

STEVE SISOLAK  
*Governor*

STATE OF NEVADA



TERRY J. REYNOLDS  
*Director*

MARCEL F. SCHAEERER  
*Deputy Director*

PERRY FAIGIN  
*Interim Deputy Director*

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

**Private Activity Bond Council  
Minutes from October 19, 2022 at 8:30 AM**

**Private Activity Bond Council members in attendance:**

Terry Reynolds, Director-Business & Industry  
Bob Potts, Deputy Director – Governor’s Office of Economic Development  
CJ Manthe, Public Utilities Commission of Nevada  
Jo Walker, Administration Manager - Nevada League of Cities  
Teresa Benitez-Thompson, Nevada State Assembly  
Vinson Guthreau, Executive Director-Nevada Association of Counties

**Private Activity Bond Council members not in attendance:**

Dina Neal, Nevada State Senate

**Other individuals in attendance:**

Carrie Foley, Business & Industry  
Chris Weiss, Business & Industry  
Deanna Judkins  
Diane Arvizo, Nevada Rural Housing Authority  
Genie Calma  
Jennifer McCain, Storey County  
Kathy Thomas-Gibson  
Kathy Workman, White Pine County  
Marcel Schaeerer, Business & Industry  
Michael Holliday, Nevada Housing Division  
Mike Reese  
Patsy Buxton  
Sarah Adler  
Stephanie Murray  
Steve Aichroth, Nevada Housing Division

**1. Call to order by Chair, Director Terry Reynolds.**

Director Reynolds called the meeting to order at approximately 8:32 AM. Carrie Foley took roll call. All committee members were in attendance, excluding Senator Neal.

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

Director Reynolds read a note on public comments, and then asked if there were any public comments. There were no public comments.

**3. Approval of May 12, 2022 meeting minutes (for possible action).**

Director Reynolds asked if there were any questions or comments on the minutes from May 12, 2022. There were no comments or corrections to the minutes.

CJ Manthe made a motion to approve the minutes from the May 12, 2022, meeting. Bob Potts seconded the motion. All members voted in favor. The motion passed unanimously.

**4. Report by the Housing Division on allocation, utilization, and carryover of Volume Cap for 2020, 2021 and 2022.**

Director Reynolds said he is going to combine agenda items number 4 and 6, which include a report by the Housing Division.

Michael Holliday discussed the report he provided. He said the Housing Division currently has \$7 million in single-family available, but that is going to be used by the end of the 4<sup>th</sup> quarter, or in the first quarter of next year. Michael Holliday said all the 2020 multi-family has been obligated and that amount is \$259.7 million.

Michael Holliday said for 2021 there is \$25 million of single-family cap which he believes will be used the first quarter of 2023. He said the Housing Division is trying to blend in taxable with their single-family program and not have to use all bond cap to keep their down payment assistance and mortgage programs going. Michael Holliday said for perspective their single-family programs do about \$173 million per year, so they don't have enough cap to run a program just on the tax-exempt side. He said for multi-family \$101 million of the 2021 carry forward has been obligated, leaving a balance of \$121.8 million for 2021.

Michael Holliday said the Housing Division has not used or obligated any of the 2022 cap yet. He said they have \$5.8 million of single-family cap, and \$87.5 million of multi-family cap.

Director Reynolds thanked the Housing Division for the outstanding work they have done with the amount of cap that has been utilized and transferred since 2014.

Michael Holliday said if you take all the available cap, it shows that the Housing Division has about \$269.3 million of available cap that is technically unobligated at this point. He said the split on that is \$231.4 million for multi-family and \$37.8 million for single-family.

Michael Holliday said for multi-family projections, meaning applications the Housing Division has received but the projects have not been to the Board of Finance yet, is \$195.9 million. He said when he adds those projections in it leaves the Housing Division with a balance of \$35.5 million of carry forward right now that is unobligated and does not have a projection tied to it.

Director Reynolds said for the Home Means Nevada projects, a lot of them will need volume cap so we will probably see a good utilization of that carried over volume cap for some of those projects.

Michael Holliday discussed the average amount of bond cap used for a project from 2014 to 2022. He said they used to allow up to 100% of the bond cap they needed to be put into a project, but now they try and get the developers to come down to about 55% of the cap they need from a tax-exempt standpoint. This allows the Housing Division to put in half of the amount of cap into a single project so they can do more projects.

Bob Potts asked how the Housing Division is leveraging these dollars with those that are coming from federal stimulus dollars.

Steve Aichroth said the Housing Division is aware that money coming in will benefit multi-family affordable development, but he said the Housing Division doesn't have all of the answers yet. Steve Aichroth said it is creating opportunities that they didn't have before.

Director Reynolds said since 2014 the Housing Division has had volume cap transferred to them in the amount of approximately \$1.9 billion, and they've utilized \$1.64 billion for housing projects during that time. There was additional discussion on leveraging funds.

CJ Manthe asked the Housing Division if they anticipate any problems because of the tax credit rules and restrictions.

Michael Holliday said Senator Cortez Masto and the Nevada Housing Coalition got the Treasury to fix the guidance. He said these funds were going to be grants, but now the Housing Division is allowed to do loans that can go past 2026. Michael Holliday said now they can use ARPA funds a lot like they would use home funds or any of the Housing Division's normal resources to leverage a 4% tax-exempt bond deal and get them done.

Director Reynolds said it has made a huge difference in terms of stretching dollars and utilization of volume cap.

##### **5. Report on 2022 Volume Cap allocation of authorization to the state and local government entities and subsequent reversions as of September 2022.**

Carrie Foley said the state of Nevada received an allocation of \$345,839,010.00. Half of the allocation automatically reverts to the Director's Office in the amount of \$172,919,505.00. The other half is allocated to the various jurisdictions in Nevada in the amount of \$172,919,505.00.

Director Reynolds said the allocation of volume cap to the state is based on the state population numbers and Nevada has been growing so our allocation has increased for the last several years. He said the allocation is broken down to local governments based on the State Demographer's numbers. Director Reynolds said we normally receive the IRS allocation by March or the first part of April, and then we receive the State Demographer's population calculations to determine the allocation by jurisdiction.

Carrie Foley said the total amount available to the Director's Office is \$226,840,489.68, which includes the allocation that automatically reverts to the Director's Office in the amount of \$172,919,505.00, as well as transfers from local jurisdictions in the amount of \$47,663,111.36. There were two jurisdictions that did not submit a resolution by September 1<sup>st</sup> so an additional \$6,257,873.32 was transferred to the Director's Office.

Carrie Foley said the total transfer from local jurisdictions to the Nevada Housing Division is \$93,476,401.07.

Carrie Foley said the total transfer from local jurisdictions to the Nevada Rural Housing Authority is \$25,522,119.25.

**6. Report by Housing Administrator, Steve Aichroth and CFO Michael Holliday for the 2020, 2021, and 2022 volume cap utilization and projected projects.**

*See information provided under agenda item number 4.*

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

Diane Arvizo said that she has a question about the transfer amount to the Nevada Rural Housing Authority, she had a calculation of \$27.9 million in local transfers. She said the Nevada Rural Housing Authority did ask Clark County, the City of Sparks, and the City of Henderson to transfer their cap to the Nevada Housing Division to support multi-family housing.

Diane Arvizo said we need to be looking at home ownership solutions for borrows who are wondering if they will ever be able to buy a home with rising interest rates, inflation, and the instability of things in general. She said people want to have payment stability. Diane Arvizo went over the report that she provided and discussed the Mortgage Credit Certificate program.

Diane Arvizo said they are seeing a big pick up in MCC participation with lenders coming on board to offer MMC's to homebuyers.

Director Reynolds said we will go through the numbers again from the resolutions received to make sure that our calculations are correct, and if there is a miscalculation, we will make an adjustment to the allocation to the Nevada Rural Housing Authority.

CJ Manthe asked Diane Arvizo about the expiration date of her programs. CJ Manthe also asked how many homebuyers the Nevada Rural Housing Authority is helping per month on average. Diane Arvizo said the Nevada Rural Housing Authority is currently using MCC from the 2019 allocation and they have helped 52 homebuyers as of September 31<sup>st</sup> with a projected total of 174. She said the expiration for 2019 needs to be used by the end of 2023.

Unfortunately, Diane Arvizo cut out as she was speaking, however she provided Director Reynolds with additional information after the meeting. Diane Arvizo said "to answer CJ Manthe's question, in the past quarter Nevada Rural Housing has registered 18 MCCs. I do

not anticipate that any of our bond cap will revert to the Treasury, although there is never a guarantee that this can be avoided. Our marketing efforts are focused on getting the MCC to eligible borrowers who plan to move forward with buying a home. It does take a lot of work! If the Home Means Nevada homeownership program is successful and rolls out soon, I expect that most of the rural HMN loans could be paired with the MCC, and we will promote the program this way to maximize this unique opportunity. The current state of down payment assistance programs is troublesome – we need the HMN program to help rural homebuyers during this challenging time.”

#### **8. Recommendation by the Director for Volume Cap allocation and/or utilization for specific projects (for possible action).**

Director Reynolds said he has been working with two projects. One is a salmon farm where they would grow salmon all the way until where they are ready to go to market. He said they are still working on the project, and he anticipates that coming to Board of Finance probably in January 2023. Director Reynolds said they are looking to break up their request into two years, \$89 million each year. Director Reynolds said it looks to be a solid project and will be located 20 miles south of Winnemucca just over the line in Pershing County. He said they will recycle 98-99% of the water they use. The waste material off the fish will be used for crop fertilization in the area. Director Reynolds said it would be one of the largest types of salmon farms on land within the continental United States. He said they are working on supplementing their power allocation with solar potential.

Director Reynolds said the second is a project that the City of North Las Vegas is working on called Foam of Nevada, which is a plant that has been approved by the Governor’s Office of Economic Development. He said they are looking for an allocation of \$30 million. Director Reynolds said that would probably be into next years allocation.

Director Reynolds said those are the two projects he is currently working on. He said we don’t have the final presentation on either yet, but he anticipates that happening on those projects within the next 60 days. Director Reynolds said he will be meeting with the City of North Las Vegas to make sure that we are coordinating with them on the Foam of Nevada project which will be located in North Las Vegas.

Director Reynolds said he anticipates we will have a meeting in January 2023 to go over these two projects.

CJ Manthe asked Director Reynolds if he could blend taxable and tax-exempt bonds for these two projects. Director Reynolds said he is working with Foam of Nevada and a portion will be nontaxable volume cap and a portion will be taxable. He said he anticipates both projects going forward in a taxable and nontaxable combo to finance the projects.

#### **9. Report by Steve Aichroth, Housing Administrator regarding the Home Means Nevada Initiative.**

Steve Aichroth said the Home Means Nevada Initiative established by Governor Sisolak is a \$500 million initiative and investment, the largest state investment in affordable housing in history. He said the Housing Division is the steward of the funds, the Treasury has oversight of this program.

Steve Aichroth said the Treasury created an affordable housing how to guide, which he said is incredibly valuable in allowing the Housing Division to move forward. He said a lot of this is still changing and it has presented some challenges, but the opportunities are amazing.

Steve Aichroth said of the \$500 million, \$250 million has already been allocated to the Housing Division. The other \$250 million is slated for potential approval at the Interim Finance Committee meeting tomorrow. Steve Aichroth said if approved \$300 million is for new development, \$130 million is slated for preservation, \$40 million is slated for land acquisition and \$30 million for home ownership opportunities and rehabilitation. He said the Housing Division is oversubscribed in all four categories.

Steve Aichroth said the Housing Division has a total of 103 applications, requesting over \$1.25 billion in affordable housing development across all four categories. Steve Aichroth discussed the scoring which he said was a competitive process. He said the financial aspects are currently being scored by Novogradac, which is a national accounting firm that is universally recognized as the leaders in affordable housing development, tax codes, bond cap, multi-family, and single-family development.

Steve Aichroth said once the Housing Division determines the preliminary award of funds, they will be working with the Governor's Finance Office for final eligibility review, and they will stress test the projects to mitigate the risk associated with the awards.

Steve Aichroth said now that the how to guide is out it provides very clear guidance for this use, and they anticipate using not only ARPA funding, and Home Means Nevada funding, but also Clark County Community Housing funds.

Director Reynolds asked Steve Aichroth when he anticipates being able to make an announcement of awards. Steve Aichroth said the Housing Division will hopefully be able to do that next week.

Director Reynolds said the Housing Division will be giving a more comprehensive report at the Interim Finance Committee meeting on Thursday. He said they will also be giving reports on rental assistance at that meeting.

Kathy Thomas-Gibson asked when the second allocation of \$250 million comes through is the intention to fund viable projects that applied through this round that is oversubscribed, or is the intention to open another round of applications?

Steve Aichroth said the Housing Division has what appears to be viable projects in the oversubscription and it is not his intention to open a second round of funding.

CJ Manthe asked Steve Aichroth if he had an estimated number of units that the Housing Division will be able to help with the different categories such as multi-family or preservation.

Steve Aichroth said in new development \$966 million would result in 5,700 units, 791 of those either supportive or transitional, 1,145 in area median income, 2,100 between



30%-50% area median income, and 1,842 senior units. He said with preservation, again with oversubscription \$227 million would represent about 2,200 affordable units being preserved with 94 supportive and transitional, 615 in area median income, 1,160 between 30%-50%, and 446 senior units.

Director Reynolds asked Steve Aichroth if funds across the United States are not utilized is there an opportunity for reallocation of those funds to other communities in the country.

Steve Aichroth said as he understands it you cannot shift money from jurisdiction to jurisdiction or state to state.

Steve Aichroth said with the funding the Housing Division gets through the use of private activity bonds it's really hard to reach those lower area median income populations. He said the Housing Division has set aside 20% of the funding in new development to go to supportive transitional housing and those below 50% area median income.

Assemblywoman Benitez-Thompson asked Steve Aichroth if the numbers are going to be public next week. Steve Aichroth said he doesn't know the specific way this information will be presented but said the Housing Division will be able to provide those numbers if requested at the very least.

Director Reynolds asked Steve Aichroth if you roll up what we normally do with our volume cap on an annual basis how many units does that contribute in addition to these. Steve Aichroth said it's basically 2-3 years-worth of production.

Bob Potts asked when the funds need to be expended. Steve Aichroth said they need to be obligated by 2024 and fully expended by 2026. He said the loans allow the Housing Division to operate within the timeline. Michael Holliday agreed with what Steve Aichroth said, and he said it makes it easier for the state to say we've made a loan to the project, and that obligates the funds. Michael Holliday said the projects are still going to have short timelines to get completed by 2026, which is the reason they're moving so quick to get the approvals in place.

Director Reynolds said the funds are going to a development community that is experienced in developing affordable housing or in preserving housing units. He said that helps us because this is not new to them, they are aware of the challenges and the timeframes to get this done.

Bob Potts asked if any money has been put towards modular or portable housing. Steve Aichroth said the Housing Division has received proposals for modular or tiny homes, but he cannot say where they will score, or whether they will be funded or not.

## **10. Recommendations for future agenda items (for possible action).**

Director Reynolds said we will have our next meeting in January 2023. He said we normally have a meeting that time of year to discuss carryover so we can file our information with the IRS by February 15<sup>th</sup>.

## **11. Committee comments.**

Director Reynolds asked if there were any committee comments. There were no committee comments.

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

Director Reynolds asked if there were any public comments. There were no public comments.

**13. Adjournment**

The meeting was adjourned at approximately 9:29am.