

ASSEMBLY BILL NO. 201—ASSEMBLYMEN HORNE, PIERCE, LESLIE, GIUNCHIGLIANI, PARKS, ALLEN, ANDERSON, ATKINSON, BUCKLEY, CARPENTER, CONKLIN, DENIS, GERHARDT, GOICOECHEA, GRADY, HETTRICK, HOGAN, KIRKPATRICK, KOIVISTO, MARVEL, OCEGUERA, OHRENSCHALL, PERKINS, SHERER AND SMITH (BY REQUEST)

MARCH 14, 2005

JOINT SPONSORS: SENATORS WIENER, HORSFORD, CARLTON, CARE, BEERS, COFFIN, HECK AND LEE

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to rehabilitation of certain residential property. (BDR 22-813)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets *[omitted material]* is material to be omitted.

AN ACT relating to residential property; providing for the participation of certain nonprofit organizations in programs for the rehabilitation of residential neighborhoods and abandoned residential property; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Existing law authorizes the governing body of a county or city to establish by
2 ordinance programs for the rehabilitation of residential neighborhoods and for the
3 rehabilitation of abandoned residential properties that have been acquired by
4 the governing body. (NRS 279A.030, 279B.020, 279B.030) Under a program for
5 the rehabilitation of residential neighborhoods, a natural person who meets certain
6 criteria may apply to the governing body for a loan to rehabilitate his residential
7 property. (NRS 279A.040) Under a program for the rehabilitation of abandoned
8 residential property, a natural person who meets certain criteria may apply to the
9 governing body to rehabilitate an abandoned residential property owned by
10 the governing body. (NRS 279B.040) If the person successfully completes the
11 rehabilitation, the governing body will transfer title of the property to the person.
12 (NRS 279B.060)



13 This bill allows nonprofit organizations to be eligible for such programs. Thus,
14 nonprofit organizations that meet certain criteria may apply for and receive loans to
15 rehabilitate residential properties and may apply to rehabilitate and receive title to
16 abandoned residential properties owned by a governing body. This bill does not
17 affect the ability of qualified natural persons to participate in programs for the
18 rehabilitation of residential neighborhoods and abandoned residential properties.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 279A.010 is hereby amended to read as
2 follows:

3 279A.010 The Legislature hereby finds and declares that:

4 1. There exists within the urban areas of this State a large
5 number of deteriorated, substandard and unsanitary residential
6 properties because of the inability of their owners, for whatever
7 reason, to pay for their repair and maintenance;

8 2. These properties are a threat not only to the health, safety
9 and well being of the persons who occupy them but also to
10 neighboring persons and property;

11 3. There is also a shortage of decent, safe and affordable
12 housing for persons of low or moderate income and the counties and
13 cities of this State have an obligation to encourage persons who own
14 residential property to maintain that property in a decent, safe and
15 sanitary condition; ~~and~~

16 4. It is in the public interest to encourage the preservation and
17 maintenance of housing in this State for persons of low or moderate
18 income, in order to improve their living conditions and, in doing so,
19 to benefit the health, safety and welfare of the people of this State ~~;~~
20 *; and*

21 5. *The provisions of this chapter are in addition to, and do*
22 *not abrogate or limit the application of, any other provisions of*
23 *law granting to a county or city the authority to:*

24 (a) *Develop affordable housing; and*

25 (b) *Rehabilitate residential neighborhoods and individual*
26 *properties within those neighborhoods.*

27 **Sec. 2.** NRS 279A.030 is hereby amended to read as follows:

28 279A.030 1. The governing body of a county or city may
29 adopt an ordinance establishing a program for the rehabilitation of
30 residential neighborhoods in that county or city.

31 2. The ordinance must contain provisions:

32 (a) Establishing an agency, or designating an existing agency, of
33 the county or city to administer the program.



(b) Creating a revolving fund for loans for the rehabilitation of residential property and designating the amount of the original allocation of money by the governing body for the fund.

(c) Providing the criteria and procedures for allocating additional money to the fund.

(d) Providing the maximum amount of a loan from the fund and the period and rate of interest of each loan.

(e) Setting forth the criteria for determining the eligibility of an applicant for a loan and of property for rehabilitation.

(f) *Setting forth that, with respect to a residential property rehabilitated pursuant to this chapter, the monthly mortgage payment or monthly rent, as applicable, must not, during the term of any loan made pursuant to this chapter, exceed 50 percent of the gross monthly income of the household occupying the residential property.*

(g) Establishing such other requirements for participation in the program as the governing body considers necessary.

Sec. 3. NRS 279A.040 is hereby amended to read as follows:

279A.040 1. An applicant for a loan for the rehabilitation of residential property must, at the time application is made:

(a) Be a *natural person who:*

(1) *Is a* resident of or an owner of residential property in the city or an unincorporated area of the county, as the case may be ~~[-~~

~~-(b) Be~~];

(2) *Is* a member of a household having a gross income of less than 80 percent of the median gross income for households of the same size ~~[within]~~ *residing in* the same ~~[geographic area or rent] county or city, as applicable, as that percentage is defined by the United States Department of Housing and Urban Development, or rents~~ residential property to such households ~~[-~~

~~-(c) Own and reside~~];

(3) *Owns and resides* on or ~~[rent]~~ *rents* for residential purposes only the property for which the loan is sought ~~[-~~

~~-(d) Have~~];

(4) *Has* the financial resources to repay the loan in accordance with the terms of the agreement ~~[-~~

~~-(e) Have~~];

(5) *Has* the ability to complete the rehabilitation within a reasonable time and maintain the property in a decent, safe and sanitary condition ~~[-~~

~~-(f) Meet~~]; and

(6) *Meets* such other requirements as are imposed by the governing body ~~[-]~~; or

(b) *Be an organization that:*



1 (1) *Is recognized as exempt pursuant to 26 U.S.C. §*
2 *501(c)(3) or 501(c)(4);*

3 (2) *Provides affordable housing to natural persons who*
4 *meet the criteria set forth in subparagraphs (1) and (2) of*
5 *paragraph (a); and*

6 (3) *Has the financial resources to repay the loan in*
7 *accordance with the terms of the agreement.*

8 2. Any residential property for which a loan for rehabilitation
9 is sought must be:

10 (a) Entirely situated within the boundaries of the city or within
11 an unincorporated area of the county, as the case may be ; ~~§~~

12 (b) Capable of rehabilitation within reasonable limits ~~§~~ ; *and*

13 (c) Subject to not more than two encumbrances.

14 **Sec. 4.** NRS 279A.050 is hereby amended to read as follows:

15 279A.050 1. Upon receiving an application for a loan for the
16 rehabilitation of residential property, the agency shall:

17 (a) Inspect the property to determine if rehabilitation of the
18 property is feasible ~~§~~ ; *and*

19 (b) Determine the amount of the loan that the condition of the
20 property justifies.

21 2. After inspection of the property, the agency shall interview
22 the applicant *or, if the applicant is an organization described in*
23 *paragraph (b) of subsection 1 of NRS 279A.040, the representative*
24 *of the organization*, to determine if the applicant satisfies the
25 criteria for eligibility for a loan and, if ~~he~~ *the applicant* satisfies
26 those criteria, the amount, terms and conditions of the loan.

27 3. The agency shall recommend to the governing body the
28 amount of the loan, if any, and the terms and conditions of the loan.

29 **Sec. 5.** NRS 279A.060 is hereby amended to read as follows:

30 279A.060 If the governing body approves the application for a
31 loan, the loan must be:

32 1. Evidenced by a promissory note, the principal amount of
33 which must be equal to the amount of the loan, secured by a
34 mortgage on the property ~~§~~ ; *and*

35 2. Made pursuant to an agreement between the county or city
36 and the *natural* person *or organization* to whom the loan is made,
37 identifying the property, specifying the amount and period of, and
38 rate of interest on, the loan and providing that:

39 (a) The property must be rehabilitated for decent, safe and
40 sanitary residential use; and

41 (b) The rehabilitation must begin and be completed within a
42 period determined by the governing body.

43 **Sec. 6.** NRS 279A.070 is hereby amended to read as follows:

44 279A.070 1. A *natural* person to whom a loan is made
45 pursuant to this chapter shall:



(a) Maintain the property in a decent, safe and sanitary condition; and

(b) Reside, or have a member of his family reside, on the property.

2. *An organization to which a loan is made pursuant to this chapter shall maintain the property in a decent, safe and sanitary condition.*

3. If the *natural* person *or organization* to whom a loan is made is unable to repay in accordance with the established schedule, the governing body may defer, upon good cause shown, repayment of the amount of the loan until the sale of the rehabilitated property.

Sec. 7. NRS 279A.100 is hereby amended to read as follows:

279A.100 If at any time the aggregate amount represented by pending applications from qualified applicants for loans for the rehabilitation of residential property exceeds the amount available in the fund, the governing body shall give preference to ~~those~~ *applicants* :

1. *Applicants* who are members of households having a gross income that is 50 percent or less of the median gross income for households of the same size within the same geographic area ~~and~~ ; *and*

2. *Applicants that are organizations which serve natural persons described in subsection 1.*

Sec. 8. NRS 279B.010 is hereby amended to read as follows:

279B.010 The Legislature hereby finds and declares that:

1. There exists within the urban areas of this State a large number of deteriorated, substandard and unsanitary residential properties which have been abandoned by their owners;

2. These properties are a threat to the health, safety and well-being of the persons occupying neighboring properties;

3. There is also a shortage of decent, safe and affordable housing for persons of low or moderate income and the counties and cities of this State have an obligation to provide such persons with an opportunity to obtain residential property; ~~and~~

4. It is in the public interest to encourage the preservation and maintenance of housing in this State for persons of low or moderate income, in order to improve their living conditions and, in doing so, to benefit the health, safety and welfare of the people of this State ~~and~~ ; *and*

5. *The provisions of this chapter are in addition to, and do not abrogate or limit the application of, any other provisions of law granting to a county or city the authority to:*

(a) *Develop affordable housing; and*

(b) *Rehabilitate abandoned residential properties.*



1 **Sec. 9.** NRS 279B.040 is hereby amended to read as follows:
2 279B.040 1. An applicant for rehabilitation of abandoned
3 residential property must, at the time application is made:

4 (a) Be a *natural person who:*

5 (1) *Is a* resident of the city or an unincorporated area of the
6 county, as the case may be;

7 ~~[(b) Be]~~

8 (2) *Is* a member of a household having a gross income of less
9 than 80 percent of the median gross income for households of the
10 same size ~~[within]~~ *residing in* the same ~~[geographic area;~~

11 ~~—(e) Intend]~~ *county or city, as applicable, as that percentage is*
12 *defined by the United States Department of Housing and Urban*
13 *Development;*

14 (3) *Intends* to reside on the abandoned residential property
15 for which the rehabilitation is sought;

16 ~~[(d) Have]~~

17 (4) *Has* the financial resources to rehabilitate the abandoned
18 residential property in accordance with the terms of the agreement;

19 ~~[(e) Have]~~

20 (5) *Has* the ability to complete the rehabilitation within a
21 reasonable time and maintain the property in a decent, safe and
22 sanitary condition; and

23 ~~[(f) Meet]~~

24 (6) *Meets* such other requirements as are imposed by the
25 governing body ~~[-]; or~~

26 (b) *Be an organization that:*

27 (1) *Is recognized as exempt pursuant to 26 U.S.C. §*
28 *501(c)(3) or 501(c)(4);*

29 (2) *Provides affordable housing to natural persons who*
30 *meet the criteria set forth in subparagraphs (1) and (2) of*
31 *paragraph (a); and*

32 (3) *Has the financial resources to rehabilitate the*
33 *abandoned residential property in accordance with the terms of*
34 *the agreement.*

35 2. Any abandoned residential property for which an application
36 for the rehabilitation is sought must be:

37 (a) Entirely situated within the boundaries of the city or within
38 an unincorporated area of the county, as the case may be;

39 (b) Capable of rehabilitation within reasonable limits; and

40 (c) Subject to not more than two encumbrances.

41 **Sec. 10.** NRS 279B.050 is hereby amended to read as follows:

42 279B.050 1. Upon receiving an application for rehabilitation
43 of abandoned residential property, the agency shall inspect the
44 property to determine if rehabilitation of the property is feasible.



2. After inspection of the property, the agency shall interview the applicant *or, if the applicant is an organization described in paragraph (b) of subsection 1 of NRS 279B.040, the representative of the organization*, to determine if the applicant satisfies the criteria for eligibility for the rehabilitation of abandoned residential property and, if ~~he~~ *the applicant* satisfies those criteria, the terms and conditions of the agreement to rehabilitate the property.

3. The agency shall recommend to the governing body the terms and conditions of the agreement.

Sec. 11. NRS 279B.070 is hereby amended to read as follows:

279B.070 *1. A natural person to whom title to abandoned residential property is conveyed pursuant to this chapter shall:*

~~1. (a)~~ Maintain the property in a decent, safe and sanitary condition; and

~~2. (b)~~ Reside on the property.

2. An organization to which title to abandoned residential property is conveyed pursuant to this chapter shall maintain the property in a decent, safe and sanitary condition.

Sec. 12. NRS 279B.090 is hereby amended to read as follows:

279B.090 If at any time the number of pending applications from qualified applicants for the rehabilitation of abandoned residential property exceeds the number of abandoned properties available for rehabilitation, the governing body shall give preference to ~~those applicants~~ :

1. Applicants who are members of households having a gross income that is 50 percent or less of the median gross income for households of the same size within the same geographic area ~~1~~ ;
and

2. Applicants that are organizations which serve natural persons described in subsection 1.



