by the end of 2021.

Steve Aichroth discussed the other table which includes projects that are undergoing development in various states of construction. Steve Aichroth said the table is missing one project which got approved between the time this information was submitted to the Director's Office and the meeting today, and that is the Decatur and Alta project in Las Vegas of 420 units.

Steve Aichroth said the Housing Division will have no expiring cap at the end of 2020. He said any rollover of private activity bond cap has to be delineated before the information is submitted to the IRS in February for single-family and multi-family.

Director Reynolds said we file with the IRS by February 15th of each year to let them know what our carry over is going to be and whether it is going to be for single-family or multi-family. Director Reynolds said Senator Cortez Masto is proposing legislation to allow more flexibility which would allow us to switch between items. If for example, we carried forward for single-family but did not need it we could switch to multi-family.

Assemblywomen Benitez-Thompson asked for Steve Aichroth to provide the name of the project that he mentioned previously. Steve Aichroth said that the project he mentioned was called Decatur and Alta Apartments for a projected \$46 million in 2020.

Bob Potts asked Director Reynolds what the timeline might be if Senator Cortez Masto was able to get more flexibility on this program. Director Reynolds said if it passed the legislation next year it would most likely go into effect in 2022. Steve Aichroth agreed and said there has been a lot of talk about this over the years.

Director Reynolds said he is seeing a lot of projects being proposed and some new developers in the game. He said we have some projects currently in the queue to go to the Board of Finance. Director Reynolds said we are seeing an uptick in activity which is great because there is a huge demand for affordable housing in the north or south.

Assemblywomen Benitez-Thompson asked if the trend is true on the single-family end? Steve Aichroth said this is one of two programs that the Housing Division currently operates in the homeownership program. He said they have a TBA program which does not need any bond cap. Steve Aichroth said unless there are changes to legislation, he anticipates that what the Housing Division has will be sufficient for the next year. Steve Aichroth said there is current discussion at the FHA level regarding the TBA program and if that is eliminated, we will have higher demand on the bond funded program.

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

Director Reynolds asked the Nevada Rural Housing Authority (NRHA) to discuss their status report. Diane Arvizo went over the information that was provided prior to the meeting. She said NRHA is using private activity bond cap for their mortgage credit certificate program, which is for single-family mortgage purposes only. Diane Arvizo said when NRHA does have a need for multi-family housing they submit an application directly to the Nevada Housing Division.

Diane Arvizo said NRHA is currently using 2018 private activity bond funding to issue MCC's. She anticipates being able to issues about 30 more MCC's before the remainder of the program is fully utilized. Diane Arvizo said no bond cap will expire. She said for 2019 cap NRHA anticipates being able to issue 126 MCC's. Diane Arvizo said that with local transfers to NRHA in 2020 through August 31st their office will be able to issue about 112 MCC's which should carry them through the next two years. Diane Arvizo said in 2020 NRHA issued 99 MCC's as of close of business December 7th. She said there is a trend

moving upward with MCC's being issued individually on their own and also being paired with down payment assistance when that is a benefit to the homebuyer. Diane Arvizo also discussed the NRHA carry forward report.

Assemblywomen Benitez-Thompson asked Diane Arvizo about a name on the report, which is called a targeted area. Diane Arvizo said targeted and non-targeted areas are specified geographically and she is required by the IRS to have a set aside for the first year of the program exclusively for targeted areas, which are harder hit areas. Diane Arvizo said in Nevada most of the areas that NRHA serves in targeted areas would include downtown Sparks. She said there is generally no housing located in targeted areas that fall within rural areas. Diane Arvizo said most of the MCC's they issue are non-targeted areas and it is based on census tracks.

6. Discussion and recommendations of 2020 volume cap distribution and carry forward (for possible action).

Director Reynolds said going into 2020 we set aside a large amount of volume cap for the Desert Xpress project. He said they decided not to go to market with their bonds this year. Director Reynolds said the State of California pulled the California share of volume cap. Director Reynolds said that we made it contingent upon approval of their volume cap that if they didn't utilize it this calendar year that we would consider moving that money into housing.

Assemblywomen Benitez-Thompson asked if there was a dollar amount commitment for the Desert Xpress project? Director Reynolds said the tentative commitment was \$200 million. Director Reynolds said he is going to request that the volume cap be placed into housing in the following amounts: \$183 million to go into multi-family housing and \$17 million going to NRHA for their MCC program.

Director Reynolds asked for a motion to take the \$200 million and carry over with \$183 million going to multi-family and \$17 million going to NRHA for their MCC program.

Mike Mullen made a motion to approve the recommendations of 2020 volume cap distribution and carry forward. Assemblywoman Benitez-Thompson seconded the motion. All members voted in favor. The motion passed unanimously.

7. Discussion on potential legislation, projects, and budget (for possible action).

Director Reynolds asked Steve Aichroth to go over what has been proposed. Steve Aichroth said focusing on potential legislation the Advisory Committee on Housing has established a BDR regarding reservation type properties, which is BDR 372.

Steve Aichroth said he did not have information to provide on potential projects. He said his office is fielding inquiries at least every couple of weeks from developers that his office doesn't normally see. Director Reynolds said he had a call today from a company in California that specializes in rehabilitation of affordable housing units.

Senator Ratti thanked the members of the Housing Advisory Committee for their work on putting together a BDR, as well as the Nevada Housing Coalition. Director Reynolds

agreed that they have done a good job and it has been helpful to the Nevada Housing Division.

Director Reynolds said anything we don't use into 2021 will be carried over into multi-family projects. He said if we need to do an update meeting, we will do that.

Director Reynolds asked for a motion to accept the report. Assemblywoman Benitez-Thompson made a motion to approve the report. Mike Mullin seconded the report. All members voted in favor. The motion passed unanimously.

8. Recommendations for future agenda items (for possible action)

Director Reynolds said this will include our spring meeting. He asked if anyone had potential items they would like to see on the agenda at a future meeting. Senator Ratti asked if we could include a general item on the update of the legislature on the agenda. Director Reynolds said that was a good idea to stay on top of housing issues.

9. Committee comments

There were no committee comments

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

Director Reynolds read a statement on public comments. There were no public comments.

11. Adjournment

The meeting was adjourned at approximately 2:10 PM.