

**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS**

**Eightieth Session
April 30, 2019**

The Committee on Government Affairs was called to order by Chair Edgar Flores at 8:32 a.m. on Tuesday, April 30, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4401 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at www.leg.state.nv.us/App/NELIS/REL/80th2019.

COMMITTEE MEMBERS PRESENT:

Assemblyman Edgar Flores, Chair
Assemblyman William McCurdy II, Vice Chair
Assemblyman Alex Assefa
Assemblywoman Shannon Bilbray-Axelrod
Assemblyman Richard Carrillo
Assemblywoman Bea Duran
Assemblyman John Ellison
Assemblywoman Michelle Gorelow
Assemblyman Gregory T. Hafen II
Assemblywoman Melissa Hardy
Assemblyman Glen Leavitt
Assemblywoman Susie Martinez
Assemblywoman Connie Munk
Assemblyman Greg Smith

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Senator Julia Ratti, Senate District No. 13



STAFF MEMBERS PRESENT:

Jered McDonald, Committee Policy Analyst
Asher Killian, Committee Counsel
Connie Jo Smith, Committee Secretary
Trinity Thom, Committee Assistant

OTHERS PRESENT:

Stephen Aichroth, Administrator, Housing Division, Department of Business and Industry
Jessica Wise, representing Human Services Network
Megan Rockefeller, representing Food Bank of Northern Nevada
Kevin Sigstad, Legislative Chairman, Nevada Realtors
William Brewer, Executive Director, Nevada Rural Housing Authority; and Chair, Nevada Housing Coalition
Jennifer Jeans, representing Legal Aid Center of Southern Nevada; Southern Nevada Senior Law Program; Washoe Legal Services; and Volunteer Attorneys for Rural Nevadans
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities
Kanani G. Espinoza, representing Nevada HAND, Inc.
Susan Fisher, representing Nevada State Apartment Association; and Nevada Housing Alliance
David Dazlich, Director, Government Affairs, Las Vegas Metro Chamber of Commerce
Dena Schmidt, Administrator, Aging and Disability Services Division, Department of Health and Human Services
Daggy Stapleton, Executive Director, Nevada Association of Counties
Jamie Rodriguez, Government Affairs Manager, Office of the County Manager, Washoe County
Joshua J. Hicks, representing Nevada Home Builders Association
Kathy Clewett, Legislative Liaison, City of Sparks
David Cherry, Government Affairs Manager, City of Henderson
Izzy Youngs, representing Nevada Women's Lobby
Sofia Schersei, Private Citizen, Las Vegas, Nevada
Emily Montan, Private Citizen, Reno, Nevada
John Fudenberg, Coroner, Government Affairs, Office of the Coroner/Medical Examiner, Clark County
David Frazier, Private Citizen, Reno, Nevada
J.D. Klippenstein, Executive Director, Acting in Community Together in Organizing Northern Nevada
Alanna Fitzgerald, Private Citizen, Reno, Nevada
Christine Saunders, Policy Director, Progressive Leadership Alliance of Nevada
Steven Conger, representing Nevada League of Cities and Municipalities

Don Tatro, CEO, Builders Association of Northern Nevada; and Executive Director,
Nevada Home Builders Association
Matthew J. Walker, representing The Howard Hughes Corporation
Paul McKenzie, Executive Secretary-Treasurer, Building and Construction Trades
Council of Northern Nevada
Bruce Breslow, representing Nevada Strategies LLC

Chair Flores:

[Roll was taken and Committee rules and protocol were explained.] We are going to take the agenda slightly out of order. I will open the hearing on Senate Bill 473.

Senate Bill 473: Revises certain definitions of affordable housing for the purpose of consistency. (BDR 22-377)

Senator Julia Ratti, Senate District No. 13:

I am very excited to be here today before the Assembly Committee on Government Affairs. With the Chair's indulgence, I have an introductory presentation that will apply to all four bills. I will not do the presentation four times, but will start with a bit longer presentation on the first bill just to talk about the work of the interim Committee to Study Issues Regarding Affordable Housing [Senate Concurrent Resolution 1 of the 79th Session], which was the origin of most of these bills, and then know that you can apply it to other bills this morning, if that is okay with you.

I cannot let the moment pass without saying how pleased I am to be presenting in front of Assemblyman Smith. It is good to see you here today and very meaningful.

I was lucky enough in the 2017 Session to be successful in running a resolution that resulted in an interim committee to study the issue of affordable housing. I was then blessed to get what I would describe as the best committee that met during the interim. I was able to be the chair. I had the very capable vice chairmanship of Assemblyman Tyrone Thompson, and then I was lucky enough to have Chair Flores as a member, Assemblywoman Sandra Jauregui, Senator Kieckhefer, and Senator Cancela. I think we did some fabulous and focused work on digging into the issue of affordable housing.

Sitting with me is Stephen Aichroth, Administrator of the Housing Division, Department of Business and Industry. He was an amazing partner in our work over the interim providing the subject matter expertise that we needed to be effective in our work. It goes without saying that the Legislative Counsel Bureau (LCB) staff was incredible as well.

When you start talking about affordable housing, the first thing that is very important is to define what we are talking about. Are we talking about home ownership and whether or not people can get into that first home? Can a median-income Nevadan afford to buy the median-priced home? Are we talking about workforce housing? Are we talking about whether or not if you are working full-time you can afford to rent an apartment and not have an inordinate amount of your income going just to your housing expenses? Are we talking

about housing for low-income individuals and families, typically defined as at 60 percent of area median income (AMI) or lower? That is usually going to be our working poor—somebody who is making minimum wage or a little bit above. Or are we talking about our extremely low-income citizens? People who may have a disability or a senior citizen on a fixed income? Or a veteran who is suffering from post-traumatic stress disorder (PTSD) and has a very small amount of fixed monthly income that he lives on—what we typically define as 30 percent area median income or less. We decided in the interim that we were going to be bold and we were going to try to tackle all of those. We learned pretty quickly that was too much in our four interim committee meetings, so we narrowed our focus to where you are going to see most of the work is, in looking at the housing for individual families at that 60 percent to 30 percent AMI number.

I did want to take a moment to talk to you about what is happening in our state at all levels. Let us start with home ownership. Nevada lags the national average of home ownership by 5 to 10 percent, depending on where you live in the state. These numbers are a bit dated; they came out of a study and have gone up since then. But in Clark County, the median home price is \$265,000. In Washoe County, it has gone up to \$350,000 for the median home price—and those numbers have gone up since this study was published. The numbers are starting to settle in a bit. We just had the first year-over-year decline, but it is still well above what a person with a median income in the state of Nevada can afford. The median price of housing to buy a home is well above the median income. For example, our household median income in Nevada is about \$55,000 per year. If your household income is \$55,000 per year, purchasing a home at \$265,000 in Clark County or \$350,000 in Washoe County is out of reach. Even with our wages rising at 3 percent per year, the double-digit appreciation of housing is making that trend get worse and worse. The ability to purchase a home is becoming out of reach for the majority of Nevadans.

I want to talk a bit about the missing middle. We were very fortunate that during the time frame of our interim committee, Nevada HAND, Inc., which is a nonprofit in southern Nevada that focuses on affordable housing, published their study that is called "The Housing Affordability Gap in Southern Nevada." All of these studies live on the interim committee page. I did not submit them all as exhibits for this Committee because there were too many of them, but if you are interested in a catalog of good information for affordable housing, there is a whole list of information on the interim committee website.

The missing middle are those individuals who make somewhere between \$35,000 and \$60,000 a year. They are typically not served by affordable housing programs. They make a little bit too much money to be served by affordable housing programs, but they typically do not make enough money to compete in the market. Four out of ten households in southern Nevada—40 percent—are what we call rent-burdened. Rent-burdened means that over 30 percent of your income is going toward the cost of housing—that is a pretty standard number across the nation to talk about affordability. In southern Nevada, four out of ten are housing-burdened. In the state, an hourly rate worker needs to make \$18 an hour to afford the market rate apartment. You all know the conversations we are having about minimum

wage and what those dollar amounts look like, so I will let that one sink in. The average worker in Nevada needs to make \$18 an hour to afford the fair market rate.

If you are not the middle and you are not considering home ownership, let us talk about if you are living at a below-average income and what the housing market might look like for you. If you are in that 60 percent of area median income or lower, again, these are our working poor. They are probably making minimum wage or a little more. There are 39 units available for every 100 needed. We do not even have half of the units we need for that population. They are out there competing with that missing middle group trying to find the available stock. The vacancy rate has been hovering between 1 and 3 percent. There is significant competition out there to be able to get hold of any unit, let alone an affordable, clean, safe unit in Washoe County.

Again, these are our working poor. These are people who work full-time but still cannot find a safe, clean, affordable place to live—48 percent of Nevadans—almost half, when you look at all of Nevada, are rent-burdened, meaning they are paying more than 30 percent of their income toward housing costs, and they are all out there competing with each other. If our missing middle are struggling to find a place to live and our low-income working poor are struggling to find a place to live, I want you to imagine for a minute what it is like to be a senior citizen on a social security check of \$850 per month, trying to find a place to live—when you are competing with everyone else I have just talked about, and they cannot find a place to live. For that population, we have 15 units for every 100 that are needed. All of the rest of that population—85 percent—are out there trying to compete in the marketplace. I can tell you from the devastating stories we are hearing as we are out there in the community, and I know you have heard them, they are really struggling.

Now we start talking about the folks who are living in weekly motels who have been struggling to put together the deposit they need to move into an apartment—even if they could find that apartment. We know we have had some redevelopment projects that are happening all across the state that are tearing down the weekly motels. Those weekly motels have been our de facto affordable housing for a lot of people, and even they, now, are raising their rates to the point where they cannot be afforded. So this is a significant part of what is driving our growing homelessness problem, when we do not meet the needs of the extremely low-income population for safe and affordable housing. Many of these folks are never going to increase their income; they are a senior citizen who has already worked his or her whole life and the amount they get from social security is set. It might be a veteran with PTSD who is struggling just to maintain his or her mental health and maintain stable housing for someone with a disability.

Eighty percent of these folks are cost-burdened. They are spending well over 30 percent to maintain their housing. When families are cost-burdened, they cut back on food and medical care. What this means is that we have put an inordinate number of Nevadans in the position of having to decide: are they going to take their medication? Are they going to eat? Or are they going to have a place to live? And I know that I am not telling you anything that you do not already know because you have talked to these folks. You are working on creative

solutions to address the homelessness problem. For most of the time when I was first getting involved in health and human services, when we looked at the homelessness issue, the vast majority of the population we were dealing with had some sort of ancillary condition: perhaps a substance issue, a mental health issue, or there was something else going on. But in the last decade, our homelessness issue is spiking with people who are homeless for no other reason than financial. They just cannot afford to find a place to live. As we are doing well as a state, as we went through that terrible recession but are coming out of it with a vital economy and lots of wonderful things happening, we are leaving an entire segment of our population behind and not that they are not prospering, but that they cannot even find a place to live.

So that is where we are. That is what the interim committee on affordable housing looked at, and we tried to be as comprehensive as possible to look at the package of solutions. I think we were a very pragmatic team. There is no silver bullet when it comes to affordable housing. I would love to be here today saying, This is the one thing we can do that is going to make sure that we can address affordable housing and we are going to make a difference for all those Nevadans, but there is no one single thing. We looked at the spectrum. We want to make sure that a teacher who is earning the median income can afford to buy a house. We want to make sure that a waitress who represents the missing middle workforce where only 36 can find a housing unit, can find someplace to live. We want to make sure that the entry-level minimum wage worker who is housing cost-burdened or severely cost-burdened can find something that is safe and high quality. We want seniors and people with disabilities who are homeless purely because of economics to no longer be worried about where they are going to sleep at night. This is the spectrum of affordability, and it is going to take an all-hands-on-deck set of solutions to get there. So let us talk about those solutions.

In the broadest bucket—and then we will start going through the bill—we need to give local government the tools they need to assure the availability of housing across the affordability spectrum. The state of Nevada cannot solve this alone. We need to advocate for the federal government to do everything they can to increase the investment in affordable housing. It is very interesting right now. All of a sudden, all the presidential candidates are talking about housing affordability. This issue is bubbling to the top, and I think every single one of us, if we have the opportunity to talk to somebody who is working at the federal level, should be talking about affordable housing because we need their help.

State government. That is what I am going to be talking to you about mostly today: What is the role of state government? What can we do to be a part of the solution? And then let us all be very clear: Government is not the solution; it is a small part of the solution. We need to have incredible partnerships with the private sector, because housing gets built by the private sector, and we need to ask our philanthropic partners to get involved. It really is going to take an all-hands-on-deck approach with local, state, and federal governments working with private partnerships in the for-profit sector and the philanthropic sector to get this done.

Let us talk about Senate Bill 473. The first two bills are relatively straightforward. These are both bills that came out of the interim committee on affordable housing, and I am going to turn these two over to Mr. Aichroth because they are technical, essentially cleanup bills that will help us get, in this case, better definitions, and in the next case, better information.

Stephen Aichroth, Administrator, Housing Division, Department of Business and Industry:

I would like to thank Senator Ratti for allowing me to participate in this presentation and to be a part of the interim Committee to Study Issues Regarding Affordable Housing. I think it is appropriate that we are starting here first because we get to define what affordable housing is and that is what we have taken a stab at here. The genesis of this goes back roughly a year and a half ago to December 2017. We commenced a working group consisting of a representative of the U.S. Department of Housing and Urban Development, Southern Nevada Regional Housing Authority, Nevada Rural Housing Authority, the Reno Housing Authority, Nevada HAND, Inc., and the Housing Division of the Department of Business and Industry. Collectively, that group decided to create three definitions of affordable housing. Two of them mirror programs currently available through the federal government, the Housing Division, and local public housing agencies. One is new, specifically for what has been termed workforce housing. Senator Ratti referred to it as the missing middle, working with LCB Legal Division staff who diligently went through these definitions and, thank you, Mr. Killian, for that help. These definitions would be appropriate in statute and not to cause conflict with current federal definitions or programs causing any kind of unintended consequences.

I am going to walk through the bill very quickly. Section 2, subsection 1, paragraphs (a) and (b) of the bill creates "Tier one affordable housing." This is housing defined as total monthly gross income that is equal to not more than 60 percent of the median monthly gross household income in the county in which the housing is located, and which will not cost more than 30 percent of that total monthly household income. That is all based off United States Department of Housing and Urban Development definitions. That is defined as Tier one.

Section 3, subsection 1, paragraphs (a) and (b) talk about Tier three. We skipped one, but we will get back to that in section 4. Section 3 talks about Tier three, which is basically the same definition with the exception of changing those monthly gross incomes from 80 percent to 120 percent. Section 4 fills in that middle gap: "Tier two affordable housing," which is between 60 and 80 percent.

Ultimately, what this does is enable jurisdictions and entities to create programs in these three separate pockets, depending on the needs of those jurisdictions. If a jurisdictional authority feels that the greatest need is in workforce housing, then they can, if choosing to define a program, specifically identify where those funds are in *Nevada Revised Statutes* and refer back to it.

The last thing I would like to do is commend the authors of the bill for changing the name of the Account for Low Income Housing to the Account for Affordable Housing. That starts on page 15, section 23, subsection 3, paragraph (a). While it may just be semantics in this day and age, as Senator Ratti has pointed out, everyone is aware there is an affordable housing problem. It affects a huge swath of the population, not strictly low-income folks. That concludes my presentation, and we are available for questions.

Chair Flores:

Thank you for that broad overview. I think it will be helpful for the Committee moving forward with all the bill presentations we have for today. With that, we will open it up for questions. [There were none.]

I would like to invite forward those wishing to speak in support of Senate Bill 473. If you hit the two-minute speaking mark, I will let you know.

Jessica Wise, representing Human Services Network:

We would like to thank Senator Ratti for her hard work and commitment on affordable housing. We want to be on the record in support of Senate Bill 473, and we urge your support.

Megan Rockefeller, representing Food Bank of Northern Nevada:

We want to thank Senator Ratti and those who have worked on this very important issue. We add our support to S.B. 473.

Kevin Sigstad, Legislative Chairman, Nevada Realtors:

We would like to thank Senator Ratti for including us in the interim study. We were very pleased with a lot of the things that came out of the study, and we are here to testify in support of the bill.

William Brewer, Executive Director, Nevada Rural Housing Authority; and Chair, Nevada Housing Coalition:

We appreciate the opportunity to visit today and to lend our support to these bills as Senator Ratti so eloquently stated. This is a huge problem, and there is no single solution. It is going to take a lot of efforts and solutions to help solve this problem. This is a great step forward. We support this bill.

Jennifer Jeans, representing Legal Aid Center of Southern Nevada; Southern Nevada Senior Law Program; Washoe Legal Services; and Volunteer Attorneys for Rural Nevadans:

We are in support of this bill, and we also urge your support.

Wes Henderson, Executive Director, Nevada League of Cities and Municipalities:

We, too, are in support of Senate Bill 473, and we think putting a standard definition in statute will be very beneficial.

Kanani G. Espinoza, representing Nevada HAND, Inc.:

We are the state's largest developer and provider of affordable rental housing. Nevada HAND is a nonprofit organization that owns and operates 34 apartment communities with more than 7,400 residents in southern Nevada. We develop, construct, and manage the properties, as well as provide supportive services to each of our communities to help our residents access resources and programs to help climb the ladder of success. We support S.B. 473 and appreciate the clarification and consistency it brings to *Nevada Revised Statutes*.

Chair Flores:

Is there anybody else wishing to testify in support of Senate Bill 473? [There was no one.] Is there anyone wishing to speak in opposition to Senate Bill 473? [There was no one.] Is there anyone wishing to speak in the neutral position to Senate Bill 473? [There was no one.] Senator, are there any closing remarks you may have? [There were none.] With that, I would like to close the hearing on Senate Bill 473. Next, we will open the hearing on Senate Bill 104 (1st Reprint), which revises provisions concerning the statewide low-income housing database maintained by the Housing Division of the Department of Business and Industry.

Senate Bill 104 (1st Reprint): Revises provisions concerning the statewide low-income housing database maintained by the Housing Division of the Department of Business and Industry. (BDR 25-378)

Senator Julia Ratti, Senate District No. 13:

There is one thing I neglected to say in my initial remarks. We did quite a bit of work in the interim. We had the four committee hearings [Committee to Study Issues Regarding Affordable Housing], but we also did town hall-style meetings in three locations. I wanted to thank Southern Nevada Strong for hosting one in Clark County and the U.S. Department of Housing and Urban Development for hosting one in Washoe County. We did another one in Carson City that pulled everybody together with telephones. I really want to express my gratitude to the wide range of partners who came together to work with us on all of the conversations and all of the work, particularly Bill Brewer who you just heard from who led a lot of the subgroups working on things, really inane things, like databases and definitions that I think will make a big difference.

The other piece I meant to note is that there are four other bills aimed at a holistic approach to housing. You will not see those bills in front of your Committee, but I did want to make you aware of them. The first is Senate Bill 448 that also came out of the interim affordable housing committee. It is a low-income housing tax credit program that will be going to the Committee on Taxation, I believe. Senate Bill 425, which is a 1915(i) Home and Community Based Services Medicaid waiver that will be a funding mechanism through Medicaid to approach the Housing is Healthcare model that is moving across the nation that will be seen in the Committee on Health and Human Services, focused specifically on the supportive housing needs. And then there are two bills that we did not quite get to in committee. We wanted to look at the issue of landlord-tenant issues. Senator Cancela and I are both carrying landlord-tenant bills, and those are Senate Bill 151 and Senate Bill 256.

The package of the eight bills are our holistic approach to how we make sure that we are assuring affordability across the spectrum. You are seeing the four that will come to the Assembly Committee on Government Affairs.

Stephen Aichroth, Administrator, Housing Division, Department of Business and Industry:

Senate Bill 104 (1st Reprint) is what we called our database bill draft that came out of the interim committee. This ties up some loose ends. In *Nevada Revised Statutes* (NRS) Chapter 278 ([Exhibit C](#)), there is a requirement that local jurisdictions have to provide us certain housing plans and this links to NRS Chapter 319, which allows us to create the low-income housing database. It creates the nexus between the input of the reports and the export of the information out to folks on the website. In doing this, we also had a change. There was a report that was done in the past by the Department of Health and Human Services. It is a little more appropriate for us to do regarding submitting quarterly reports and providing access to those folks who have disabilities the ability to find housing. We have changed some of this and also tied it back in to NRS 319.143 [page 1, ([Exhibit C](#))], the affordable housing database. The end result of this becomes our housing database page on our website in which we have an inordinate amount of information regarding housing, and those reports are tied into this particular page.

Lastly, we give the disabled the ability to see what might be available to them on our web search, NVHousingSearch.org [pages 4 and 5, ([Exhibit C](#))]. This is free to landlords and free to tenants, a housing search that we require all our tax credit properties to list on here so that folks know that there is available housing out there, if they can find it. Where it shows in the middle of this particular page [page 5], you will see the Accessibility, and it will tell you if there are apartments available compliant with the Americans with Disabilities Act (ADA).

With that, that is what Senate Bill 104 (1st Reprint) does.

Senator Ratti:

The piece I will add when you talk about that highly competitive environment that was referenced in the earlier part of my presentation, what we are seeing now is that for our low-income housing tax credit projects that were built with federal tax subsidies that have fixed rate rents, they are subsidized at either a 60 percent area median income (AMI) level or maybe a 40 percent AMI level or 30 percent AMI. Those are highly sought after. For most of those projects, there is up to a two-year waiting list. For those members of our community who are scrambling to try to find those, this database—to be able to see where they all are so they can get signed up to be on those waiting lists—is an incredibly important tool because they can find all of that in one place. This statistic is shocking for those folks who are working through the housing authorities and trying to access the other type of affordable housing support, which is a voucher. That is another Housing and Urban Development funding program where we give somebody a voucher that is money they can use in the marketplace to rent housing. There is a 30-plus-year waiting list in both Clark and Washoe Counties to be able to get vouchers. For the vouchers in Washoe County, even if you win the lottery and are lucky enough to get one, they are no longer enough money to close the gap

between the amount of money you have available out of your own pocket plus that voucher. Even if you can get one, they are kind of useless in Washoe County now. This database of finding those subsidized apartments becomes incredibly important for people who are doing their very best to find someplace to live.

Assemblyman Leavitt:

Was this done in any way, shape, or form through the Department of Health and Human Services prior to this bill coming forward? Did you have any type of database that was being gathered?

Senator Ratti:

Yes, there were multiple databases, and the point of this bill was pulling all those databases into one place.

Assemblyman Leavitt:

So now that it is going to the Housing Division, is this budgeted in the Department of Business and Industry's budget? Or is this something new that is coming in that has to be sought after?

Stephen Aichroth:

No, and yes, it is budgeted. It is already being done. This cleans up the language. Continuing to go through this method fits into the way we are currently doing it.

Assemblywoman Bilbray-Axelrod:

I am not sure of the appropriate time to ask this question, but since this is the holistic approach to everything, I know that in some jurisdictions, it is completely appropriate to ask for renters to pay first month, last month, and a security deposit, which oftentimes leaves people not able to come up with those types of funds—that is a lot of money. Is this something that you are seeing? Is this something that we can fix somehow? Have you addressed that at all?

Stephen Aichroth:

That is typically handled through local, public housing agencies (PHAs). The state does provide funding for those mechanisms. We do see it. As Senator Ratti mentioned, somebody might be in a weekly motel and they are just getting by week to week. Then a week later their hotel is gone and they do not have the ability to find first and last because they were just getting by with where they were. We provide funding for those situations. We are not getting them all—I wish we could—we do pass that money on to the local PHAs.

Assemblywoman Bilbray-Axelrod:

With the website that is available, I assume that your idea is to have a one-stop shop, right? I know that the feds have been changing things and there used to be programs for first-time home buyers, and I do not think there really are that many. Would this constantly be updated? Obviously, the local information is updated constantly, but would you have that input from the feds as well?

Stephen Aichroth:

Although they are in different places, our website, NVHousingSearch.org, has links to home ownership programs. Yes, it is a one-stop shop, but you have to navigate it a bit to get there. The database pretty much has everything that, if you are interested in digging down, are reports and things of that nature. I do not know if I answered your question 100 percent, but all that information that we have is available through the website.

Senator Ratti:

The ideal that I would love to see us get to, and it would be incredibly difficult to do because most of these are privately owned properties—either owned by a for-profit developer or a nonprofit developer and individually managed—if we really wanted to make a difference, what would be great would be to have a portal where there was one place that you could apply, and then that application would be sent to all of the available housing that you qualify for. Because, right now, what somebody has to do is put in an application at each individual property. We did not get there. I think it is the ultimate solution, but it is a significant investment of time and resources, so where this gets us is some of the other partners that we worked with were the Continuum of Care organizations that are the coalitions that work regionally in each of our jurisdictions on housing and homelessness issues. There is also Nevada 2-1-1. Those folks will now have one place they can go where they can at least find a list of all of the housing so that they can talk through somebody who is on the phone to say, Okay, here are all the ones for those 55-plus, or, Here are all the ADA-accessible ones, so at least that person will be able to be told, Apply at these ten or three, depending on which jurisdiction you live in.

I, personally, walked a friend who is 67 years old through the process. He lives on \$853 a month; he just went through a liver cancer episode, and I personally went through the list and found five places that he could apply for. He got lucky and 12 months later, he is living in a studio apartment in a subsidized unit where he is paying \$293 a month. It gives the person who is available to do the hand-holding to help someone, or an industrious person who is helping themselves, at least a place to go and see where they all are. It is not the eloquent solution of a portal to be able to apply, which would be lovely.

Chair Flores:

Committee members, are there any additional questions? [There were none.] I would like to invite forward those wishing to speak in support of Senate Bill 104 (1st Reprint).

Susan Fisher, representing Nevada State Apartment Association; and Nevada Housing Alliance:

We are here in support of Senate Bill 104 (1st Reprint). We worked on the creation of that database in 2009 and supported it at that time. Our property managers, as far as I know, have been very diligent about listing their vacancies when they have them and hope to be able to continue to do so.

Kanani G. Espinoza, representing Nevada HAND, Inc.:

We are here in support of S.B. 104 (R1) and its efforts to clarify the connection between the annual housing progress report as defined in NRS 278.235 and the low-income housing database maintained by the Housing Division of the Department of Business and Industry.

Megan Rockefeller, representing Food Bank of Northern Nevada:

We have nothing further to add other than our support for S.B. 104 (R1).

Jessica Wise, representing Human Services Network:

We want to be on record in support of Senate Bill 104 (1st Reprint).

Jennifer Jeans, representing Legal Aid Center of Southern Nevada; Southern Nevada Senior Law Program; Washoe Legal Services; and Volunteer Attorneys for Rural Nevadans:

We want to put our support for S.B. 104 (R1) on the record.

David Dazlich, Director, Government Affairs, Las Vegas Metro Chamber of Commerce:

We are also here in support of S.B. 104 (R1). I will just say, me too, to echo what you have already heard.

William Brewer, Executive Director, Nevada Rural Housing Authority; and Chair, Nevada Housing Coalition:

We are here to support the passage of S.B. 104 (R1). That is an extremely important component of any housing decisions that we make, and we appreciate the Division's willingness to take on this responsibility and help provide this data for all of us.

Chair Flores:

Is there anybody else wishing to speak in support of Senate Bill 104 (1st Reprint)? [There was no one.] Is there anyone wishing to speak in opposition to Senate Bill 104 (1st Reprint)? [There was no one.] Is there anyone wishing to speak in the neutral position to Senate Bill 104 (1st Reprint)?

Dena Schmidt, Administrator, Aging and Disability Services Division, Department of Health and Human Services:

We want to thank Mr. Aichroth and Senator Ratti for working with us on moving the requirement for the accessible housing registry to this particular registry. This really does streamline the process, and we will continue to work with them and look forward to the collaboration with the Division of Housing on utilizing a single database for both our grantees and ensuring that the information is in one consistent place. So we appreciate their help on this.

Chair Flores:

Is there anyone else wishing to speak in the neutral position on Senate Bill 104 (1st Reprint)? [There was no one.] Senator Ratti, do you have any closing remarks? [There were none.]

With that, I would like to close the hearing on Senate Bill 104 (1st Reprint). Next, I would like to open the hearing on Senate Bill 103 (1st Reprint), which revises provisions relating to development and maintenance of affordable housing.

Senate Bill 103 (1st Reprint): Revises provisions relating to development and maintenance of affordable housing. (BDR 22-379)

Senator Julia Ratti, Senate District No. 13:

If I did not express it earlier, I just want to, again, thank you for having all four of these on one day because I think it makes a whole lot of sense for you, and it is making my life a lot easier.

We mentioned that it is going to take all of us—all hands on deck. The next two bills that you are going to see are about empowering local government to play a role in making sure that we have that all-hands-on-deck approach to affordable housing and that everybody can be a part of the solutions. Again, the state bills where we are most involved are from the health and human services side and the financing side. You are not going to see, necessarily, the state role in this Committee, but in local government, where you all obviously do the bulk of your work. These are the two important bills to give local governments the tools that they need.

Senate Bill 103 (1st Reprint) is a relatively simple concept. There are ways that the federal governments do low-income housing tax credits, and there is a proposal for the states to get into low-income housing tax credits because making affordable housing projects pencil is one of the biggest challenges that we have. We do these projects with public-private partnerships. If market-based strategies worked, then we would not be getting involved. If the market just provided for the appropriate price point of housing for everybody who needs housing, there would be no reason for us to get involved. But demonstrably, that is not the case. Ninety-five percent of the units that are available for the 60 percent of area median income and below population—again, that is our working poor and our fixed income, extremely low-income population—are built because they are subsidized by federal low-income housing tax credits. But what we know is that funding source is nowhere near sufficient to meet the need. We have only 15 of 100 in the extremely low-income tier. We only have 36 of 100 in that next tier up. What we need is different tools to be able to help those developers who are, again, private developers to close that gap and get that last little bit they need to make that pro forma pencil.

Where local governments have the ability to do that is in sewer fees, impact fees, and permitting fees. This is not a mandate. This is enabling language that would allow a local government, through a process, to decide to decrease or waive the kinds of fees that they charge when we build housing for developers who are building affordable housing stock. That, in a nutshell, is what this bill does. The mechanics of it is that for many years now, we have had the requirement for local governments that they have an affordable housing piece of their master plan, and that affordable housing piece has a list of things that they should be considering doing. So when you look at the bill,

section 1, subsection 1, paragraphs (a) through (l) are all the different ways that local governments can be supporting affordable housing. We have added this modified language in section 1, subsection 1, paragraph (a) that allows them to reduce or subsidize in whole or in part impact fees, fees for the issuance of building permits collected pursuant to *Nevada Revised Statutes* 278.580 and fees imposed for the purpose for which an enterprise fund is collected. Enterprise funds in local government, as you probably all know because you are the Government Affairs Committee, are closed-fund systems that we use in the development role in local government to be able to fund that impact so it is not mixed with the general fund.

What this says is that local governments can choose to, but are not mandated to, subsidize those fees or waive those fees if a developer is committing to doing affordable units. Because there was some discomfort with leaving it that wide open, you will see the section 1, subsection 2 portion on page 3, and it puts some requirements on that local government that if they are going to choose to do that, they need to do these things. The first thing is that if they are going to subsidize impact fees or building permit fees or enterprise fund fees, they have to do the 60 percent area median income or lower. That is the first piece.

The second piece is that they have to adopt an ordinance. So it should not be an individual project decision where we like you, so we are going to subsidize it for you, but we do not like you, so we are not going to subsidize it for you. It should be an ordinance that they adopt that sets out the criteria for when they would choose to give these out. For example, a jurisdiction may decide that their priority is 30 percent area median income (AMI) projects. They are really interested in looking at that, so they are not going to waive fees unless it is 30 percent AMI. As long as it is less than 60 percent, they could put in their ordinance, We are going to do 30 percent AMI projects. Or they could decide that they want to only focus on veterans, and so they are only going to do projects for veterans, and that is in their ordinance. So it gives them the ability to set that criteria. But once that criteria is set, if you meet that criteria you should get the subsidy. It is not picking winners and losers, but setting the criteria.

The last thing it requires they do is that they have a public hearing, and that they make sure they are not impacting any bonds that are pledged against those revenues. The revenues are pledged against those bonds, and there is a public process so that everybody understands what is happening. Just to be very clear, in some of those closed systems, they might have to make a decision that if we are going to subsidize X number of affordable housing projects, and we will take a sewer impact fee fund as an example, if we waive or lower the sewer impact fees for a handful of affordable housing projects, they would have to do the analysis to say we might have to raise the sewer impact fees for all the market rate just to make sure that we are still balancing that fund. In a large jurisdiction like Clark County, they may be able to do a couple of projects without needing to do that. In a smaller jurisdiction, they would need to do that.

I can give you an example. I think many of you know that I sat on the city council for the City of Sparks for eight years. For us, every five years, we would do a sewer impact fee

study and we would bring in a third-party consultant. That third-party consultant would do some economic analysis. They would look at the trends for growth and development, and they would balance how much do we need to be charging for hook-up fees, and then how much do we need to be charging for our ongoing sewer rates for residential users, industrial users, commercial users, et cetera. When a jurisdiction does that analysis, they could throw in if they want to be able to subsidize affordable housing, how would that impact the rates as well. They already typically have processes in place that are their rate-subsidizing processes, and this would be another factor that they could consider as part of that. So, again, it is not a mandate, but enabling language with some constraints to make sure they are doing it by ordinance. They are doing it in a public hearing. They are looking at whether it impacts their bonds, but it does give a tool that if they want to do some targeted investment where they are waiving certain fees to advance the cause of affordable housing and, again, focused on 60 percent AMI or lower, then they can do that.

That, generally, is what this bill does. I stand ready to answer any questions.

Assemblyman Leavitt:

I like to see governmental carrots and incentives to impact this issue in a positive way. My question is, as you were putting this together, did you have to address any possible unintended consequences of this legislation? If so, how did you overcome that? Was there nothing that popped up that you said, well, that may cause an issue?

Senator Ratti:

I think the unintended consequences piece that people were concerned about were the bonds. Clearly, if you have revenues that are already pledged bonds, you want to make sure that you are doing nothing in any way, shape, or form that impacts your bonds. There are actually a lot of things in place that make that very difficult to do. I think the other really good conversation that we had in the Senate Committee on Government Affairs was making sure that there was this ordinance piece around it so that it did not become, and I will use Senator Goicoechea's words, an "extortion" or a "slush fund." That is why you see the extra language to make sure that there is a public hearing and that there is an ordinance that sets the criteria.

Assemblyman Ellison:

I have a short question, after listening to all these bills. Does this not come down to an unfunded mandate back to the city? If you are going to start taking from the permit fees and reducing them on one side, you are going to have to play Robin Hood and go try to raise the rates on the other side. The developers who are trying to get these projects, that could have a large impact back on the cities and the developers, would it not?

Senator Ratti:

It is a great question. That is specifically why the language is "may" and not "shall." If it were "shall," it would be a mandate to local governments that they must subsidize. This is a "may." What we are seeing, and I think you have probably seen in some other bills that have come to your Committee, is there is a lot of appetite on the part of local governments and developers to figure out how they can become part of the solution. This bill has been

presented broadly, again, in some of those community meetings and, overall, this was the tool that had broad agreement of a good way that in very targeted and limited circumstances, we could accelerate some of that housing stock that just does not get built in the market-based strategy. It is a "may" and not a "shall."

Assemblyman Hafen:

I have a question regarding the ordinances that are established. Are they only going to be limited to the gross incomes, or could it also include proximity to schools, public transportation, grocery stores, et cetera?

Senator Ratti:

Great question. The language is written broadly enough that the local government must set criteria, but it does not tell them what that criteria is because as we all know, Winnemucca looks very different from North Las Vegas, which looks very different from Reno or Sparks. It really is intended to give them some flexibility to say, Okay, you cannot just have this behind closed doors, in a "nobody knows what is happening" process. But you can have the flexibility to set the criteria that makes sense for your jurisdiction, so it could be anything.

Chair Flores:

Committee members, are there any additional questions? [There were none.] I would like to invite forward those wishing to speak in support of Senate Bill 103 (1st Reprint).

Dagny Stapleton, Executive Director, Nevada Association of Counties:

We are in support of this bill, and we want to thank the Senator for all of her work on the issue of affordable housing. This is an issue not only in Nevada's urban counties but in communities across Nevada. Were this bill to pass, it would give counties an important tool that they could use to support the development of affordable housing.

Kevin Sigstad, Legislative Chairman, Nevada Realtors:

As pointed out by Senator Ratti, there is a significant shortage in the lower segments of affordable housing. We see the bonds as an important ingredient to address those issues and certainly one that has proven to be successful in the past. We support this bill as well.

Jessica Wise, representing Human Services Network:

Finding a solution to homelessness is a priority to the Human Services Network, and increasing the availability of affordable housing units will make a huge difference for the clients our member agencies serve. We support Senate Bill 103 (1st Reprint), and we strongly urge your support.

Megan Rockefeller, representing Food Bank of Northern Nevada:

We are here today in support of S.B. 103 (R1). The clients of the Food Bank of Northern Nevada are facing the choice between paying escalating rents, paying medical costs, or purchasing needed prescription drugs. This legislation is an important first step to help increase the necessary housing stock needed in Washoe County.

Jamie Rodriguez, Government Affairs Manager, Office of the County Manager, Washoe County:

We are here in full support of S.B. 103 (R1). Washoe County has been very fortunate with lots of economic growth and population growth since the recession. However, that has caused a housing crunch in our area, so these additional tools that the bill would allow for us to help develop more affordable housing are something we are very supportive of. We thank the sponsor for bringing it forward.

Joshua J. Hicks, representing Nevada Home Builders Association:

The Nevada Home Builders Association is the statewide advocacy group for the home-building industry composed of the Southern Nevada Home Builders Association and the Builders Association of Northern Nevada. We are here in support of this bill. The association participated in the interim study on affordable housing that was prompted by Senate Concurrent Resolution 1 of the 79th Session [Committee to Study Issues Regarding Affordable Housing]. We very much appreciate the opportunity to be there and make several recommendations. As Senator Ratti noted, there are no easy solutions to affordable housing challenges, but the public-private cooperation is critical to making that happen. We have always advocated on behalf of the association for incentives as opposed to mandates. We think this bill is a very good bill. It does provide incentives and authority to local governments to put those in place to reduce the cost of construction. Lowering the cost of construction is the key to lowering home prices. We support this bill.

Kanani G. Espinoza, representing Nevada HAND, Inc.:

Nevada HAND, Inc. is the state's largest developer and provider of affordable rental housing. We are aware of the rising cost of building developments of affordable housing. Construction costs have increased by about 20 percent in the last 18 months. Other costs such as land, labor, and interest rates have also risen considerably. This creates major difficulties in making affordable housing developments feasible, as well as able to attract the investment necessary to add more inventory to the Nevada affordable housing portfolio. We stand in support of S.B. 103 (R1).

Susan Fisher, representing Nevada State Apartment Association:

First and foremost, we want to say thank you to Senator Ratti for reaching out early and often on this and the rest of the package that she is presenting here today. In addition to property managers and property owners, multifamily owners, we also do have the multifamily developers within our ranks. Everything else that has been said on this bill, we say ditto.

Kathy Clewett, Legislative Liaison, City of Sparks:

We are here as a "me too." We very much appreciate Senator Ratti for bringing forward all of these bills. All together, they really do serve a wonderful purpose in helping to move forward this very, very challenging situation that we have in the entire state. We very much appreciate the Senator's work during the interim. We worked with her, and we really appreciate when she uses her challenging background that she got when she was one of our council members for eight years. We always appreciate that, and we hope that you support all of these bills.

David Cherry, Government Affairs Manager, City of Henderson:

The City of Henderson is in support of today's legislation and wants to thank the bill's sponsor for bringing not only this bill but the others that address this very important issue. We recognize the seniors, families and, of course, members of the workforce in Henderson and throughout Nevada who are oftentimes in need of affordable housing. We like that this bill is in keeping with the options that the underlying law already provides where it gives us flexibility in determining what exactly would work best in our community and other communities that need the same type of flexibility.

Jennifer Jeans, representing Legal Aid Center of Southern Nevada; Southern Nevada Senior Law Program; Washoe Legal Services; and Volunteer Attorneys for Rural Nevadans:

We are also in support of this bill, and we urge your support.

Izzy Youngs, representing Nevada Women's Lobby:

The Nevada Women's Lobby has identified affordable housing as one of our priority legislation pieces for this session, and we are in full support of the bill.

William Brewer, Executive Director, Nevada Rural Housing Authority; and Chair, Nevada Housing Coalition:

We are here in full support of Senate Bill 103 (1st Reprint). This is a great opportunity for local governments to be able to participate in a greater way in the development of affordable housing in their communities. As Senator Ratti mentioned, there is a real appetite out there on the part of many communities and counties to do this. We hope that they will have that opportunity as you pass this bill.

Chair Flores:

Is there anybody else wishing to speak in support of Senate Bill 103 (1st Reprint)? [There was no one.] Is there anyone wishing to speak in opposition to Senate Bill 103 (1st Reprint)? [There was no one.] Does anyone wish to speak in the neutral position to Senate Bill 103 (1st Reprint)? [There was no one.] Senator Ratti, if we could have you return, we have one more question for you.

Assemblyman Hafen:

I appreciate the opportunity to ask an additional question. It was regarding your comments on the sewer impact fees that are charged. I do not know if you are aware, there are about a dozen private water and sewer companies in the state, one of which happens to have been in my family, for full disclosure. Would this have any impact on them specifically? Would the counties or cities have the ability to tell the utility that they had to waive impact fees, or would this also allow the governing bodies to possibly help subsidize some of those fees, or not? It might need to be answered off the record later through the Legislative Counsel Bureau's Legal Division. It is a question that came to my mind.

Senator Ratti:

I am afraid that might be out of my ability to answer. I am looking at Mr. Killian to see if he can throw me a lifeline.

Asher Killian, Committee Counsel:

While the language of the bill is not explicit in this regard, the implication is that, the addition of the reduction piece is meant to apply to any enterprise funds that the local government has control over to reduce. If it was a private enterprise fund that the local government did not have control over, that is where the subsidization piece would kick in. The local government could provide money to the private enterprise fund to subsidize the fees, but it could not reduce the fees of the private enterprise fund that the local government does not have control over.

Chair Flores:

Committee members, are there any additional questions? [There were none.] We will close the hearing on Senate Bill 103 (1st Reprint) and go to our last hearing of the day, Senate Bill 398 (1st Reprint), which revises provisions relating to affordable housing.

**Senate Bill 398 (1st Reprint): Revises provisions relating to affordable housing.
(BDR 20-1074)**

Senator Julia Ratti, Senate District No. 13:

First of all, we are three-quarters of the way there. Thank you for your patience and your attention. Now we get to the bill that probably has had the most conversation recently and is perhaps the most interesting. This is Senate Bill 398 (1st Reprint), and while it was conceived of during the interim Committee to Study Issues Regarding Affordable Housing, it was not one of the recommendations from the interim affordable housing committee because of the information that we received at that time. Since coming to the Legislature, as I have had more information come forward, I have decided to sponsor this bill individually. I want to be very clear that this is a bill that I am sponsoring and not necessarily one that was voted out by the interim affordable housing committee.

To give the background on this bill: In 2015, there was significant conversation about the powers of local government—what things live in local control. Again, my coming to you as a former city council member, I recognize that I may have a bias. I believe that local governments are important thought partners. I believe there is no way in 120 days, every other year, that state government can be capable of addressing all of the problems. I believe that our elected officials in local government are closest to the people they represent, and I was involved in efforts when I first got on the city council to lobby the Legislature to improve the amount of control that local governments have to act to meet the needs of their residents. I will put that bias right out there that as a former local elected official, I think local elected officials need to have broad powers to act on matters of local concern. The 2015 Legislature agreed. They had Senate Bill 29 of the 78th Session and Assembly Bill 493 of the 78th Session that did some work to clarify that local governments had broad powers when it came to matters of local concern. During the interim Committee to Study Issues

Regarding Affordable Housing, we had presentations on lots of other strategies to address affordable housing. The things we brought forward, the needs, state intervention, are the broader things. Because the way matters of local control work is local governments have that power if it is not explicitly granted to somebody else in *Nevada Revised Statutes*. We needed to do the last bill that you saw because there is lots of language already in statute about this issue; therefore, we needed to address it.

There are lots of things that people do across the country to address the issue of affordable housing that are not in statute and that I believe are matters of local concern. I will give you a laundry list as an example: inclusionary zoning, local housing trust funds, whether or not there should be accessory dwelling units, rent stabilization, density bonuses, affordable housing, moving to the front of the planning lines. If planning departments are working on projects and an affordable housing project comes in, it gets to go to the front of the line. Lower requirements for the amount of public process that is placed on an affordable housing development to address the issue of NIMBY-ism, or not in my back yard. Local jurisdictions across the country are doing all different kinds of things to assure that their residents have access to sufficient affordable housing. We heard presentations on some of these things, not all of them, in the interim affordable housing committee, and we came to the point of whether or not we needed to act on this, and we heard from our legal counsel that in looking at the work that was done in 2015, that local governments had already the broad authority that they needed to do all of these kinds of things. It already lived within their local control.

As the interim committee wrapped up its work in June, I was still out in the community. There is so much interest in the issue of affordable housing, so I was being invited to every affordable housing forum there was, particularly in northern Nevada, a handful in southern Nevada, as well, and folks were talking to me about these issues and I was saying to them, You need to talk to your city council. You need to talk to your county commission. These are all areas where local governments already have that authority. So, please talk to your local elected officials. What happened is those very same residents who were coming out to all these town halls and community events to talk about affordable housing went to their local governments, and they were told by their local governments on some of these issues, The state needs to act; we do not have that authority. We were putting our constituents in this back and forth that was painful for them and painful for me and will continue to be painful for you because constituents are looking to us for answers on affordable housing. All this bill seeks to do is to clarify the work that was done in 2015 on local control. It is pretty simple language. Section 1.5 is the list of things that are matters of local concern. In subsection 2, paragraph (c), it adds, "The development or redevelopment of affordable housing in the county or any action taken by the county to ensure the availability or affordability of housing in the county." So it just clarifies that affordable housing is a matter of local concern.

It also puts in some language because probably the one area where it was not clear is in the concept of inclusionary zoning. I am going to pause for a minute and talk about what inclusionary zoning is—one of the many things on the laundry list. Inclusionary zoning is a tool that is used in some communities that says the way that we are going to get to more

affordable housing, and this is often a missing middle strategy, so it is not necessarily the 30 percent area median income (AMI) or even the 60 percent AMI, but it is making sure that there is some housing being built that the median income can afford or slightly below the median income. If you are going to come to our jurisdiction and you are going to put in an application to build a housing development, a percentage of that housing development must be affordable to a certain income. Local jurisdictions will do these mandates in their local authority and they will say, You have to do that. You have to make 10 percent or 20 percent, it really is the local jurisdictions. They are unique in each jurisdiction when they are used across the country. Then that developer is required, if they are building 450 housing units and if the ordinance said 10 percent, 10 percent of the units would have to be affordable to the median income. That is what inclusionary zoning is.

There is another softer version of inclusionary zoning, if you will. That is known as fee-in-lieu-of inclusionary zoning. It is the same concept where a jurisdiction will say, If you are going to build housing in our jurisdiction, 10 percent of it needs to meet this criteria. But instead of actually building that 10 percent, they are allowed to opt out by paying a fee, and that is known as fee-in-lieu-of inclusionary zoning. In that kind of a situation, probably the one place where a matter of local concern would not be totally clear is, you are starting to get into the issue of money. For those of you who were here in 2015, you will remember that the conversation was very much, local governments can have operational local authority, but we do not want to give them fiscal local authority. Just to make sure that it was absolutely clear, because if any jurisdiction did want to do inclusionary zoning, they would probably want to do fee-in-lieu-of inclusionary zoning. Section 1, where that first language talks about the fee-in-lieu-of, allows for that to happen as well.

This is one where people get the most nervous. If we are state elected officials and we believe we know what is best, it is tempting to say, No, we have to have all that decision-making power. But here is what I will say. These are very market-driven decisions. I may think some of them are good ideas, or some of them are bad ideas. You may think some of them are good ideas or some of them are bad ideas, but in market-driven decisions, where you have markets that are so distinct from North Las Vegas to Winnemucca to Sparks to Reno—statewide solutions do not work. They absolutely will not work because there is no state in the union that has jurisdictions that are more distinct than the state of Nevada. My argument is that local governments already have this authority. Our legal counsel has pretty much said as much. We are just really lucky that it happened to be that our legal counsel was the one sitting in the room today for the interim affordable housing committee.

This bill does very little except to clarify the authority that local governments already have to do these things that our constituents are asking for and to allow them to make that decision about whether or not accessory dwelling units in their jurisdiction make sense, whether or not inclusionary zoning in their jurisdiction makes sense. If I were that local elected official and I were looking at some of those very market-driven decisions, I would be looking at hiring a third-party economist to come in and do some analysis to see if it can work in our jurisdiction. Inclusionary zoning has been very successful in some jurisdictions. It has not been particularly effective in others.

Rent stabilization has been very successful in some jurisdictions; it has not been very effective in others, because it is such a market-driven strategy. There is no question that our markets in Nevada are micro markets that need individual, locally based solutions. In 2015, I was not here but those of you who were said these are matters of local concern. But now we are in this back and forth with different interpretations from the local government, and I just want to make sure that when we walk out of here on June 3, on time, that everybody knows.

That, basically, is what S.B. 398 (R1) does. I understand that this one is a little bit less comfortable, but I believe very strongly that local governments are in the best positions to make these decisions. With that, I am open to questions.

Assemblyman Smith:

My question is on the fee-in-lieu-of, and thank you for explaining that. That would have been my first question. My second is in-lieu-of, who gets the money and where does it go? Does it go into that fund? I think you may have mentioned a fund within the county?

Senator Ratti:

I have to correct myself from the prior presentation for Senate Bill 103 (1st Reprint) because when I quoted my colleague, Senator Goicoechea, about extortion and slush fund, it was actually this language. Those comments are applied to this bill, so it does very specifically say that it has to be used for affordable housing.

Assemblyman Leavitt:

Thank you, Senator, for recognizing that this bill is a little uncomfortable. As I stated previously, I love the carrot, but I am not really in favor of the hammer. It kind of goes against the previous bill, almost, in that it has some potential unintended consequences because it requires duly if a county or municipality decides to do so, the unintended consequences could potentially be dire for both sides. Dire for the builder; dire for those seeking affordable housing simply because of the economics of the situation. I appreciate your candor in bringing this forward. I have some potential unintended consequences due to this not really being incentive-based. It is more of a mandate and a potential quasi-tax. As you shift it from inclusionary zones to in-lieu-of, that looks like a quasi-tax, to me or you are taxing them to opt out of something. Any comments you have in that direction would be appreciated.

Senator Ratti:

I appreciate the comment. I understand your discomfort, and here is what I would say. We should all be really uncomfortable. Not necessarily because we are considering allowing local governments the discretion to make the decisions that they need to make, because I believe in our local government elected officials and I think they can make thoughtful decisions, but because too many of our residents right now are homeless, are rent-burdened, or are couch-surfing. When we talk about Maslow's hierarchy of needs, we talk about food, shelter, and clothing. We talk about what people need to exist at the basic level. I am going to invite you to recollect the beginning of this presentation where we talked about people

who are living on 30 percent of the area median income, my friend who is living on \$853 a month, when the median price of an apartment is \$1,000 or more in Washoe County. We are talking about veterans, about seniors, people with disabilities, people who have worked their entire lives and because we are comfortable relying on an entirely carrot-and-incentive-driven, market-based system, that there is nowhere near sufficient housing, and there is nowhere in the near future where we can envision a time where there will be.

I believe we should be uncomfortable, and I believe that every single partner in this process, whether it be federal government, state government, local government, private developers, and philanthropists, have to have their hands untied to become innovative and get us to a solution that is going to meet the needs of all Nevadans. I am no longer comfortable; I was not comfortable before, but none of us should be comfortable saying that the status quo is okay. Yes, this does require that we put our faith in local governments to make good decisions that are based on good economics to make the right decisions for their communities. But I think we have to untie their hands and we have to get the job done because the issue has gotten to a place where it is just too dire to not act.

Assemblywoman Duran:

We do need affordable housing desperately throughout the country. My question is regarding in-lieu-of. Is there going to be a time limit that they can say to the local governments, Okay, we are going to take the money. Is there going to be a mechanism for how much money is going to be given, and is there going to be a time limit for them to use it because, again, we need it as fast as we can. Has that been considered?

Senator Ratti:

It is a great question, and I wish I could give you an answer. This is why this bill gets a little less comfortable because the whole concept of local government control is that the local government would set an ordinance. And, yes, I believe that every local government, if they chose to move towards inclusionary zoning, would have to write an ordinance. Again, there are no mandates in this bill. It is a "may" and not a "shall" for anything we are contemplating. If they chose to do that, they would have to write an ordinance. What I can tell you is, and I believe you will hear from some local governments as there is a huge sense of urgency. If we are talking about Clark County, and they are doing multiple projects and that funding can grow quickly, then they will be able to do projects quickly. If we are talking about Winnemucca, it may not be as quickly that they can get to the point where they will be able to put that pace in. It does not say that they have to necessarily use that for development. Another big issue that we have is that we are losing affordable housing stock, so they could also use it in some of the redevelopment strategies where a smaller amount of money might be as effective. But we are giving broad discretion in this bill for them to write the ordinances that would put the rules around these things because, again, the jurisdictions are so unique that it is not a one-size-fits-all approach.

Assemblyman Ellison:

I was the one who brought home rule to this in 2015. One of the biggest fears in this Committee trying to get this bill through for two sessions for home rule versus Dillon's Rule was the fear of this, that local government would misuse what its intent was to do. My biggest fear is that this is a development killer. I think that you will see more developers not build in some of these situations. I agree with almost everything you have here except for when it comes to this bill, and I hate to be harsh because you worked so hard to get here. But I believe that this, at the end of the day, will cause developers not to build. They will look for commercial; they will look for gated communities; they will look for anything they can. When you take a development and move them up to the top of the list and then charge, it is rent control. What you will do at the end of the day, you will end up where the developers will either look for other projects or they will leave the community. I do not know; I hope I am wrong, but I am in construction and I see that this, in rural Nevada, is not going to work. Maybe in some of the cities where they can get some of these developments. Do they need housing? Yes, they do. I just do not know if this is the answer. The question I have is, How many developers were at the table when this bill was talked about?

Senator Ratti:

First of all, Assemblyman Ellison, thank you for your leadership on the changes to Dillon's Rule in 2015. The interesting challenge is that it is 2019, and we have seen almost no uptick of the work that was done in 2015. Local governments are not doing anything. We gave them that local control, and they are not doing anything, so the question is, why? I believe on the issue of housing, it is because they believe they needed more clarity. So I am giving them clarity—that is my goal here so that they can be innovative. It does not say which strategies they are going to choose, and I believe what we have demonstrated over the last four years is that local governments are showing a great deal of restraint to the point of not doing much of anything. No offense to my local government colleagues who are in the room because I know there have been some good efforts, but they have not taken advantage of the expansion of local government control in 2015, in many significant ways. I am not worried about wild-eyed, loose decisions by local governments to move this issue. I think they have the same constituencies that we have. They have the same conversations with developers. They are going to be working with their stakeholder groups as they do and, frankly, as they have more opportunity to do because they are in session year-round, 12 months out of the year.

Developers have been invited to the process from the very beginning, from the town hall meetings all the way through the interim affordable housing committee meetings, and we have continued conversations since then. I think you will see in the testimony that is to follow that they have the same discomfort with some of the concepts that are on this list but, again, I will say that we need to untether the hands of local governments to be part of the solution. The market-only-based approach is not being successful in meeting the needs. I do not believe this is an outrageous swing to the other side of the spectrum. I think this is saying to local governments, be innovative, be creative, and meet the affordable housing needs in your communities and use the tools that are going to make sense for your jurisdiction. What that is going to look like in each jurisdiction is going to be very different, and it is going to be

driven by economics and markets, and it is going to be driven by the stakeholder conversations they will have at the local level with the developers in their community.

Assemblyman Hafen:

I want to touch on a couple of things because I have a lot of heartburn over this. As you stated, this has worked in some areas; it has not worked in others. I think some people in this building would agree with you that local government has made good decisions, such as my appointment and Assemblyman Smith's appointment. However, there are probably some others in this building who wish I were not here today. I do not know who that is, but I am sure there are some. Touching on the some that have worked and the some that have not worked, I see a lot of unintended consequences of people deciding they are not going to build in certain jurisdictions, and then having less housing in those jurisdictions because it does not make sense. I know we have a lot of other proposals today that are excellent ideas to incentivize, and I believe there will be another one I will hear in the Assembly Committee on Taxation—again, to incentivize the development. You said something that I was hoping you could clarify for us, and that is in a lot of the jurisdictions, they have not taken advantage of the 2015 change. Why do you believe that this change would push them to start adopting some of these?

Senator Ratti:

Partially, I believe because the public is demanding it. I think that we have hit a critical juncture in affordable housing and the access to housing. I do not know about you, but when I am out there in the community, it is, along with health care, the number one issue that people want to talk to me about. It is story after story after story after story. Just another one in yesterday's media of a woman who works as a web developer who has a studio or a one-bedroom apartment in Reno's Midtown District. When she moved in a couple of years ago, it was \$650 a month. It was raised to \$750 a month. She received a notice recently that her rent was going to be raised to market rate, and her rent jumped from \$750 to \$1,050 a month, with one month's notice—that is not an isolated incident. It is a continual challenge where we are seeing rate increases that are in the realm of 100 percent, 75 percent, and people are frustrated. I think what we are seeing, at least in northern Nevada, and it is not to say that there are not huge needs in southern Nevada—there are. The 15 units for every 100 that we need for extremely low-income, that is a statewide number. But in northern Nevada, the rate of growth and the pressures of that growth are creating a crisis that, I think, is a little more urgent, if you will. What we are seeing is a response from our constituents that people who we serve, where they are getting organized, they are getting active, and they are showing up at their city council meetings. They are showing up at their county commission meetings. In northern Nevada, we just had a victory at the Washoe County Commission for some of those advocates to create a housing trust fund, and they are getting extremely frustrated when they go to those meetings and local government officials tell them, We cannot do it—go talk to the state. It is possible that some of these issues might have unintended consequences, but the brilliance about a government system that meets every two weeks is that they can react. So if they go too far on something, they can pull back. If we do that, we have to wait two years until we are here for 120 days and hope we are lucky enough to get it passed.

Again, there are no mandates in this bill. There is no direction to any local government that they must do inclusionary zoning; that they must do rent stabilization; that they must mandate accessory dwelling units; that they have to do a housing trust fund; that they have to jump affordable housing developments to the front of the line—there are no mandates. All it says is that those local governments are best positioned to be innovative, to try things, to acknowledge when they made a mistake and pull back. They are better positioned than we are, and we need them at the table to solve these issues.

Chair Flores:

Committee members, are there any additional questions?

Assemblyman McCurdy:

Thank you, Senator Ratti, for bringing forth these important pieces before us this morning. I have a comment, more so than a question. As you know, we have to go back into our districts, talk to the folks about the work we did on behalf of them for the 120 days we are here, which is a short period of time, but there is so much that can be done in that period. You are correct. This is not an easy discussion to have. This is about trust. Every single session, the voters put their trust in us to ensure that we are going to deliver, and it is not easy. Everyone understands that the first three bills were significantly easier than this bill will be, but at some point, we do have to trust the process and trust the system. I just wanted to put that on the record and say thank you for your activism, for your leadership, and I look forward to participating in this discussion, as well as voting on these pieces.

Chair Flores:

I would like to invite forward those wishing to speak in support on Senate Bill 398 (1st Reprint).

Sofia Schersei, Private Citizen, Las Vegas, Nevada:

I am part of Make the Road Nevada here in Las Vegas. I am in support of S.B. 398 (R1) because it will make a positive impact to better the quality of life of all Nevadans ([Exhibit D](#)). I believe that the majority of individuals do not comprehend the magnitude of this housing crisis. I, myself, holding a bachelor's degree and working full-time with reasonable pay cannot keep up with the current skyrocketing rent prices. Senate Bill 398 (1st Reprint) would enable my local government representatives to do what is necessary to address the housing crisis in my city. The need for affordable housing is not only a state issue, it is also a local representative's job to ensure the availability or affordability of housing for working families.

My household recently faced an eviction last week and was forced to move into the first unit we were approved for. The rent plus utilities is 60 percent of my total monthly income. We simply had no choice. I was pushed to sign a lease to avoid being on the streets. My entire family, including two diabetics and myself, backlogged taking care of our health. To this day, we are not able to afford necessary medication or doctor visits. It has come down to choosing between utilities or rent this week. Our situation has forced us to compromise our quality of life—something no one should have to face. I am in support of S.B. 398 (R1)

because I believe everyone deserves a fair opportunity and a decent home. Thank you for your time.

Emily Montan, Private Citizen, Reno, Nevada:

I am part of ACTIONN [Acting in Community Together in Organizing Northern Nevada], an interfaith organization. Tonight I have to face people and serve them dinner because they cannot afford their own dinner. I have to make the dinner. My husband and I make lunches. We make breakfast for them. This bill is very important. I trust you. I elected you. I trust my local representatives. I elected them. To not trust local jurisdictions who understand their constituents and their situations much better than statewide organizations, in this case the statewide Legislature is—I think it is counterproductive not to trust each other; not to trust the democratic process. I used to work in the construction industry, and though there are always fears—in the past there have been—that certain things would keep developers from developing, that has never panned out. I would like to see people talk about how they are afraid of this, but nobody is providing proof. I think if you go back and do the research, you will find that if a particular jurisdiction has certain rules and requirements, the developers will be there—it will not scare the developers.

John Fudenberg, Coroner, Government Affairs, Office of the Coroner/Medical Examiner, Clark County:

I would like to first thank Senator Ratti for addressing this very important issue. Affordable housing is a very critical issue in Clark County, and we believe this bill would give us the authority to address this issue and hopefully assist us in providing more affordable housing to the citizens in Clark County. Mr. Chair, I am available to answer any questions the Committee may have.

David Frazier, Private Citizen, Reno, Nevada:

Seven years ago, I saw an ad on Craigslist for affordable housing for seniors and disabled. I moved into this trailer in Fallon, Nevada. We found out within four months of moving there the guy had hooked into a well instead of city water. He was taking our rent and never paid any utilities and stuff. All of a sudden the power was shut off to all the trailers of all the handicapped. They told us, Well, you guys come up with \$2,800 we will turn your power back on, then we will think about getting the back bill paid. The worst part of it is, the well that he was making us drink our water out of, take showers, cook our food in, when the city and county measured the well, it was 300 parts per million above the lethal stage of arsenic. We went to the council in Churchill County, and we were told, Sorry, there is nothing we can do for you. They gave us a tent to live in for two weeks because our houses were condemned. We could not even get our stuff out. They said you will have to move to Reno to get medical attention. We were forced to move with the clothes on our backs. We got in to housing in Reno on Record Street for a month. We were able to get in to a motel and we struggled.

In January, we were finally able to get into a U. S. Department of Housing and Urban Development apartment at \$772 a month, which is over 70 percent of my income. Three

weeks after we moved in, we were informed the rent had gone up to \$1,030, but they will give us three years at the \$772. At the end of the three years, we have to pay whatever it is.

I enjoy living in Nevada. I love it here, but if we cannot do something with the affordable housing act, all I can see is that I will have to move out of state.

Chair Flores:

I apologize. I gave you a whole extra minute, and I appreciate you as a private citizen coming here more than any lobbyist. While I appreciate our lobbyists, they get paid to be here, so your time means more to us than anybody else's, but I did give you a whole extra minute. If you could just have a closing remark, your last sentence, please.

David Frazier:

I just hope that this bill passes so that we can find some affordable housing. I know I have two years, but I am already applying at all the senior centers—even those I cannot afford. Hopefully, in two years, I will be able to find a place so I can stay here.

J.D. Klippenstein, Executive Director, Acting in Community Together In Organizing Northern Nevada:

We are a local, nonpartisan, grassroots organization that engages faith communities and other stakeholders in grass roots organizing and advocacy work. I am here today to speak in support of S.B. 398 (R1) ([Exhibit E](#)). I will be short. This is a win for housing and for democracy. In 2018, ACTIONN organized and mobilized over 1,000 people to establish an affordable housing trust fund in Washoe County. In order to do that, we first had to connect the dots between three different *Nevada Revised Statutes* to even make the case that our county could take such an action. It took four different committee hearings mobilizing hundreds of people each time to convince them that this was the thing we needed. We are in a dire situation. There was a comment about the hammer. Hundreds of thousands of Nevadans are already under the hammer. The citizens most impacted are here to say that they are in support of this bill: the faith communities, the partners we work with who are on the front lines of helping folks struggling with this know that this bill creates more opportunities for the tools we need.

I know there are some special interests who may come up and say that they want you to preempt part of this conversation; that they do not trust the democratic process enough that a local jurisdiction and local people can make the right decisions about how they want their city or their county to address these issues. I would encourage you to trust the democratic process and to trust your constituents.

Jennifer Jeans, representing Legal Aid Center of Southern Nevada; Southern Nevada Senior Law Program; Washoe Legal Services; and Volunteer Attorneys for Rural Nevadans:

You heard from Senator Ratti and from other witnesses today that the status quo is not working—something must be done for Nevadans. My clients deserve to be able to hold their elected officials responsible and accountable for their responses to this program. Passing the

buck back and forth between state and local officials is unjust and undemocratic. I agree with Senator Ratti that these are decisions best made by local governments, and I believe that at this time, every option needs to be on the table at least for discussion and for consideration through the democratic process. I urge your support for this bill.

Kanani G. Espinoza, representing Nevada HAND, Inc.:

We stand in support of S.B. 398 (R1) presented by Senator Ratti.

Alanna Fitzgerald, Private Citizen, Reno, Nevada:

I am the lead of the economic fairness and security team of Indivisible Northern Nevada. I support the passage of S.B. 398 (R1). You will hear, you have heard, statistics by the other supporters, but I am here today to give you perspective from the ground level. I am a Nevada social worker. My focus areas have been working with families with minor children and homelessness for close to 20 years. I have lived in Nevada most of my life and was here during the recessions of the 1970s and 1980s. It was in the early 2000s that I experienced and recognized how a downturn and the recovery have devastating effects for a vast number of Nevadans. I saw families who were already living on the edge slip further away from being able to make ends meet. The jobs for parents of these households—entry-level, minimum wage—became scarce. Many were displaced because they could not afford the housing costs, and then it got worse during the recovery when rental rates began to climb and climb as the housing market heated up. I want you to know, it was not because they did not try. Many, many families I knew doubled up with friends and family—couch-surfing is another word for that. Many moved into unsafe rentals, which you have heard about, and many—too many—ended up living in the weekly motels and then moving out when they missed one day of work, because that is how much on the edge they are: one missed day of work and they could not afford the weekly rental—then homeless, on the streets. I know this because I was one of the coordinators of the annual point-in-time count here in the Reno-Sparks area with Reno Area Alliance for the Homeless. My focus was on the weekly motel portion of that count for 15 years. It is a miserable way to live. If we as a community do not take steps now to stop this downward spiral, it will happen again, again, and again with each recession and each recovery. It only gets worse.

Senate Bill 398 (1st Reprint) looks to the future and will build policies that use best practices to help us develop and maintain affordable housing now. Senator Ratti's work and the interim committee's work was not just comprehensive but mindful, deeply mindful, about consequences and different ways this can affect individual communities throughout our state. So, please consider approving the bill and let all of the people of Nevada, including the families who live in poverty and our low-income wage earners, have the opportunity for decent housing.

Chair Flores:

Just for the sake of clarity and fairness, I have allowed two people in support to go beyond their time, so when we get to opposition, you set it up in whatever way you want to. The first two individuals who speak will be afforded four minutes each for the sake of fairness. Opposition, coordinate it in whatever way you want. The first two of you who go up will get

four minutes each. I have to be fair, but please keep your remarks to two minutes. Thank you.

Izzy Youngs, representing Nevada Women's Lobby:

We have identified affordable housing as one of our priority issues for this legislative session. We know that the concern is that local government will make poor decisions, but we are at an affordable housing inflection point, and we need our local officials to be able to make drastic innovative decisions. These local officials are representing their neighbors so we think they will be able to be accountable to them.

Kathy Clewett, Legislative Liaison, City of Sparks:

We are here in support of S.B. 398 (R1). This allows my city to implement this if we choose to do so. It is also very clear that the money will be accounted for in a separate account, which is exactly what we do now with all of our different enterprise funds in the city. This would be no different for us. This is enabling legislation; it is not a mandate. In Sparks we are a little different. We have no city land to bring to this discussion for affordable housing. We do not have it. Counties do, a lot of other counties do, a lot of other cities do. In the City of Sparks we do not. We also cannot force a developer to come build in our city. They have to want to come of their own volition. If we have something else in our toolbox to offer developers that is enabling for us, that is enabling for our citizens, maybe this would encourage a developer to come and work in our city where if we do not have it, then we cannot encourage them, and we cannot help them. Speaking for local government, I can tell you because our city council meets every two weeks, trust me: if they make a bad decision, it almost has to be rectified at the next city council meeting, or I will tell you because of open meeting laws, it is probably the meeting after that one because we need three weeks' notice. But it is really clear when we make a bad decision, it has to get worked on and has to get rectified. I urge your support for this bill.

Christine Saunders, Policy Director, Progressive Leadership Alliance of Nevada:

I want to echo the sentiments of those before me and add to the record that we are in support of S.B. 398 (R1).

Megan Rockefeller, representing Food Bank of Northern Nevada:

Once again, we would like to thank the bill's sponsor, Senator Ratti, for her work on this very important issue, as well as express our support for S.B. 398 (R1).

Jessica Wise, representing Human Services Network:

Once again, we would like to thank Senator Ratti for her continued work pertaining to affordable housing. We at the Human Services Network support S.B. 398 (R1), and we ask for your support as well.

William Brewer, Executive Director, Nevada Rural Housing Authority:

Thank you for this opportunity to express our support for Senate Bill 398 (1st Reprint). We are not here to support inclusionary zoning or rent controls or those kinds of things, but we are here to support local governments' opportunity to do those things if they see it as

appropriate for their community. This is an important step forward as we mentioned earlier this morning. A multifaceted approach is needed to approach our housing crisis, and this is one of those facets that will be very important as a solution.

Steven Conger, representing Nevada League of Cities and Municipalities:

We want to thank Senator Ratti for bringing this bill forward. We appreciate it and we support it on the principle that it clarifies the clarity it brings that housing is a local concern. We are in support.

[([Exhibit F](#)) and ([Exhibit G](#)) were submitted in support of Senate Bill 398 (1st Reprint), but not discussed.]

Chair Flores:

Is there anyone else wishing to speak in support of Senate Bill 398 (1st Reprint)? [There was no one.] Is there anybody wishing to speak in opposition to Senate Bill 398 (1st Reprint)? The first two speaking will be allotted more time, but just because you have more time does not mean you have to use it. If you finish in 30 seconds, we are good with that, too.

Joshua J. Hicks, representing Nevada Home Builders Association:

The Nevada Home Builders Association is the statewide advocacy group for the home-building industry. We are here today in opposition to this bill. We have submitted a letter on the record outlining those concerns as well ([Exhibit H](#)). As mentioned earlier, home prices are largely a function of costs to build a home: land, labor, materials, regulatory costs, litigation exposure—those things all go into it. The concern we have with this bill is the potential application of it in a mandatory fashion for inclusionary zoning programs. That is not expressly stated in the bill, but it is certainly not prohibited in the bill either. Those kinds of programs tend to do a couple of different things. They require some units to be sold at a below-market cost, which then translates into, generally speaking, the costs of the other units going up and squeezing out the people who might be trying to buy those homes.

This bill also includes payment-in-lieu-of language, which has some concerns as well. There is no real certainty on that on what the payments-in-lieu-of might look like. And that is certainly a cost as well that will increase the cost of homes and, correspondingly, the price of homes. We are opposed to this bill for all of those potential consequences. We would certainly support something that was more voluntary incentive-based like some of the other legislation we have seen. We would support better applications of existing law that require density bonuses and things like that. Or give those kinds of tools to local governments in order to build more affordable housing units. I would just point out in our letter, we did reference a study. If anyone is interested, I would be happy to provide that study, but it does provide examples of other jurisdictions where mandatory inclusionary zoning programs have not been successful. Madison, Wisconsin, did one. They built 15 homes in 15 years. St. Cloud, Minnesota, did one. They built 28 homes since that was in place. Tallahassee and Davie, Florida, put in programs. They built zero homes. Seattle, Washington, put in a program with a payment-in-lieu-of language. During a ten-year period, not a single unit was built. Everyone just opted to pay the payment-in-lieu-of. Those are just some examples of

the danger of mandatory programs. We would much prefer a public-private cooperation. Those kinds of things do work for these programs, as opposed to mandates. Unfortunately, this bill allows mandates, so we oppose it.

Kevin Sigstad, Legislative Chairman, Nevada Realtors:

We have been testifying in support of a lot of the programs that Senator Ratti has brought forth on affordable housing. We recognize the need. We want to support whatever efforts we can. Certain parts of this bill make a lot of sense to give local jurisdictions authority. We are specifically in opposition to the ability of what was called rent stabilization or what is really known as rent control to be allowed on a local level. We understand that while it may provide a short-term solution for the existing tenants, rent control will not create any new additional housing, which is really the basis of the shortage of housing currently. If we have what was reported as 15 units per hundred for the seniors and the extremely low income, there is nothing in rent control that is going to incentivize someone to create additional housing for those people. If we look back to the 2010 to 2011 time period, home prices in Reno, in particular, and also in Las Vegas, decreased by 50 percent. There are a lot of people who lost their homes. At the same time, rental rates decreased by about 50 percent. A lot of the rent increases that have happened in the recovery are making up those costs that decreased during that same period of time. It has been a function of lack of inventory. From the point in time of the downturn on a national level, we have seen a shortage of new homes and new apartments being brought to market because of the reluctance of lenders, the skittishness of the builders, whatever the case may be. As a result of that, rents have gone up, prices have gone up on housing, and there is a definite lack of housing, which is then creating the bubble in rents.

Likewise, when the downturn occurred, we had a 14 to 15 percent vacancy rate in housing. There was no effort to come to you and say, We need to have stopgap measures to support the rental declines, and we need a floor on rents. We understand that people were put out of their homes. We understand that people lost their jobs, but it was a result of more homes on the market than demand. Currently, we have the opposite. We have more demand than we have housing, so we are in support of programs that will generate more housing, and we do not believe rent control should be allowed at the local level because we have seen over and over again that that does not create new housing. I appreciate your time.

Assemblyman Hafen:

Maybe Mr. Hicks might want to answer this question; I am not sure. Regarding the same question I had earlier about how the local government entities have not really taken full advantage of the 2015 changes, what are your thoughts on how the changes to this may or may not encourage them to implement some of those changes; and also what are your thoughts on the effect it will have on the builders and real estate division?

Joshua Hicks:

I think there are several tools in this that are already in the so-called toolbox on these kinds of issues. A lot of them were actually laid out in the prior bill that you heard, Senate Bill 103 (1st Reprint), if you look at that statute. When it comes to affordable housing plans, local

governments are empowered to do all kinds of things into their plan. Those include density bonuses. Those include selling land at low prices. Those include getting land from the federal government and offering that for sale. There are a variety of tools in there, and our perspective is certainly those things should be explored. Those are pure public-private, cooperative arrangements that incentivize the homes to be built and provide availability for homes to be built at lower costs. We would definitely support those kinds of things. Senate Bill 103 (1st Reprint) was a good example of fee flexibility, another tool that would do that. When there are structured incentives, they work. When they are structured as mandates, they tend to chill development, and that is what we have seen in other jurisdictions that have done things like mandatory inclusionary zoning.

Don Tatro, CEO, Builders Association of Northern Nevada; and Executive Director, Nevada Home Builders Association:

We comprise of over 1,000 members north and south. We will and have supported any efforts to bring attainable housing to the market. Unfortunately, we have to oppose this bill ([Exhibit H](#)). While it is well-intentioned, we think the unintended consequences would be significant. In all my studies, I have not found a single market with inclusionary zoning that has increased the availability of attainable or affordable housing to a significant degree.

This is also looking at a single industry to solve a community problem. I think that is unfortunate. Right now, we keep hearing fees-in-lieu-of. In Washoe County, per house we pay \$30,000 to \$45,000 in fees and inspections—that is not a single board, nail, or a part of the unit. This fee is going to further exacerbate that. For every \$1,000 price increase, 251 people in Washoe County cannot afford a home, and I believe 2,385 people in the state of Nevada. So I urge you to vote no on this bill because of the exactions and taxes and the further restriction on supply that we will see if the inclusionary zoning pieces and some more pieces are enacted locally.

Assemblyman McCurdy:

It seems to me there is consensus that we can all agree that there is an issue happening in our state, and we have a lot of folks who cannot afford to have a home. To have a place where they can raise their family, if they have one, and live comfortably.

Can you describe to the Committee what some possible solutions are if you do not agree with this method? What have you brought to Senator Ratti that she would be able to incorporate as a part of accomplishing her goal?

Don Tatro:

We participated in the interim committee, so we supported those efforts. I am chairman of Reno Mayor Schieve's housing task force. We have come up with a variety of ideas that I will be presenting to the Reno City Council on May 8. Some of the development could change, even parking restrictions and time lines. We are looking at a host of things in the entire process that can reduce time and cost and bring it to market. We are looking at huge increases in Reno and Sparks in the sewer connection fees. How can we help with that? The costs are compounding over and over, and we have tried to come up with a number of

solutions, whether it is the Reno Land Trust looking at properties the City of Reno could sell for attainable housing. We also support a tiny-home project for homelessness. I know my southern Nevada counterparts are very involved in a variety of homelessness things, so we are looking at a ton of different things. Unfortunately, this is just one of those unintended consequences that has not worked anywhere that I have seen. I think it is a broken tool to send to any government. I hope that answers your question.

Assemblyman McCurdy:

It does, thank you.

Assemblyman Ellison:

I think you are totally correct on what you said. I looked at some of the mini-home projects that are out there that they can build. The city has to step up to the plate and say, Look, we can get you utilities to the facility. We can give you the property. All that comes down and we can reduce the permitting process and then move it up the scale where you can actually build homes that are affordable. But they have to step up to make that happen. Is that not correct?

Don Tatro:

We are trying to help with that. We are looking at a variety of things to bring it to market. The reality is supply. We had a restriction in 2015 where there were also reforms passed that have helped increase the development of that missing middle. It was lacking for a variety of insurance costs and litigation costs, but we have seen an explosion in that, and that is coming to market now.

One of the important things is that builders and developers do not create the demand—they react to it. We are trying to work with the local governments as everyone's costs increase to react to that demand appropriately and as quickly as possible. Unfortunately, it is taking too much time.

Assemblyman Ellison:

I have run into a lot of situations recently where some of the new laws that were passed are feeding back onto some of the old rental units with all these backflows and stuff. Some of these houses are not built to handle these, so they have to build something outside of the house to come back in at thousands of dollars. Commercial is totally out of control: \$10,000 to \$50,000 just to put these backflows in there. These are restrictions that are coming down from the federal government or from the state and cities that are implementing the problems back on these housing units. We have got to do something to try to slow these down. Is that not correct? The backflow valve is just one thing that I am talking about out of hundreds.

Don Tatro:

Absolutely that is correct. The complexity of building has increased to a degree that the cost is built in whether it is your air changes per hour that you have in a unit or the backflow preventers you mentioned that are required for a hose freezing. The complexity of the code has gone from kind of a best practices to a litany of thousands of pages that make it very

expensive to build and very difficult, especially when you are trying to bring a lower-cost home to market and when you enact these policies that we are talking about. We have seen inclusionary zoning in the Bay Area—San Francisco has had it on the books since 1973, and I believe they have only brought a little over 7,800 units to market since 1973 with inclusionary zoning and rent control. The cost is growing, and this absolutely would be an increase to the cost of relief.

Assemblyman Smith:

What is preventing builders from building affordable housing today?

Don Tatro:

Cost—absolutely. When you look at an affordable housing project, it is kind of like a mosaic. You use different funding pieces that have a little bit lower interest rate or a benefit to the code. But that is one of the biggest reasons is the cost, because you are still required to maintain a certain level of standard through the codes that are getting more and more complex and more and more expensive. It is difficult to find a project that will make any type of return and, in fact, a lot of market rates are going at cost that have been booked in the past. It really boils down to the cost and the complexity. I have one member who tried to do a portion of his units in Section 8, trying to help the problem, and he was unable to because of the complexity of dealing with the U.S. Housing and Urban Development requirements.

Another individual wanted to turn three-bedroom units into single-bedroom units and studios, but because the same number of bedrooms but a different number of doors would require additional parking, the city was unwilling to waive in their requirement for the parking based on the number of doors, not the number of bedrooms. We are looking at that on Mayor Schieve's task force as well as how we could accommodate that. Because he was going from 150 units of three to four bedrooms to almost 750 units, I believe, in the reconfiguration and was kept from doing that because of the local restrictions on the code, which I know we have said that local governments can move very fast today, but that is really not that true because we are still trying to fix that and that was over a year ago. We are just now getting to some Title 18 development code in the City of Reno updates on May 8. I hope that answers your question.

Assemblyman Smith:

Thank you, it does.

Assemblywoman Gorelow:

To expand on what Assemblyman Smith had said, what would be a profit margin on a house that cost say, roughly, \$300,000?

Don Tatro:

I do not know. Everyone has a different model. An affordable housing unit with a 30-year tie to that affordability level will be a much different model than something else, much like a Ferrari to a Kia. I do not know those profit margins, but I can tell you that being restricted and constricted by the cost of labor, land, development, government regulation, and when we

look at the areas that we can focus on, it is usually the regulatory piece, the cost to build. As I said, we are at \$30,000 to \$45,000 a unit in Washoe County. That is a significant portion of the cost in multifamily because of the increase in regulation in energy codes and a variety of different things. We are looking at units where 25 to 50 to 30 percent are regulatory costs. That is increasing. As far as the profit margin or whatever, if you are self-funded, if you are funded through a bank, and a variety of other things, but it is a community issue that we are looking for in individual industry to solve much like transportation. We have bus systems that are paid for through the community, not through the auto dealers.

Chair Flores:

Committee members, are there any additional questions? [There were none.]

Matthew J. Walker, representing The Howard Hughes Corporation:

I was starting to think you did not want me to testify with all the questions. I appreciate the opportunity to be here, and I appreciate all of Senator Ratti's meaningful work.

I wanted to specifically speak to the fee-in-lieu-of inclusionary zoning portions as it has been touched on. This is a significant departure from generations of policy in the state of Nevada. Under *Nevada Revised Statutes* Chapter 278, local governments have awesome ability to exert fiscal control and ensure that impacts of any particular development do not negatively impact the community. They can require streets be built. They can require fire stations be built. They can require parks be built and many other things to offset the impact of a development. This would flip out on its head and say they could now assess fees to ensure that a community-wide problem is addressed. We feel it is much more appropriate to address those through wide, broad-based fee structures, similar to the way we provide for school construction or public transit. Additionally, I will say that there is other meat left on the bone in terms of policy that can be changed by this state to facilitate additional affordable housing. One is the unique requirement that high-rise construction begin at 55 feet, whereas the international code calls for 75 feet. That is a unique Nevada requirement. Every single project that comes forward defeats the NIMBY-ism and finds that mosaic of funding patterns to fund an affordable housing project builds one-third fewer units than they would in any other state. And that is because of a unique requirement where a stakeholder has not been willing to come to the table and solve that problem. There are still significant ways we can move the market. We are very concerned that this would have a chilling effect on attracting capital and a negative impact on overall housing costs.

David Dazlich, Director, Government Affairs, Las Vegas Metro Chamber of Commerce:

I would like to echo my colleagues from the building industry. The ideas of inclusionary zoning and rent control are absolutely obstacles to them as they continue to provide the supply to meet the demand for housing. And while certainly we all agree that the supply is not meeting the demand, that we would throw those additional obstacles in there to increase the length of time it takes to bring these new units online, that is simply counterintuitive, unfortunately. Additionally, the Las Vegas Metro Chamber of Commerce is opposed to expanding fiscal home rule. As in 2015, we stand by our position that Nevada is a Dillon's

Rule state, and that part of our ability to be such a business-friendly state is to maintain that fiscal authority with the Legislature to keep the state from devolving into a patchwork of taxation and regulatory mismatch. For that reason, we are in opposition to this bill.

Susan Fisher, representing Nevada State Apartment Association:

We do stand in opposition to this bill. There is a reason why 30 other states in the United States have preempted local control. The words that cause the most fear in our hearts are "rent control." That is the fastest way to raise rents because if we know that it is going to be implemented in a certain period of time, rents will go up prior to that. Also, if there is a certain percentage that rents can go up each year, they will definitely go up each year that amount. Now they go up and down as the market goes up and down. Unfortunately, as we have seen in other markets where they do have rent control, they go up and they stay up. They do not soften ever. The housing market is beginning to soften a bit now. The apartment industry follows right along behind that. Those rents will soften as well as the market softens some. It is cyclical. For those reasons, we do oppose the bill.

Assemblywoman Hardy:

My question is for Mr. Hicks. It has been mentioned that Nevada overall has been in a housing crunch. I wanted to get your thoughts on whether you think it would make it harder not only for building affordable housing but also hurt affordable family homes with this type of legislation?

Joshua Hicks:

I think the answer to that is a maybe. It depends on how it is supplied. If the bill is applied, for example, on a mandatory inclusionary zoning program, then absolutely we think that would have problems. It would increase the cost of homes to cover those for developers who are subject to it. It would chill development of certain projects. Now, if the programs are structured in a different fashion, which could also happen under this bill, but we would rather it only be the way they could happen in this bill. If they are incentive-based. If they are a cooperative. If there are things like density bonuses or urban infill. What Mr. Walker noted about the mid-rises, those are the kinds of things that can really help, and I think could happen under this bill, but it is the ones that could be very negative—the mandates that are under the bill—that we are worried about.

Assemblyman Hafen:

Mr. Hicks, if I understood you correctly, the concern is that we would create affordable housing and then at the other side, we would be increasing the cost of other housing which would squeeze the middle class and make the middle class not able to afford housing. Is that what I am hearing from you?

Joshua Hicks:

Yes, that is what you are hearing. If you took a typical development that was maybe targeting median home prices, and a certain percentage of that was required to be sold at below-market prices and even below cost to build those units, then the developer, in order to make the project pencil, you would see the prices go up on the other units—the

non-inclusionary zoning units. So those people who are looking at those kinds of units are now looking at a higher price. As Mr. Tatro said, Nevadans get squeezed out for every \$1,000 a home price goes up; fewer people can qualify for the mortgage for those homes. It does squeeze out those people by increasing costs. It might help a few people, but it also hurts a lot of other people as well.

Assemblyman Hafen:

Ms. Fisher, you stated that 30 other states have implemented a preemption to rent control. How do you think Nevada is different from those other 30 states?

Susan Fisher:

I do not think we are different from those other states, and they did not specifically preempt rent control but they preempted the local control that would enable local governments to enact rent control, so it is an overall preemption. As mentioned here, the local governments already have a number of tools they can use to help incentivize. Some of the measures you have heard here today will help incentivize more affordable housing. Programs in southern Nevada with local governments purchasing Bureau of Land Management land and then selling that to developers, that is a tremendous way. Northern Nevada has not been doing that. They could, but they are not.

Chair Flores:

Is there anybody else wishing to speak in opposition? [There was no one.] Is there anybody wishing to speak in the neutral position on Senate Bill 398 (1st Reprint)?

Paul McKenzie, Executive Secretary-Treasurer, Building and Construction Trades Council of Northern Nevada:

I just wanted to put some counterpoints on the record listening to what I heard a few minutes ago. As a former Reno city councilman, I dealt with these issues for the last four years. The idea that the only way to get affordable housing through incentives from local government is poppycock. Local government does not have the capability to provide incentives for affordable housing under the current tax structure. All the fees that are charged are based upon the need for money to provide services. Connection fees are based upon the increased capacity that will be needed for the development. We waive parking, and the next thing you know we have neighbors complaining about cars being parked in their driveway that should be parked at the neighbor's house. All of the different things that the development community says are too expensive for them to build, if we waive those or waive those impacts, that has a counter-effect on the local community. It either causes local government to have to finance things that should be financed by the development community, or it causes an impact on the local community to the surrounding neighbors who are already there with negative impacts.

Assemblyman Ellison, living in Elko, would you like somebody in an apartment complex parking in front of your house instead of in their apartment complex? Those are the impacts of these incentives that the developers would like these local governments to give. If there was money available, that we did not have to have connection fees, and we did not have to

have impact fees for roads, and we did not have to have all the things to support the services that these new developments demand, if there was money available to do that, then we would not have to charge the impact fees. The local government would not have to do that. When they talk about waiving these things to get low-income housing, it creates a burden on the rest of the community—a huge burden on the rest of the community. The idea of inclusionary zoning that if they do not want to build those low-income homes, they put the money in a pot and then there is money over there to incentivize building low-income housing. That is the piece of the puzzle that has been missing for local government to do inclusionary zoning and actually get affordable housing out of it. I am neither in support nor in opposition to this bill. I believe that this bill will give local government more tools and, again, those tools are going to be vetted through their process at the local government, and these gentlemen will have the opportunity to come and oppose them at that level. The people who are dealing with the problems day to day, it is not saying that they have to do it, it is giving them tools—just a counterpoint to all the negativity you just heard.

Bruce Breslow, representing Nevada Strategies LLC:

For five years, I was the director of the Department of Business and Industry for the state of Nevada. Under Business and Industry was the Housing Division and the Manufactured Housing Division. I wanted to clarify a general thing on the record that there are about 35,000 affordable units in the state. I would venture to guess that more than 99 percent of them were built by using the tax credit programs. A 9 percent tax credit program and a 4 percent tax credit program—those are programs available from the Nevada Housing Division. Without the tax credits, developers cannot buy down the cost of building these things so that they can fall within the affordable levels.

While cities and counties and organizations can try to help, it still comes down to a certain number of tax credits available on the 9 percent program every year. It is a competitive process. There might be seven applications and five get funded. If there were more tax credits, more would get built. I just wanted to throw that out there because we have been talking about everything else but the developers who specialize in building affordable housing, and they really rely on those programs. At some point, and I know there have been discussions in the Legislature on adding more tax credits—that really would make a big difference.

Chair Flores:

Is there anybody else wishing to speak in the neutral position? [There was no one.] Senator Ratti, do you have closing remarks?

Senator Ratti:

I waived closing remarks on all the other bills, but on this one I have to take the opportunity so I appreciate that. The first thing I want to say is, thank you, to every one of you for taking the time to listen to a whole bunch of talk about affordable housing and for recognizing the crisis. I do not think there is anybody sitting at the dais who does not understand that this is a significant issue for Nevada.

I want to say thank you to the interim Committee to Study Issues Regarding Affordable Housing that did amazing work, including the staff who supported us. I want to say thank you to everybody who came here to testify today, whether they testified in support or in opposition. The compelling stories that you heard from individuals who are living in this housing market and the struggles they are facing, and the challengers, the folks you heard from towards the end: the builders, the Realtors, the apartment association, and all the various groups who I believe are doing their level best to try and figure this out as well. The dialogue has been respectful. Everybody has come to the table looking for solutions, and I appreciate everybody's work on this issue.

Specific to this bill, I have a few things: you would think that I just presented a bill mandating rent stabilization and inclusionary zoning. I did not. I presented a bill that says, We need to untie the hands of local governments. We need to clarify that if we got attorneys in the room and asked them if local governments already had the ability to do this, 95 percent would say yes. This bill does not do a whole lot except to provide clarity. I will go back to where I started: the constituents. I know folks have said, Those are the constituents for local governments, or, Those are the constituents for state governments. We all know because we have been out there on the campaign trail and they are both of our constituents. That voter has a city council person; they have a county commissioner, they have a state assemblyman, and a state senator. What is happening to those voters and constituents, the ones who do not vote? They are coming to us and saying, We need your help. And we are saying, Local government needs to help you. They are going to their local government representatives and saying, We need your help, and they are being told, You have to go to the state to get help.

All this bill does, despite everything you just heard, is untie the hands of local governments to provide clarity for a law that was already passed in 2015 that says that housing is a matter of local concern. To say that they can do anything they need to do to assure affordable housing—surprise—that is all it does. I am 100 percent confident because I have seen it with my own eyes in my eight years on the city council. When those conversations come up, that folks like ACTIONN and Indivisible Northern Nevada are going to be in the room and testifying to their locally elected officials. Folks like the builders and the apartment association and the real estate agents are going to be in the room providing those locally elected officials the information they need to make good, tough decisions.

What I think some folks are asking is that we preempt that conversation altogether. That we just say, No. Local governments, you cannot have that conversation. And when you think a minute from the stories you have heard today and the stories you have heard when you are out in your communities and when you think about 15 units for every 100 we need for our extremely low-income seniors, people with disabilities, veterans, 36 units for every unit we need for our working poor, half of our state that is living rent- or housing-burdened today because they cannot afford their housing so they are making decisions about whether they choose housing or health care or food. I do not think we can live in a situation where local governments do not have the flexibility they need to be innovative and creative. That is all that this bill does.

I also want to note, I agree that the builders and developers do not create the demand—they react to it, and they do a fabulous and marvelous job of reacting to the median income and above market. But there is a tremendous amount of demand in the below median income market, and they do not react to that. If they did, we would not be in the situation we are where we have so few units that we need for our lowest and extremely low income and our low-income Nevadans—that is true. It was true when we were in the recession, and it is true in this hot economic period. We have not had enough housing units regardless of what is happening for that population. That is a market that we do not react to without getting innovative and creative in figuring out how to get to solutions. I will say it one more time: we need the federal government, we need state government, we need local government, we need private development, and we need philanthropic partners to all have to be at the table and to do what they need to do to address this issue.

Again, there are no mandates in this bill. All it says is that the conversation should be able to happen at the local government level and, as a reminder, I want to thank former Mayor Breslow, that is how I am going to refer to him because in the city of Sparks that is who he is. Ninety-five percent of units have been built by low-income housing tax credits in the state of Nevada—not quite 99 but 95 percent of them. There is a bill, Senate Bill 448 that gets the state in that game and does \$10 million in tax credits. It is going to be heard and read. Please pay attention to it when you get to see it. Senate Bill 425 is the other bill that came out of the interim Committee to Study Issues Regarding Affordable Housing. That is Senator Cannizzaro's bill. Two bills came out that were matching. This creates the 1915(i) Home and Community Based Services waiver that allows us to use Medicaid funding for supportive housing services for seriously mentally ill and other challenging populations to keep them housed.

Please pay close attention to Senate Bill 151 and Senate Bill 256 that look at the balance between tenant and landlord rights. Holistically, all of these bills do help us take a step forward. There is no silver bullet. That is why there are eight bills trying to come at this from every different angle. All I am asking with this particular bill is that you let local government be part of the solution.

Thank you so much for the amount of time and energy you put into this today. I am very grateful.

Chair Flores:

Before we let you go, we have two questions and two comments.

Assemblyman Leavitt:

I do not want to discount your efforts and the work you put into this. I hope you do not feel that any of us were trying to beat up on the legislation or your efforts. I think our biggest concern is to be counterproductive to the end goal. I think that is where we want to come to a wise solution. I guess the way I see it is if we are letting them opt out, then they are going to opt out, and affordable housing will not be built. Then we are right back where we have been before. On the plus side of that, there is some funding that will go into the affordable

housing potential. Affordable housing potential money does not create affordable housing. I hope we can continue the conversation and work toward a solution that we all want. I think we are all there with you. I just wanted to go on record showing my appreciation to you for your efforts.

Assemblyman Smith:

I just wanted to say that we have to do something. We cannot continue to kick this can down the road. We have got to start somewhere. I think this bill is a good start. Currently, there is no incentive to build. This bill says "may," not "shall." We need to remind ourselves that the public will still have input, only at the local level.

My final thought is to remind everyone in this room, this body will meet again in two years. If there is a problem, we can address it then.

Assemblyman Ellison:

There are a lot of things that come out that can get your head spinning. I would like to talk to you about some things. I have some ideas that might help. One question is, How many housing units are needed between Reno and Sparks? Have you any idea what the shortage is in Las Vegas?

Senator Ratti:

The best data I can say is, I know very clearly when we talk about the 30 percent AMI and below number, that we have 15 units for every 100 needed. So you can extrapolate that out across the state, as that is a statewide number. Same thing, if you talk about the 60 percent AMI and below, it is 36 for every 100, so we know that we have 36 percent of what we need; 15 percent of what we need. There is generally a shortage of housing, and I know Mr. Klippenstein has been spending a lot of time on this, so I will allow him to answer.

J.D. Klippenstein, Executive Director, Acting in Community Together In Organizing Northern Nevada:

We have been part of a process with Truckee Meadows Regional Planning Agency, Enterprise Community Partners, and several other organizations who are looking at housing for Washoe County. The report is to be published next month, but I know that the shortage, the current gap for housing that is affordable for folks who are low income who are below the area median income, is nearly 12,000 units in Washoe County. To give you an idea, with the current resources we have to build affordable housing at the rate we build affordable housing, it would take us 100 years to meet the current gap. That is how dire the situation is. I hope those numbers help conceptualize what we are talking about.

Chair Flores:

I will say that I am conflicted only because in 2015, I heavily opposed Dillon's Rule. I was never a fan of home rule. We pushed back. I was always concerned about this building giving away too much power. But the will of the people in this building spoke, and we passed that law, and it is the position of our legal in this building now that what you have in this bill is, in fact, already something that could be done. I think the reason local government

has been pushing back when we have gone to them and asked them to take some action is because I think local government realizes that if they act too much with the authority given to them under Dillon's Rule and a mistake is done that we, the Legislature, would very quickly run back here and repeal back, and say, This is exactly why we did not want it. I think that is why local government has been so hesitant, not only in this conversation, but every time we talk about home rule in so many different arenas, there is this constant pushback, and I think it is because local government wants to make sure that what they do with the authority they have is done to the best of their ability. I hear the opposition, and I do not think it is fearmongering. I think there are legitimate concerns. This could potentially lead to that and, at the same exact time, it is a very real reality. We talk about what this bill might do, and I compare that to the very real reality of the people right now in our districts who desperately need something done today. They are not basing it off of today. This is what is potentially going to happen tomorrow, but this is my reality right now. I do not know where to live. I do not know what I am going to do with my family. I need you to take action. I have to weigh those two things right next to each other.

I think, lastly, it was a Republican-controlled 2015 that gave us Dillon's Rule. In fact, the bill that came out of the Assembly, it went party line [Assembly Bill 493 of the 78th Session]. It was Democrats who voted no, and Republicans who voted yes on the Assembly side. It was the Senate bill that came back to this house that got a little bit of bipartisan support [Senate Bill 29 of the 78th Session]. I mention that because it is so bizarre to me that it is the same exact group of individuals who pushed this and gave that authority pursuant to legal opinion. If you ask the Legal Division of the Legislative Counsel Bureau, they will say this is what they are allowed to do now. That is the law. You approved it in 2015, and now we have this reverse situation, and it is because we are talking about affordable housing. It is a very bizarre situation for us to be in. I think we all have a responsibility to realize what we voted for in 2015, and stay real to what we said we wanted to do. And with that, I look forward to the conversation. I know everybody in this room is looking forward to working with you. We cannot allow this session to end without us doing something real. I appreciate you, Senator Ratti, for all your hard work.

Senator Ratti:

Thank you, Chair Flores. First of all, I appreciate your work on this Committee as well. You are a thoughtful partner, and I think we did thoughtful work in the interim. So thank you for that, and let me say that the irony of the politics on this one is not lost on me. This is an issue that cuts across partisan lines significantly. Constituents do not care whether Republican or Democrat or whose idea it is. They need help, and they need help now.

With that, I appreciate everybody giving this some significant thought. It is the biggest fight over the bill that does the least of anything that I have done so far in my legislative career. I will say, very specifically, on this issue, I agree with your comments, generally, on Dillon's Rule. I think that local governments are showing constraint, and I think it demonstrates that they will. But on this specifically, what the advocates in the room will tell you is that the back and forth with local governments on affordable housing specifically, and the city attorney telling the council members—one of whom is in the room today if you need

verification—that their interpretation of the statute differed from our own legal counsel's interpretation of the statute, and they did not have the authority to do some of the things that were on the list. We do have local government and legal counsel giving their elected officials a different opinion than state legal counsel gave us, which is why I brought the bill. That very specific incident is why I brought this bill, so let us just make that clear.

Chair Flores:

Thank you, Senator. With that we will close the hearing on Senate Bill 398 (1st Reprint). I would like to invite forward anybody wishing to speak in public comment. [There was no one.]

This meeting is adjourned [at 11:13 a.m.].

RESPECTFULLY SUBMITTED:

Connie Jo Smith
Committee Secretary

APPROVED BY:

Assemblyman Edgar Flores, Chair

DATE: _____

EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is a copy of a PowerPoint presentation titled "SB 104 – 80th Legislative Session," dated April 30, 2019, presented by Stephen Aichroth, Administrator, Housing Division, Department of Business and Industry.

[Exhibit D](#) is written testimony from Sofia Schersei, Private Citizen, Las Vegas, Nevada, dated April 30, 2019, in support of Senate Bill 398 (1st Reprint).

[Exhibit E](#) is a letter to the Assembly Committee on Government Affairs, authored and presented by J.D. Klippenstein, Executive Director, Acting in Community Together in Organizing Northern Nevada, dated April 29, 2019, in support of Senate Bill 398 (1st Reprint).

[Exhibit F](#) is written testimony submitted by Donald Griffin, Private Citizen, Reno, Nevada, dated April 30, 2019, in support of Senate Bill 398 (1st Reprint).

[Exhibit G](#) is a copy of a letter authored by Erik Schoen, Executive Director, Community, Chest, Inc., Virginia City, Nevada, dated April 30, 2019, in support of Senate Bill 398 (1st Reprint).

[Exhibit H](#) is a letter to Chair Flores and the Assembly Government Affairs Committee, authored by Don Tatro, CEO, Builders Association of Northern Nevada; and Nat Hodgson, CEO, Southern Nevada Home Builders Association, and presented by Don Tatro, dated April 25, 2019, in opposition to Senate Bill 398 (1st Reprint).