**MINUTES OF THE MEETING
OF THE
ASSEMBLY COMMITTEE ON TAXATION**

**Eightieth Session
May 2, 2019**

The Committee on Taxation was called to order by Chair Dina Neal at 4:10 p.m. on Thursday, May 2, 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:

Assemblywoman Dina Neal, Chair
Assemblywoman Ellen B. Spiegel, Vice Chair
Assemblywoman Shea Backus
Assemblywoman Teresa Benitez-Thompson
Assemblywoman Lesley E. Cohen
Assemblyman Chris Edwards
Assemblyman Edgar Flores
Assemblyman Gregory T. Hafen II
Assemblyman Al Kramer
Assemblywoman Susie Martinez
Assemblywoman Heidi Swank

COMMITTEE MEMBERS ABSENT:

None

GUEST LEGISLATORS PRESENT:

Senator Chris Brooks, Senate District No. 3
Senator Julia Ratti, Senate District No. 13

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Michael Nakamoto, Deputy Fiscal Analyst
Gina Hall, Committee Secretary
Olivia Lloyd, Committee Assistant

OTHERS PRESENT:

David Bobzien, Director, Office of Energy, Office of the Governor
Danny L. Thompson, representing International Brotherhood of Electrical Workers Local Union 396
Jacob D. Haas, representing International Brotherhood of Electrical Workers Local Union 401
Hunter Stern, representing International Brotherhood of Electrical Workers Local Union 1245
Laura Wickham, Energy Programs Manager, Office of Energy, Office of the Governor
Stephen Aichroth, Administrator, Housing Division, Department of Business and Industry
Michael Holliday, Chief Financial Officer, Housing Division, Department of Business and Industry
Greta Seidman, Director of Communications and Marketing, Nevada HAND, Inc., Las Vegas, Nevada
Janice Walton, Private Citizen, Las Vegas, Nevada
David Paull, Director of Real Estate Development, Nevada HAND, Inc., Las Vegas, Nevada; and Member, Affordable Housing Advisory Council, Federal Home Loan Bank of San Francisco
David Dazlich, Director of Government Affairs, Las Vegas Metro Chamber of Commerce
Mendy Elliott, representing Reno Sparks Chamber of Commerce
Suzzette Jorgensen, Private Citizen, Reno, Nevada
Izzy Youngs, representing Nevada Women's Lobby
Veronica Moss, representing Nevadans for the Common Good
William Brewer, Executive Director, Nevada Rural Housing Authority
Wes Henderson, Executive Director, Nevada League of Cities and Municipalities
David Frazier, Private Citizen, Reno, Nevada
Hilary Lopez, Senior Associate, Praxis Consulting Group, LLC
Greg Horton, Private Citizen, Reno, Nevada
Megan Rockefeller, representing Food Bank of Northern Nevada
Shane Piccinini, representing Human Services Network
Sarah M. Adler, representing National Alliance on Mental Illness Nevada
Elisa Cafferata, representing Nevada Technology Association, Inc.; and Planned Parenthood Votes Nevada
Brittany Walker, representing Regional Transportation Commission of Southern Nevada

Chair Neal:
[Roll was taken and Committee rules and protocol were reviewed.] We are going to hear two bills today. The first will be Senate Bill 298 (1st Reprint). I will call Senator Brooks to the table.

Senate Bill 298 (1st Reprint): Revises provisions relating to partial tax abatements for certain renewable energy facilities. (BDR 58-908)

Senator Chris Brooks, Senate District No. 3:

Partial tax abatements for large utility-scale renewable energy systems in Nevada are an important tool for economic development and our fight against climate change. They incentivize companies to develop these projects in our communities, thus lowering our greenhouse gas emissions and boosting the percentage of electricity generated by renewables, all while creating thousands of high-paying local jobs.

There are many requirements that a system must meet in order to be eligible for abatements. One of these is that they have to pay their workers a certain percentage of the state hourly wage as determined by DETR [Department of Employment, Training and Rehabilitation]. Because of the critical role renewable energy is going to play in our future development, as well as the trust we are bestowing upon these facilities by granting them our abatements, we need to ensure that the Office of Energy, Office of the Governor has everything it needs to keep these energy systems accountable to their workers and to the general public.

It is in this spirit that I have sponsored Senate Bill 298 (1st Reprint). Among other things, S.B. 298 (R1) would do the following: It would mandate that renewable energy facilities applying for partial tax abatements keep an accurate record for each employee that details their name, occupation title, the state which issued the employee's identification, and wages. This would also apply to employees of contractors and subcontractors working on the same project. One of the components of the tax abatement is to have a certain amount of Nevada workers working on these projects and being paid the percentage of statewide hourly wages.

Wages for the purposes of these records are defined as the basic hourly rate of pay and do not include benefits such as health care. The law currently says that you must provide health care to get this tax abatement, and this would clarify that the health care benefit is not considered part of that wage—it is actually above that. All this information helps to determine a facility's eligibility for partial tax abatements.

Renewable energy facilities would submit annual payroll reports to the Governor's Office of Energy and their respective board of county commissioners that contain a statement of truth and accuracy and all of the information stipulated above; itemization of all the contributions made to a third party pursuant to a fund, plan, or program in the name of the employee; and other information as requested. This is a simple measure that provides better oversight capabilities to the state of Nevada. I am here to answer any questions on the bill. I could walk you through some of the provisions of it. It was amended on the Senate side pretty heavily because the draft that came out had a little bit more responsibilities at the county level, and that was not necessarily my intention, so we clawed that back and that removed the fiscal note that was on it.

Chair Neal:
Could you walk us through some of those provisions to help us understand the change in who is being captured with this language?

Senator Brooks:
The changes start in section 2. The change that was made is that it now requires an accurate record be made when you are going to get the tax abatement. In the past, you self-certified that it was accurate and that you had met the minimum wages and Nevada residency requirements for the workers on your project to get the tax abatement. This requires you to now submit certified payrolls along with that when you are making that self-certification.

Section 3 builds upon that and clarifies what things need to be included—a statement of truth and accuracy, and an itemization of all contributions made to the third party pursuant to a fund plan program or the name of an employee. That is so we can verify that insurance is being provided and that all the workers on these projects receiving the tax abatement have health benefits.

Section 4 defines that wages are what is actually on the check, not the combination of what is on the check and the value of the benefits offered or provided.

Section 5 changes the fee structure. The Governor's Office of Energy collects a fee when they are taking a tax abatement application. This would not expand the amount of the fee, but what is included in the work that they are doing that is covered by that fee. Right now their operations on developing renewable energy projects and facilitating the tax abatement program are funded in part by fees, and also money that was in the account when a certain portion of the abatement used to go into the Governor's Office of Energy. It does not do that anymore, so we want to be able to give the Governor's Office of Energy the ability through rulemaking to change those fees based on the actual scope of their work. That is it for the bill.

Assemblywoman Spiegel:
There are many good provisions in this bill, but I was a little confused in section 4, subsection 1, paragraph (d), subparagraph (4), sub-subparagraph (I); and in section 4, subsection 1, paragraph (e), subparagraph (4), sub-subparagraph (I), when you are talking about the health insurance plan. You say that it must be provided by a third-party administrator. Third-party administrators will run plans, administer plans, but they are not insurers. They are not necessarily the ones that are providing insurance. Could you clarify the intent and if you might be open to clarifying the language in the bill, because you can also have someone who has insurance and they manage it in-house—it is still administered and is still there—but it is just a different verification process.

Senator Brooks:
That is existing language and existing statute. It exists where insurance coverage is being described in economic development incentives throughout statute.

Assemblywoman Spiegel:
It is still confusing.

Senator Brooks:
If there is not enough clarification, I would definitely need to have the LCB [Legislative Counsel Bureau] legal staff help me because that is how it has existed for years in statute wherever we define health benefits under economic development incentives.

Assemblyman Edwards:
I have a threshold question, which really comes down to what the problem is that we are trying to solve. We seem to be setting wages where wages are okay, not okay? What is the driving factor for trying to tell people if you get an abatement, you have to provide a salary of X, and what would X be?

Senator Brooks:
This abatement language has been around for about ten years. Approximately 170 percent of the average hourly statewide wage in the state of Nevada is the average wage that needs to be paid on a project that receives the abatement. The concept being that if we are going to abate some of their taxes, to incentivize them to build these projects in the state of Nevada, then we need to show an economic benefit to the state of Nevada. The way we show that economic benefit to the state of Nevada is we have a certain amount of Nevada employees work on the project and make a certain wage, with the understanding that that is reinvested in our community. The bargain for the abatement is to pay that wage. We are not trying to change any of that. We are trying to mainly clarify what is considered that wage. This passed years ago and it said that you must provide health benefits, you must pay a percentage above the statewide hourly wage, and it must be a certain amount of Nevadans. Over the years, through interpretation, they have considered that you can offer health insurance. It says must, but through interpretation it says you can offer. They have deemed you can offer it and that meets the requirements. In the change in statute, in the definition of wages, you were allowed to count what you offered in health benefits towards what your actual wage was. With this bill I am trying to take it back to its original intent when it was passed, and to ensure there is better value coming to the state of Nevada through wages for Nevadans when we offer these abatements.

Assemblyman Edwards:
Did you say it was 170 percent?

Senator Brooks:
It is actually 175 percent.

Assemblyman Edwards:
This requires the employer to pay them 175 percent of the median Nevada wage?

Senator Brooks:
The average statewide hourly wage.

Assemblyman Edwards:
I am trying to figure out what that is.

Senator Brooks:
It changes. I believe it is around $25 per hour. The Governor's Office of Energy happens to be here, and also the Administrator of this program who has been doing it for a number of years and probably knows this by heart.

Assemblyman Edwards:
Given the fact that the economy is pretty much booming and the trade unions are having trouble providing enough workers for all the projects that are already here, what happens if there is no local worker? At what point do you say you have to allow out-of-state workers to come in, in order to do these jobs?

Senator Brooks:
That is not something we have experienced in this state. There is a shortage of cheap labor, but there is no shortage of skilled labor in the state of Nevada to work on these projects.

Assemblyman Edwards:
The trades keep telling me they have a shortage of workers now because there are so many projects underway. Assuming that everything stays good, which is what we want, what do we do if we run out and there is nobody else except out-of-state workers?

Senator Brooks:
The statute we are modifying, that has been around for a decade, I believe has in it a 50 percent residency requirement to get the tax abatement, which would immediately allow for 50 percent out-of-state workers to be working on the projects anyway. It is not something we have had to contend with. We would need to talk to the Governor's Office of Energy and see what the process is for petitioning for a waiver. It is just nothing we have faced in the 20 years I have been working on these projects.

Chair Neal:
If it is going to help the Committee understand what the bill means, I am fine with them asking questions about existing language. So in section 4, subsection 1, paragraph (e), subparagraph (1), you have the 50 percent requirement, which starts on line 15 of page 4; capital investment, which starts on line 19 [section 4, subsection 1, paragraph (e), subparagraph (2)]; average hourly wage paid by the facility at 110 percent, which starts that discussion around line 24 [section 4, subsection 1, paragraph (e), subparagraph (3)]; and then construction specifically that is the 175 percent of the average statewide hourly wage beginning on line 30 [section 4, subsection 1, paragraph (e), subparagraph (4)]. This may help you understand the concept and public policy change being addressed. I wanted to point that out so you could read that and frame your questions going forward.

Assemblywoman Benitez-Thompson:
In existing statute, in section 5, it talks about the ability for the Director to provide to GOED [Office of Economic Development, Office of the Governor] information to ensure that all entities are compliant with the eligibility requirements for the abatement. With the provisions of sections 2 and 3 that are being added in, if we see that someone is out of compliance, would we have the ability to take action? With other abatements there are audits, and you look at their compliance at different benchmark points. If you looked back and found someone was out of compliance, could there be a discussion about that?

Senator Brooks:
In the existing statute and with many other abatement programs, it gives the ability for the agency administering it to audit the project and claw back tax abatement dollars that were given in the event they are not in compliance. The Director for the Governor's Office of Energy would be asked to audit the project to see if there was any noncompliance. One of the things we are changing is we are asking that the certified payrolls be shared with the county in which the project takes place. If you think about what the tax abatement does, the county where the project takes place has more on the line than the State of Nevada does as far as abated dollars. If someone had an incentive to find out if developers were complying with this law or not, it would be the county. They could then turn around and ask the Governor's Office of Energy to audit a particular project. There is nothing in here that directs them or orders them to, but they still have the discretion to audit that project if they feel there has been noncompliance.

Assemblywoman Benitez-Thompson:
As I read it, it talks about being able to bring forth regulations, so I know there are regulations in place regarding this. I am sure in the regulations it probably talks about those mechanisms specifically, whether it is an audit or a report, or what level of audit it goes into. I just wanted to ensure with the addition of adding sections 2 and 3 that that is one of the factors we are looking at as well.

David Bobzien, Director, Office of Energy, Office of the Governor:
That is a very important question, and what brought me up to the table was to give some legislative history and an update about what the language in section 5 does. You are absolutely correct. The regulations we are directed to do require us to ask GOED if they have an existing abatement, because we do not want to have a situation where there is a doubling up. Not having layered abatements has been a theme of legislative action over many sessions, and that is what this is. Our office will come up at the end in the neutral position to talk about our perspectives on the bill, so we can probably answer some more questions about existing language and the existing program we have.

While I am up here, I want to say that Senator Brooks' comments about the theory behind ensuring the county has the records at the same time the Governor's Office of Energy does, we agree with that approach and agree that the incentives for ensuring compliance are heightened with that approach. We applaud the bill sponsor for introducing that concept.

Assemblyman Kramer:
I am looking at section 5, subsection 3, paragraphs (a) and (b), and it looks as though it changes from allowing a fee not to exceed the actual cost to the Director for processing and approving the application, to a fee that has two components—one of which is an amount that does not exceed the actual cost to the Director for processing and approving the application, and the other component is a reasonable amount determined by the Director to help sustain the work of GOED to support and expand renewable energy development in this state by administering the provisions of *Nevada Revised Statutes* (NRS).

I do not know how many applications are received, so it would be hard to determine, in my mind, how much that application fee would have to be to provide for whatever the budget for this Department is over and above what the cost is to process an application. If this happens, will it then change the way your budget is funded, and thus have an effect for the Assembly Committee on Ways and Means when we look at that budget?

Senator Brooks:
Your assessment is correct. We are adding more language to what is covered by the fee. In reality, one of the Governor's Office of Energy's primary functions is to facilitate the development of renewable energy projects in the state of Nevada. There have been different mechanisms over the years that have paid for that work, but it has all come from the renewable energy tax abatement program. There is no longer a stream of revenue that comes off of the abatement itself. It is now more from the fees.

In this bill I wanted to define some of the work the Governor's Office of Energy does, that facilitates the development of renewable energy projects in the state of Nevada for private developers, and would like to see the fee reflect some more of that work—through rulemaking and the appropriate legislative checks that take place in that rulemaking.

Assemblyman Kramer:
I guess it comes down to how many applications come in and what your budget is. This might be one of those cycles where the fewer applications you get, the higher the price. What is the base you are working on? If the Governor's Office of Energy ever gets to the point where they are not getting more applications, is there an alternate way to do what you are doing?

David Bobzien:
To address Assemblyman Kramer's question, that is the testimony we are going to come forward with in the neutral position. I do not want to jumble up the proceedings here today by going too much into it. Assemblyman Kramer is asking very important questions and to give you the preview, just in terms of the scale, we are talking six applications per year. When we come up in the neutral position, we will be able to walk you through what we foresee this section looking like upon enactment.

Chair Neal:
Are there any additional questions? [There were none.] We will move to those in support of S.B. 298 (R1). Please come to the table.

Danny L. Thompson, representing International Brotherhood of Electrical Workers Local Union 396:
We stand in support of this bill. This is an opportunity to put Nevadans to work in good jobs that will help clean up our environment. We are 100 percent behind this legislation.

Jacob D. Haas, representing International Brotherhood of Electrical Workers Local Union 401:
We also support this bill as it is written and look forward to putting more Nevadans to work.

Hunter Stern, representing International Brotherhood of Electrical Workers Local Union 1245:
We are also in support of the bill as written and urge your yea vote.

Chair Neal:
Is there anyone else who would like to testify in support of S.B. 298 (R1), here or in Las Vegas? [There was no one.] Is there anyone who would like to testify in opposition to S.B. 298 (R1), here or in Las Vegas? [There was no one.] We will move to neutral testimony on S.B. 298 (R1).

David Bobzien:
Thank you for the opportunity to present testimony today on S.B. 298 (R1) in the neutral position. Our office recognizes the need for transparency and continued compliance with the eligibility requirements for these programs, and we appreciate the efforts of the bill sponsor to that end. We want to thank the sponsor for his work on this bill and his continued support of the work performed by our office.

Section 5 updates the existing fee, setting authority granted to our office by adding a new component: "A reasonable amount determined by the Director and designed to help sustain the work of the Office to support and expand renewable energy development in this State by administering the provisions of NRS 701A.300 to 701A.390, inclusive, and sections 2 and 3 of this act." The NRS sections referenced authorize the RETA [Renewable Energy Tax Abatements] statute—the program we are talking about. The fees charged to program participants will continue to support the administration of the program.

If S.B. 298 (R1) is passed as proposed, the revised fees would also help sustain the Governor's Office of Energy's work to expand renewable energy development. Both our office and Nevada's clean energy economy would benefit from the additional funding, which would support our continued collaboration with local, regional, and federal partners to ensure a reliable and sustainable energy system. Through this funding we will continue to advance the development of renewable energy in Nevada, contributing to job creation and economic development opportunities.

An example of our work toward this end is our engagement as a cooperating agency in the Fallon Range Training Complex. Our office recently convened a group of geothermal industry representatives in the Navy to discuss issues of concern with the proposal and to explore possible avenues of cooperation. The fee granted in S.B. 298 (R1) will provide some level of needed support for this type of effort.

Should S.B. 298 (R1) be enacted, our office expects to commence the requisite fee set in process; to establish a revised fee that will be in place and advertised to the development community in time for the act's effective date of July 1, 2020. With me today is Laura Wickham, who is the Energy Programs Manager and runs the program of RETA. There were some questions about the scale of the project and what kind of money we are talking about. Suffice it to say, I do not want to go too much into a money discussion, with this not being a fiscal committee, but if there is additional background needed from the members, we are happy to meet one on one to give you a full picture of the funding and the funding situation.

I think it is fair to say that Assemblyman Kramer hit upon a very important dynamic. Senator Brooks also pointed it out. We are not a State General Fund agency. A sizable portion of our funding comes from the legacy of the previous version of this program, where money directly went to us. Now it is just the money that is in the fund, being replenished, and this fee is an important part of that.

We have had conversations with industry—the folks who will be paying this fee. We are well aware of concerns they might have. We have committed to working toward a responsible revision of this, under these provisions, and quite frankly, we would see maybe a moderate increase, at best, in terms of resources available under this. Nonetheless, I would like to turn this over, with your permission, to Ms. Wickham who can walk you through some of the numbers to give people the context of the size of this program we are dealing with.

Laura Wickham, Energy Programs Manager, Office of Energy, Office of the Governor:
I will provide some information and then am open for questions. To help paint the big picture, we currently have 41 projects we are working with through the RETA program. Any projects that were submitted prior to 2013 are the projects that are continuing to pay into the renewable energy fund, which to date is about $2.8 million from these tax abatements we receive from the counties. Any project filed after 2013 is not going to be paying into that renewable energy fund. That is where we start to see the decline in funding that will come in; as these projects run their course, we will start to receive less and less money, and eventually it will run dry. That will happen around 2033.

We are continuing to see an increase in applications. We do receive an average of six applications per year; however, this year alone, we already have five applications in the queue and we are expecting to receive several more. We will probably see an increase in the number of applications in the coming years, but again, those applications will not be contributing to our renewable energy fund. Even though we do have a little bit of an increase in this proposed bill, it will be just a modest infusion of funds that will help us to support the growth and development of renewable energy in the state.

Assemblyman Kramer:
I hear $2.3 million for those before 2013. I presume that is a good portion of the 41 projects so far. You are not trying to replace the $2.3 million coming in from those; what you are trying to do is keep your reserves steady as you go forward. I do not know what the costs are to run your department and I understand its fees, but even if people are putting in applications, they are kind of stuck. If they do not agree, they still have to pay it. It is a question of what a reasonable amount is and how much it costs to run your budget, and you start dividing that by what you think is going to be the number of applications that year. I know there is a cost to do business, when you start doing renewables, whether it is geothermal or PV [photovoltaic]. I do not know what that number is—if you are tacking another $100,000 or so onto the cost of a project. You have not given me a hint. I would like to know what we are talking about on something like that.

David Bobzien:
I appreciate the concern. It is definitely not going to be $100,000. It is too early to tell what it would be. We would have to go through our fee-setting process, which is a public process, so at that point we would have that conversation.

We do not characterize this additional fee authority as a full mechanism to level off, if you will, the dynamic that you have pointed to, which is real, and you are right to identify it. This helps a little bit, but this is not an ultimate solution to that end of trying to hedge against the depletion of our reserves, as you point out.

Assemblywoman Benitez-Thompson:
My question is about the process of the fees. As NRS reads right now, where the new language is in section 5, Chapter 701A, it says the Director shall adopt regulations. If there is a fee in place—the present fee is living in regulations—so I imagine your proposed fee schedule would come through the Legislative Commission for contemplation and you will do the three required workshops. I do not know if it is fair to ask right now what you might be proposing, but for legislative intent, I think it is fair to say the scope and the boundaries by which you would see this fee supporting the office's endeavors.

David Bobzien:
I absolutely understand where you are going with this. I am nodding my head because you are absolutely correct. We would go through the fee-setting process. It would be in regulations. You would see us at the Legislative Commission. Again, it is too early for us to know what we are thinking of, so I am doing what I can now to sort of set some intent as to how we see this. Again, we do not see this as anything more than a modest increase. We do not see this as something that would significantly impact the industry negatively. We see this as needing to abide by a nexus of support for programs that benefit utility-scale renewable energy projects. Throughout the Fallon example is an engagement

that we have, say in land use, that broadly impacts the industry. That is an example of something we do not get funding for right now. I do not foresee the resulting fee fully supporting that. I see it helping it. I am sorry I am not prepared to discuss any actual dollar amounts today, but I hope that some of that is a sufficient preview of what we would be looking at in a fee-setting process.

Assemblyman Flores:
Do you plan on having any new positions and funding them with the new reasonable fee, as it was identified in the fiscal note as the bill was originally introduced?

David Bobzien:
To give you a history of the bill, the original bill did not have the fee. In fact, we had a significant fiscal note on it because it had some very aggressive tools in place that would have been a pretty big impact on our office and how we administer this program.

This is, I think, another good question: table setting for the fee setting. In our early planning discussions about this, we do not anticipate enough resources coming from this, such that we would be hiring new positions based solely on the enhanced fee.

Chair Neal:
Members, are there any additional questions? [There were none.] I will call Senator Brooks back to the table for closing remarks.

Senator Brooks:
I want to make it very clear that the Governor's Office of Energy did not approach me, or participate in this bill, except for what I asked of them. As somebody who participates in this process and in this industry, I have seen their budget and recognize that if we start now with trying to broaden the description of what is covered by these fees, then over several years, moving forward, possible adjustments could be made to slowly build offset dwindling reserves and approach the issue before it becomes a problem.

Because this is a rapidly growing industry, I anticipate more applications in the next three years than have ever been applied for in the history of the program in Nevada. Getting ahead of it and making modest adjustments through the fee-setting and rulemaking processes, that then go to the Legislative Commission and future legislative sessions, was what I was anticipating. I did it identifying a need, not on behalf of the Governor's Office of Energy. I think it is important to put that on the record. Thank you for spending so much time digging into this important issue.

Chair Neal:
I will close the hearing on S.B. 298 (R1) and open the hearing for Senate Bill 448 (1st Reprint). I will call Senator Ratti to the table.

Senate Bill 448 (1st Reprint): Provides for transferable tax credits for affordable housing in this State. (BDR 32-381)

Senator Julia Ratti, Senate District No. 13:
I am downright giddy to be here today to talk to you about Senate Bill 448 (1st Reprint). I need to extend an apology to those folks who serve on the Assembly Committee on Government Affairs for what will be a little bit of repetitive information in the introduction. Hopefully, hearing it twice will make you that much more passionate about everything we need to do about affordable housing.

I am lucky to have had the opportunity to chair the 2017-2018 Interim Committee to Study Issues Regarding Affordable Housing. I want to mention the members of that committee by name because I am incredibly proud of that team and the work they did to bring forward what I believe to be a comprehensive package of ideas that will help to address the issue of affordable housing in the state of Nevada.

We had a very capable Vice Chair in Assemblyman Tyrone Thompson; he copresented this bill with me in the Senate. Unfortunately, he is unavailable today. There was also Assemblywoman Sandra Jauregui, Assemblyman Edgar Flores, Senator Yvanna Cancela, and Senator Ben Kieckhefer.

I want to start by talking about the problem we are trying to solve. Nevada has an affordable housing crisis. The ability to find and maintain safe and clean affordable housing is out of reach for a significant number of Nevadans. I will ask you for a little indulgence as we share a bit of what we have heard from our constituents, what we know you are hearing from your neighbors and friends, and what we learned during the interim. When we talk about affordability, we know that all types of housing are becoming out of reach for Nevadans.

In the interim committee we looked at four buckets as shown on page 2 (Exhibit C). The first was home ownership. Can a Nevadan who is earning a median income, which is approximately $55,000 per year, afford to purchase a median-priced home? Next we looked at workforce housing. If you earn up to 120 percent of the area median income (AMI), can you find an affordable place to rent? Then we looked at low-income housing. Low-income housing is defined as 60 percent of the AMI or below, but not more than 30 percent of your income would be going to rent. These are basically our working poor.

If you have an entry-level job and you earn the minimum wage or slightly above, can you afford a place to live? What about our friends and neighbors who live on a very low fixed income—otherwise known as extremely low income—folks who earn 30 percent of the AMI. We are talking about senior citizens who live on a fixed income; people with a disability receiving an SSI [supplemental security income] check; and a veteran with PTSD [post-traumatic stress disorder] who is living off of a military benefit. These are folks who are probably not going to change their earning potentials and are at the very bottom of the housing spectrum. For those folks there is a concern that they are basically living one step away from homelessness.

Let us talk briefly about home ownership [page 3, (Exhibit C)]. For Nevada, we run about 5 to 10 percent behind the rest of the nation when it comes to the percentage of Nevadans who own a home. Coming out of the recession, we were doing okay with affordability, but in the last several years housing prices have increased at a rapid pace, and even with wage growth the median earner can no longer afford the median-priced house. Over half of Nevadans are just plain priced out of home ownership. It is not an option for them.

Now I want to talk about that missing middle [page 4, (Exhibit C)]. We were lucky that during the interim committee we had the benefit of having a study that was produced by Nevada HAND, which is a nonprofit that does a significant amount of affordable housing development in southern Nevada. They helped us think about the missing middle. These are Nevadans who make between $35,000 and $60,000 per year. They are finding it harder and harder to find a place to live. Four out of ten of these folks are paying more than 30 percent of their income to housing. That means they are "rent or housing burdened." When families pay more than 30 percent to housing, they end up not having enough money for medical expenses, food, or extracurricular activities for their children. It ends up being a challenge for everything else in their life.

Next we will talk about those folks who are living on the edge of disaster. If we start talking about our low-income Nevadans [page 5, (Exhibit C)], people who are 60 percent AMI or below, this is our working poor. Their income is going to be about $36,000 per household. We have 39 housing units for every 100 housing units that are needed. For 61 percent of the people who live in that income level, they do not have an affordable housing unit available to them. They are living primarily paycheck to paycheck. If they have a car problem or health issue that they have to pay out of pocket, they find themselves unable to afford housing anymore.

Finally, our most vulnerable Nevadans [page 6, (Exhibit C)] are the seniors or those with disability, who live on 30 percent AMI or below. They are faced with the most competitive housing market in the nation. They are trying to compete with the missing middle and the 60 percent AMI person to find any place to live. Many of them are being served by our de facto affordable housing in the state of Nevada, which are weekly motels that have been converted to permanent living, and are paying upwards of 70 percent and 80 percent of their income to secure a roof over their heads every night. For that population, we have only 15 housing units for every 100 housing units that we need. Nevada is far behind where we need to be in terms of having an adequate supply of affordable housing.

If you add in the individuals who struggle with mental health or a substance abuse issue, children who are aging out of foster care, adults with an intellectual disability, this is the growing face of homelessness [page 7, (Exhibit C)]. For many of us who have worked in health and human services, and have worked on the issue of homelessness for much of our careers, we have seen homelessness that was mostly driven by some sort of secondary factor. The person may have had a mental health challenge that was not being addressed appropriately or there may be a substance abuse issue. In the last decade since the recession, and as the economic prosperity has come back after the recession, it has not come back for everybody. We are seeing a growing class of homeless who are homeless purely because they do not have the financial means to locate a place to live. This is a purely financial-driven increase in homelessness in our communities.

That is the spectrum of affordability we looked at in the interim committee, and the challenges that are facing our state [page 8, (Exhibit C)]. So what are the solutions? I wish I could sit here and tell you there was a silver bullet, that there are a couple of great ideas that would solve the housing issue for all Nevadans. I cannot tell you that, which is why the interim committee looked at how we would address this on multiple fronts [page 9, (Exhibit C)]. There are multiple bills that are moving through the legislative process right now. For those of you who are lucky enough to serve on the Assembly Committee on Government Affairs, you got to hear four of them last week. There are two in the Assembly Committee on Judiciary that are dealing with balancing the relationship between tenants and landlords. There is one in the Assembly Committee on Health and Human Services that is specifically targeted at supportive housing—it is a housing health care initiative that would allow us to bill Medicaid for supportive services to keep people housed, particularly targeting the seriously mentally ill to get at that homeless issue.

Then there is Senate Bill 448 (1st Reprint). The bills that were in the Assembly Committee on Government Affairs were about ensuring local government could be part of the solution. This bill is about the best role the state can play in moving the needle to address affordable housing [page 10, (Exhibit C)]. This bill is a pilot project to invest $10 million per year in state-level, low-income housing tax credits to accelerate the production of subsidized housing units for low-income and extremely low-income Nevadans. Here is the truth: The market does not and will not ever produce these units. It just will not; 95 percent of the subsidized units that are in our communities today were built with the federal low-income housing tax credit. Beyond being the right thing to do, the state low-income housing tax credits are also sound policy. The state's investment would result in 600 to 800 units per year and increase production from our current level by 60 percent to 80 percent [page 11, (Exhibit C)]. If you are doing the math, it is nowhere near enough to meet the needs. We are currently producing 1,000 units per year using the federal low-income housing tax credit programs and a fleet of other funding sources that our Nevada Housing Division specialists are going to take you through. As far as I am concerned, a 60 percent to 80 percent increase in production is a significant number. We know we are asking for a lot of money, but we are going to show you what the return on investment is on those dollars. Over the course of four years, for the 2,400 to 3,200 families and individuals who get into these units, it is life-changing.

Behind every statistic there is a face and a name [page 12, (Exhibit C)]. I think about a friend and a constituent. He is 67 years old and lives on a social security check of $853 per month. He worked his entire life but never earned a lot of money. He has recently struggled with health issues and received a liver transplant due to a cancer diagnosis. While he has moved from one place to another, often spending well over half of his income to stay in his place, he was having a hard time focusing on his health. In the course of the year that I helped him navigate the process to receive his liver transplant, he moved three times. The last move was very exciting. He made it to the top of the waiting list of one of our subsidized affordable housing units. He is now settled and is focused on getting back to full health in a safe and clean studio apartment where he pays 30 percent of his income to rent. That is how we can make a difference, one person at a time, one family at a time.

Assemblywoman Backus:
When you talked about the home-ownership aspect, and I remember hearing a lot about programs that existed for home ownership, do those still exist, and if so, have Nevadans benefited from those programs?

Senator Ratti:
The great news is that my copresenters are the heads of the Nevada Housing Division. Let me introduce you to Stephen Aichroth and Michael Holliday. They also happen to run some of the home-ownership programs and I think they are best suited to answer your question.

Stephen Aichroth, Administrator, Housing Division, Department of Business and Industry:
We do have home-ownership programs. They have been extraordinarily successful over the past few years. We do home-ownership programs that will allow up to 5 percent of the purchase price. It is capped and designed for low- to moderate-income folks. We also have a special program for teachers and a very special program for veterans.

Michael Holliday, Chief Financial Officer, Housing Division, Department of Business and Industry:
In the last three years we have managed to help over 4,000 families per year achieve the dream of home ownership through the various programs. One of the things we monitor and are proud of in working with our master servicer is that due to the homebuyer education we require and the underwriting requirements, we have one of the lowest default rates in the country for FHA [Federal Housing Administration] programs. Not only are we able to help a lot of families, but they have healthy mortgages they can sustain for the long term, which is as important as getting them into the home in the first place.

Assemblyman Edwards:
I missed the number of housing units that this bill would provide.

Senator Ratti:
It is 600 to 800 per year.

Assemblyman Edwards:
Is that what the $10 million covers?

Senator Ratti:
Correct.

Stephen Aichroth:
In this particular presentation we are going to talk about the production of affordable housing and the nexus between current programs and what is proposed in S.B. 448 (R1) (Exhibit D). As Senator Ratti mentioned, the largest catalyst for affordable construction is the federal low-income housing tax credit program, which you will hear me refer to as LIHTC. This program follows federal laws, HUD [United States Department of Housing and Urban Development] regulations, and IRS [Internal Revenue Service] guidelines. You can imagine it is rather convoluted. We bring into the fold financial advisers, consultants, the IRS, state government, local government, tax credit investors, limited partners, general partners, syndicators, and each of them has their own individual counsels. It is not the easiest of processes, and in this state we have a small but extraordinarily dedicated group of professionals who make this program work.

If we peel back the onion that is the federal LIHTC program, there are two programs within LIHTC, the 4 percent program and the 9 percent program. They both require the state to create a qualified allocation plan, which is the guiding document on how the tax credits are distributed. The 4 percent program is based off of federally allocated state bond tax. The 4 percent program will also create about 35 percent equity in a development, with the end result being a larger development. In the 9 percent program, the state receives tax credits based on a per-capita basis. Nevada currently receives about $8 million to $9 million in tax credit authority annually. The program is competitively structured, creates roughly 70 percent equity in a development, and the end result being smaller developments targeted to a lower-income population who may need supportive services.

Page 2 (Exhibit D) shows the capital stack of a recent 4 percent senior affordable project completed in Las Vegas. It is 201 units targeted to those who have an income of 60 percent or less of the AMI, which last year in Clark County was slightly over $29,000. You will hear some food analogies today; I already mentioned an onion.

This is the lasagna of financing. Starting from the bottom and working up the capital stack, the first thing you see at the bottom are home funds. These are funds granted to local jurisdictions from the Department of Housing and Urban Development, which are critically important in the state of Nevada. The reason they are critically important is they provide a property tax exemption by statute. You will see some componentry involving home funds in virtually everything we do. The reason is, it reduces the operational costs of these developments over time. The local jurisdictions get a limited amount of these funds and they have more needs than the resource can support, so while virtually every project has this component, it is always a small part of the capital stack.

Working up from there, you see the deferred developer fee. This consists of the equity the developer defers receiving up to 15 years. It is where the developers often defer 60 percent or more of their developer fee, per IRS guidelines, operational cash flow, and debt service. The next box, which is the blue box, is the tax credit equity. This is the 35 percent which I mentioned previously, and comes into the development through the sale of the tax credits. This is limited by IRS rules regarding the issuance of tax credits proportional to the eligible basis of the development. The next box is tax-exempt bonds. This is effectively the debt on the development and is limited by the debt-coverage ratio the project can support. Lastly, we have what we have coined the financing gap. Even if you add up all the financing mechanisms previously mentioned, you do not quite get to the finish line.

A few years back, the Housing Division created the growing affordable housing program to fill this gap. We literally call it the gap program. It is a 3 percent loan using recycled issuer fees from previous bond issuances as the funding source. This provides for the "if not for" dollars to complete the process, meaning if these dollars were not provided, the project would not be built. The Housing Division currently forecasts the ability to do two of these per year for the next four years.

Moving on to the 9 percent capital stack [page 3, (Exhibit D)], again this is a recently completed 9 percent development in Las Vegas. This is a smaller amount of units—66 units—but significantly reduced income levels, targeted primarily at those whose incomes in 2018 were $20,000 and below. Again, working from the bottom up, the first thing you will see is a seller note. You do not always see this. It was unique to this particular project. This is a loan the developer took on, to place the property they currently owned into the tax credit financing program. We then have the deferred developer fee, which I previously covered in the 4 percent example—limited by cash flow debt service and IRS rules. This particular project had funding from the Federal Home Loan Bank. This was issued through a competitive process in their affordable housing program through the Federal Home Loan Bank of San Francisco. Again, not every project has this. It is highly competitive, and when you get these types of funding mechanisms, it is a big deal. I think it shows how developers will go to great lengths to secure any available funding in these particular projects. The green bar is the HOME loan—what provides the property tax exemption. The next box—yellow box—is the permanent financing. This is the debt service and is limited by the debt-coverage ratio. Now you have the big blue box which is the tax credit equity—the bulk of the financing. This typically ends up being roughly around 70 percent and is limited by the IRS rules, but with this much equity in the project, it enables the rents to be considerably lower than what you saw on the 4 percent side. That is how we are able to do the dive, down into these lower AMIs. Another big difference you do not see on this particular capital stack is a financing gap.

Going back to page 2 (Exhibit D), this is where the Housing Division anticipates the best use of the proposed state tax credits. We know we have a financing gap in these developments, and we know if we had a few more resources, we could make more of these projects work. I want you to imagine if you take that capital stack and think about it representing $1—the entire gray to green represents $1. You can see through the percentages that we have 91 percent or 91 cents. Now imagine if you walk into the dollar store with 91 cents; what do you come out with? Nothing. But if we were able to somehow come up with another dime we could walk out with something. We anticipate the approval of S.B. 448 (R1) would provide us those three extra dimes to make these additional projects come to life.

Chair Neal:
Before you proceed with your presentation, Assemblywoman Benitez-Thompson needs to leave but has some questions for you.

Assemblywoman Benitez-Thompson:
I have a budget briefing and staff waiting, but I desperately wanted to be able to hold in my head the process. Do you imagine these tax credits serving in the gap program when it comes to the 4 percent capital stack? Is that where you see the appropriations of these tax credits being the best fit?

Stephen Aichroth:
It would be complementary. We would anticipate still using gap programs, as I explained earlier, so this would create additional, but it would basically fill that void. Yes.

Assemblywoman Benitez-Thompson:
I felt like that is where you were going when you were looking at the stacking differences of the 9 percent capital stack versus the 4 percent capital stack. It seemed to be that the state was trying to fill that gap in that 4 percent more so than the 9 percent.

In terms of the process of how these tax credits should be awarded, I see a couple of different things. I see a conversation about reservations, and getting on a reservation list for a transferable tax credit—so you have the pending nature of those tax credits. I also see a reference to threshold points, and the way I read it is once the project has been substantially completed is when the developer could actually get those credits. Am I interpreting that right?

Stephen Aichroth:
Yes, you are correct.

Assemblywoman Benitez-Thompson:
So the reservation would be once you get the application, you read it over, and you feel they are in substantial compliance. Then you would give them their portion of the tax credit that we are going to name to this project. It looks as though there is also language stating if other projects come in, those reservation amounts can be adjusted as needed. Is that right? I am on page 4, lines 30 through 33: "the Division may take action that the Division determines will ensure the maximum development of affordable housing in this state, including, without limitation, proportionally reducing the reservation." I see that as giving you some management space. If you thought you were only going to have one project, and then you are right up against the deadline for when applications come in and you get another one, you could adjust those. Would that be the intent of that?

Michael Holliday:
That is absolutely correct. That contemplates that in the fortunate event that we had four applications in one year, we could move some tax credits from the succeeding year into the current year to ensure we got all four projects funded, and then reduce the tax credits in the following year.

Assemblywoman Benitez-Thompson:
On page 5, line 17, it talks about the requirements for financing project being "substantially completed." Having served as the Chair of the Assembly Committee on Government Affairs in past years, I know in other context when we talk about "substantially completed," there are many different ways that could be interpreted. Would that mean a certificate of occupancy? Would that mean hardware in place and you are just waiting on a fire marshal sign-off? For legislative intent, what is "substantially completed"?

Michael Holliday:
What it contemplates now is the state tax credits would be the very last money to go into any project. So it would be certificate of occupancy. They would have to meet the federal low-income housing tax credit requirements for payouts before they would be eligible for the state tax credits.

Assemblywoman Benitez-Thompson:
Substantially completed, you mean of the financing process, not of the building process.

Michael Holliday:
Of the building process and occupancy. We are anticipating that the state tax credits would be the very last dollars in. You would have occupancy, you would have tenants in the residency, they would have met the substantial requirements of the IRS, the 90-percent Test. I may be using the wrong term there, but they would have folks in before the state tax credits would come in.

Assemblywoman Benitez-Thompson:
As I look at section 6, where you define a project, I have a question on intent. Are we envisioning this as being the gap financing on the 4 percent? We are opening the project up in a really broad way. When we come back in two years and look at the way the dollars were spent, are we meeting legislative intent if we do not end up with any gap financing, but end up with all construction, all improvement, all expansion or rehabilitation and improvement, but no new buildings? If the goal is new builds, why would we not have those legislative guardrails?

Senator Ratti:
What we tried to do is give you really concrete examples about how it could be used, and in the current economic conditions, this is the most likely way it would be used. The legislative intent is to align the program as closely as possible with the federal low-income housing tax credit program for a couple of reasons. The first reason is one of efficiency. If we do it perfectly aligned with the federal low-income housing tax credit program, then all of the

compliance—and there is a significant amount of compliance that goes along with that program that is done by the developers—is the same compliance. So it does not require we add additional staff in the Nevada Housing Division. It does not require we ask that much more of the developers when they are going through the process. The language in the bill very much lines up with that federal intent. I would say as the economic conditions change, there may be opportunities to put some of these dollars into the 9 percent programs, and the really pressing need is where we only have 15 units for every 100.

When we did our community meetings in southern Nevada and northern Nevada and the one we did statewide using the conferencing system, the overwhelming information we got from the community stakeholders we worked with is that the real need is in the 30 percent. So the bill allows for the money to be used, aligned with the federal low-income housing tax credits, in any of those situations. In our current economic conditions and what we are experiencing today, the likelihood is it would allow those 9 percent resources to stay focused on these lower income units, and this is the most likely scenario of how it would be used.

I want to be very clear that the legislative intent is to align it as closely as possible with the guardrails that are on the federal low-income housing tax credit program, and to your point, in some cases that does include rehab. There is a lien placed on the project and the subsidy level gets locked in for 30 years. One of the things that is happening in our community, because the low-income housing tax credits have been on the books for quite some time, is we are losing some affordable housing. Unfortunately, there is a significant number.

I can just speak to Washoe County, which will come up within the next five years, so in limited circumstances they might use a portion of these dollars to do a rehab because for even less money we could save 300 units that we were otherwise going to lose. This is an example of how they can be used. The projection of 600 units is a conservative projection because we think it could be more. Some of those units could end up being a save on a project that we were going to lose a significant amount of units. So that is the legislative intent, but this is a concrete example of how it could play out.

Assemblywoman Benitez-Thompson:
I think that is helpful in helping us to set what our expectations are, so when we come back in two years, if we end up with something substantially different, we can sometimes surprise ourselves.

Senator Ratti:
For that reason, I appreciate the question.

Assemblywoman Benitez-Thompson:
You and I have had conversations offline. I often have consternation around transferable tax credits, and have publicly, and on the record, not been a fan of them. The thing that always makes me nervous is we never know when these dollars will come back to our sheets—when the Legislature will see a deduction from our State General Fund due to these.

Dealing with section 10 and the way it works with section 9, if we authorized these tax credits in 2019, there would be the reservation process, and in section 10 it says once you have a reservation, it expires 4 years after the credits are issued. There is the completion of the project and also a potential 45-day window. When would the Legislature potentially be seeing the reduction come off our sheets?

Michael Holliday:
We anticipate 2021. The whole intent is that the crisis is now. One of the other reasons this mimics the federal low-income housing tax credits is so that we can implement quickly, get projects to apply right away, and then there is a two-year construction window. You are right, there is a long window for everything, but we anticipate that by the end of 2021, we would have the first projects actually use their tax credits.

Assemblywoman Benitez-Thompson:
So the next Legislature would see that reduction.

Senator Ratti:
I believe the first round is on the books for the second year of the biennium.

Assemblywoman Benitez-Thompson:
It looks as though these can be moved to the next fiscal year if they all do not get used, so it is not an even $10 million.

Senator Ratti:
One hundred percent of it can roll forward. If they do not use it, it stays in that fund to be used later. Three million dollars can roll the other direction. It is talked about as a $10 million-per-year program, but the language of the bill allows there to be $13 million used in a single year, and that has largely to do with these projects also having the bond cap funding source. There is a window of opportunity for us to maximize that bond funding.

They have an example where last year there was a project that closed on December 28 to make certain that bond cap from three years prior would not get lost. If we are in that situation and they have already done the $10 million worth for this year, it allows them to pull the $3 million from the next year forward into that late-in-the-year project. The bill also says that they would then only have $7 million available to them in the next year. So if it does not get used, it rolls forward to be used in the next cycle. But it can also be pulled in the other direction—$3 million—to ensure we are not losing any bond cap.

Assemblywoman Benitez-Thompson:
My only concern would be the ability for us to be able to budget for these—knowing when they are going to pop up and we are going to have that reduction.

Michael Holliday:
I think the Housing Division will be able to provide good data to everybody because the window works to our advantage in that favor. If we get an application, we can forecast that roughly 20 to 24 months later the tax credits could be drawn out. We should be able to provide some pretty decent estimates of when the tax credits would actually hit the books.

Senator Ratti:
I think this is going to be a far more predictable program than, for example, the film tax credits or the Tesla project, where their planning and project planning is much more variable, where we have years of track records of low-income housing tax credits at the federal level. We know the cycle—the application process cycle, the cycle of when they come on. We know about how long it takes them to get built. These lasagna capital stacks are precarious. Once their financing is in place and everything gets locked down, that building happens because it needs to. I think it is going to be a more predictable usage of the tax credits than some of the other kinds of tax credit programs we have on the books.

I would love to bring the folks down south into the fold. Let me tell you what they were going to do. We have a developer here to talk to you who actually does these projects, David Paull from Nevada HAND. We also have Janice Walton, a resident at one of the projects, who wants to tell you about her experience being part of this. I know we are getting late. We can ask them to keep it tight if you like.

Chair Neal:
I know members have questions on the bill itself. I like understanding how it works, but I think we are more of a technical group.

Senator Ratti:
In the technical aspect, that came up when we presented this on the Senate side, having questions for the developers who actually do this as opposed to the administrators who administer it. Just know that there is a developer here should you have questions directly for a developer, and a tenant should you have questions directly for a tenant.

Chair Neal:
I will allow them to present down south, but know I have questions for the administrators, and I will let the Committee members ask all their questions to understand what is going on.

Greta Seidman, Director of Communications and Marketing, Nevada HAND, Inc., Las Vegas, Nevada:
I am here today to introduce our resident, Janice Walton.

Janice Walton, Private Citizen, Las Vegas, Nevada:
I am a resident of Rochelle Pines Apartment Homes—an independent senior community of Nevada HAND, a nonprofit organization that develops and operates affordable rental housing in southern Nevada. I have lived at Rochelle Pines since 2012 and have also been a volunteer part of that time—working at Nevada HAND's food pantry that just opened at Stewart Pines, a community in downtown Las Vegas.

Living on fixed incomes, especially for seniors, can be challenging. Food, rent, car payments, and health care expenses add up, and housing that is affordable helps people live within their means and provides stability. Affordable housing has helped me maintain my independence, provided me stability, and has given me opportunities to be more engaged with my community. Seniors sometimes experience isolation, and living in a place that has activities and events, combined with the affordability of that home, helps to combat that and provide better quality of life. Having a home that is affordable to me, as well as supportive resident services through Nevada HAND, has helped me concentrate on the important things: my health and well-being, my family and friends, and ensuring my stability.

This is not the case for everyone, however. Thousands of Nevada families and seniors are in a position where they are forced to spend more of their income on their home than they can afford. When this happens, people must make tough decisions on whether to pay their rent, go to the doctor, or put food on their table. These are decisions no one should have to make.

Nevada needs more affordable homes like the one where I live. These are not just a place to live. Homes like mine provide support, community, and the ability to bring people together. They are places to enjoy retirement, raise families, and work towards success and our individual goals. These places are our homes. That is why I am here today. My affordable home has given me opportunities to live well and give back to my community, and we need more of that. Thank you for your time and for your dedication to making sure that we make affordable housing possible for more people in our state.

Chair Neal:
I assume the next presenter is the developer. What we are going to do is just have questions. We will get into the bill now.

Assemblywoman Cohen:
On page 7, section 9, subsection 7, having to do with trade secrets and not having to disclose trade secrets, I am not familiar with how these projects work. I want to ensure we are not protecting some things more than trade secrets that are not necessarily something that should be protected because we are eager to get more affordable housing. Is this standard language when we do this?

Russell Guindon, Principal Deputy Fiscal Analyst:
This is language we use for some of the other economic development incentive programs. In fact, I would say this language probably came out of the Tesla tax credits language and has been brought over to here, in terms of the type of information that is required and/or

protected when an entity is applying to the state to receive a benefit under any one of the economic development programs that is out there. This is less of an economic development program, but there is a little bit of that to it.

Senator Ratti:
There is a unique aspect to this program that does not exist in any other tax credit program. The low-income housing tax credits require that they be transparent. This is probably going to be the only transferable tax credit program where we will know what rate they were purchased for.

Assemblyman Kramer:
I am looking on page 5 of the bill, section 9, subsection 6, paragraph (a). It is talking about the transferable tax credits and having 270 days. My concern is that tax credits have to be sold in order for the value to be received. Is the 270 days a restraint? Is that going to make them worth more, worth less? If it were one year, would they be worth more? If it were six months, would they be worth less? Tell me why it is 270 days.

Michael Holliday:
That mimics the federal tax code—the 270 days is directly out of the federal low-income housing tax credit guidelines.

Russell Guindon:
As I read that language, the tax credits have not been issued yet. The way I read this is that there is the reservation, and then on page 6, section 9, subsection 6, paragraph (b), it is upon completion of the project they must submit the application, and that is when the tax credits would actually be issued. The Nevada Housing Division can correct me if they are thinking differently.

My understanding as fiscal staff, when I read section 9, subsection 6, paragraph (a)—the language about 270 days—is that they are going to come in and apply, then there is a process where they have to get everything lined up. They have 270 days to get everything lined up and in place, and then you come back after completion and would get the credits. If I have misspoken, the Housing Division can correct me, but that was my understanding.

Assemblyman Kramer:
That is the root of my question, basically—270 days is roughly 9 months. You are planning for next year, when you are buying tax credits, what your impact is going to be. You are going to plan it close to when your taxes are due, perhaps, which are due in four installments per year. Depending on when they are due, the value of those credits can go up or down. This is before they are issued, so you are planning ahead.

I just do not remember the federal tax credits. That is the connection I had not seen, and I would have to look at it some more. The value of these is when they can be used. Corporations pay taxes four times per year. If you are buying next year's taxes for one of those four places, it seems as if it would really affect the value.

Stephen Aichroth:
The best answer I could give you—if we could specifically answer that question—is this might not be a pilot program because we would have a more substantial answer for you.

Senator Ratti:
I want to reemphasize how important it is that we line it up with the federal low-income housing tax credit program to maintain the same rhythm and administration.

Chair Neal:
I think Assemblyman Kramer is talking about the value of the federal credit. When you have the state tax credit, which you intend to stack, the value is different because we are measuring against the credits we have in our state. So is there an issue value to value? Is that a concern?

Senator Ratti:
This might be a better question for the developer. They are the folks who are putting together these lasagna capital stacks. Every single one of those layers has a variable value. The reason there is a relatively niche group of developers who choose to play in this field, who are mostly mission-based and do this because they want to provide housing for low-income Nevadans, not because they are necessarily out to make the most money, is there is a skill set and nuances of putting all of this financing together. The same would be true about locking in their debt and what the interest rate is going to be on that debt—what the markets on the federal low-income housing tax credits are looking like.

As an example, when the federal tax relief was passed, the value of federal tax credits plummeted from $1.06 per credit to about 98 cents per credit, so there is variability there, and there is going to be variability in our market. In our market it is $10 million and there are some pretty big players who buy these tax credits. Most of the tax credits thus far have been taken against gaming taxes, and they tend to be taken in a big chunk. Every single layer of the lasagna has variability in the resources they are going to get, but I think the developer could probably speak to that.

David Paull, Director of Real Estate Development, Nevada HAND, Inc., Las Vegas, Nevada; and Member, Affordable Housing Advisory Council, Federal Home Loan Bank of San Francisco:
We have not dealt with state tax credits for housing in the state of Nevada; however, on the federal side, the short timing window has not affected our pricing. There have been other market factors that affect the pricing of the credit. I have discussed in depth with a number of our financiers about state tax credits in other states, and they have not had any problems with pricing of those credits because of a 270-day test.

I would say, in general, being able to lock in commitments in a timely fashion actually is helpful for pricing. It allows people to forecast out into the future. I do not expect that the 270-day test will affect the value of the state tax credit. The things that could affect it are general economic conditions, and profit and losses for the corporations that would buy those credits.

Assemblywoman Swank:
You mentioned you were also looking at rehabbing existing buildings. Did I hear that correctly?

Senator Ratti:
The federal low-income housing tax credit program allows for these dollars to be used for rehabbing of existing properties, which then locks in the same kind of lien to keep them affordable. Most often I think it is used on properties that are already low-income housing properties that are reaching their full depreciation, if you will, in terms of the building needing to have an upgrade. Those projects take out another round of tax credits to do that rehab and lock those subsidized rates in.

Assemblywoman Swank:
If you have a building that is 50 years or older, and it is bringing in federal dollars, you have to go through a Section 106 review. I am sure your developer knows that. Have you talked to SHPO [State Historic Preservation Office] about an increase in Section 106 reviews in Nevada?

David Paull:
We have not typically dealt with buildings that are 50 years old. The federal low-income housing tax credit program has only been around since 1986, so most of the properties we are dealing with right now are under 50 years of age. We do work with SHPO on a number of things, so it would be part of a standard development practice, but we have not had a lot of experience with that yet.

Assemblywoman Swank:
I know there was a project on Tam Drive in my district that has a large affordable housing apartment complex. Remember that 50 years ago was 1969 and earlier, so we do have a lot of those buildings that were built in 1969 and earlier. It might be a good idea to reach out to SHPO to make sure they are ready.

Assemblyman Flores:
I am trying to understand this a little more broadly, and your developer may be able to help us with this as well. I understand there is a very limited amount of people in this space, primarily because in order to make it all pencil out, you have to know exactly what you are doing. There is a tremendous amount of work that goes into that very technical side of it.

How are we bringing more developers into this space? We have a set group of individuals who are consistently working on this, so how do we broaden this a little bit more? I appreciate the fact you are mimicking a lot of the federal language because that makes it easier. We are not re-creating the wheel. The developers who are in this space now will consistently work with what they are accustomed to.

What I am curious to know is if it can be done through this language, how do we start educating developers and bringing more people into this space? We need more people in this space. Do you have any insight as to this specific question?

Senator Ratti:
There are a handful of affordable housing consultants. One of them is here today, Hilary Lopez, and I think she could probably go through a couple of projects she has worked on. There are some really cool projects I am more familiar with in northern Nevada where these consultants have worked with faith groups, as an example, to leverage some of these tools. What they do is contract with the church, the church then uses them to do the technical aspects of it, and then that church ends up managing an affordable housing project as part of their faith-based mission. There definitely are examples where sponsoring groups who are not the traditional developers are working with consultants to navigate this process and getting to the finish line.

You do bring up a really important point, which is as this pilot program grows, and if we are talking about legislative intent, my intent is to have this be glowingly successful, and to come back in a couple years and have you say we all want to triple it because we really do have more need than this meets. We would need to build capacity among the development community, among some of these nonprofit groups, because many times this housing lines up with the missions of some of the health and human services agencies that do not have the capacity to do this work.

There is another really interesting project in northern Nevada, a federally qualified health care center that is building tiny homes because the housing piece of their clients is interfering with the health care piece, so we are seeing that partnership. I know that Nevada HAND has done some really interesting things. They keep the housing expertise and have invested a lot in folks like Mr. Paull, who work for them as employees, not the contractor model. In those cases they are partnering with nonprofits who are in the health and human services space and building complexes. They are reaching out into neighborhoods and ensuring that it is not just about these very technical developments, but also about mixing of wraparound services and the housing component. They have a cool development that I know Mr. Paull can tell you about as well.

Some of it is building the capacity of these nonprofit groups to work with consultants to build their own projects. Some of it is really the good work these developers are doing to partner. You hit on something that is very important. If we are going to serve every neighborhood, and if we are going to ensure we are not leaving behind underserved communities, those partnerships and capacity building are an important part of it. Mr. Paull can talk about some of those collaborations.

David Paull:
One point I do want to make is this bill expands the resources and allows for more developers and for the expansion of development expertise and capacity to come into the market and serve more communities. With the current level of funding, there are only so many developments that get done every year. There are really not many to go around, so expanding capacity is very hard when you just do not have enough funding for more developments. I think a bill like this can go into expanding the development community. [Additional written testimony was submitted (Exhibit E).]

One thing that we, as Nevada HAND, do is try to partner with a lot of different community organizations. We recently built a Boulder Highway Collaborative Campus where we develop the housing piece of it. We partnered with the Boys and Girls Clubs of Southern Nevada to build a 10,000-square-foot Boys and Girls Club to serve the residents, and there is a Title I charter school on our campus. We also built the headquarters for Lutheran Social Services, which provides a food pantry to many of those in need.

We are also talking to another group of faith-based organizations about developing supportive housing for homeless, or those who are on the verge of being homeless. We are continuously looking at new opportunities. We have recently started a pilot project with a health care organization to house some of their clients who are high utilizers of emergency rooms, and we are looking to expand that and leverage their dollars into more housing.

I think a big step is providing more resources so you have the ability to expand the capacity of other organizations to develop, because without those resources, you are just developing so little housing and other components of it that it is not worth many groups' time to be involved. We are all working very hard at collaborating and expanding capacity in affordable housing.

Assemblywoman Spiegel:
Could somebody speak about the restrictive covenants and conditions in here? A concern I had is not with Nevada HAND, but with other things I have read about—things that have gone on in other cities—where affordable housing has been built and then flipped, or turned into condominiums or co-ops, or immediately sold, so the intended beneficiaries lose out in a fairly short period of time and then the tax abatements continue whereas the initial public policy goal is not met and somebody makes a lot of money on the flipping.

Stephen Aichroth:
Effectively, through the qualified allocation plan process, in order to receive any sort of tax credits from the Nevada Housing Division—and this would apply to the state tax credits also—you need to ensure that there will be a 30-year affordability period at those AMI rents that are specifically specked out in the projects.

Senator Ratti:
We have talked about these being in place for almost 50 years now. Some of the projects that were done used to have a 15-year timeline. We still have some projects in Nevada that have that 15-year timeline, and those are the ones that we are at risk of losing. Our Nevada Housing Division was proactive, and even though the federal requirements are not necessarily there, they have put requirements on every project that has been built in recent history in Nevada to make them all 30-year projects. So we know that at least the recently built projects in Nevada have a 30-year guarantee of affordability.

Assemblywoman Cohen:
I appreciate the good works Nevada HAND has done. I am somewhat concerned because I did not realize until we got to the hearing and made the connection that Nevada HAND did the study we are relying on. Did I get that wrong?

Senator Ratti:
If you go to the interim committee website, there are a whole bunch of studies. One of the things we did is an effort on the part of the Nevada Housing Division to pull all kinds of different studies in, to look at the broad range of data all in one place. One study, out of that long list of studies, was a study that was done by Nevada HAND. That study was actually on the missing middle, the 80 to 120 percent gap we are seeing, and none of this addresses the missing middle at all. This program is the 60 percent AMI and below. They did do some good work digging into the fact that we have this missing middle, and none of the projects we are building are qualifying for that. Our program was targeted to the 60 percent AMI and below, and that study was not about that population.

Assemblywoman Backus:
I have a follow-up question with the bigger intent of this pilot program, with respect to the $10 million or whether it is $13 million in transferable tax credits. Are we going to use that as a piece of the lasagna, meaning bringing it with federal low-income housing tax credits? When I first read this bill, I thought we were stepping into the shoes of the federal government—we were going to start a pilot program to do purely tax credit programs.

Stephen Aichroth:
Effectively, if you turn to the 4 percent capital stack [page 2, (Exhibit D)], what we are looking at with the state tax credit is filling in that little green piece at the top, so everything else would still be status quo.

Assemblywoman Backus:
Are you utilizing the complete federal affordable housing program with respect to determining who the developers are for these projects? Are you going to take on that federal point system?

Stephen Aichroth:
The federal government, in their wisdom, actually allows the states to create their own qualified allocation plan. We can move points around and do different things as we see fit. As the landscape changes regarding housing affordability, we can change things and we update historically, annually, our qualified allocation plan. Does that answer your question?

Assemblywoman Backus:
It kind of does. I just want to ensure it is transparent—that it is open to other developers to apply to this. I am excited there is more money to go around to multiple developments. I know Washoe County is having a housing crisis. Do we have any idea if this is something that is going to go into the points of looking to locales where these credits potentially will be going?

Senator Ratti:
Since this program was first discussed in February through June in the interim Affordable Housing Committee, there has been an ongoing temptation to be directive when it comes to geography. I understand that temptation 100 percent, because we know 75 to 80 percent of the population lives in southern Nevada. You can see by looking at the lasagna capital stack that the challenge is the timing and lining everything up—if we put it within a one-year time period, they have to lay out that perfectly. Getting the four projects that are now going to become six or seven projects to all line up perfectly in those geographic boundaries would be very difficult. There is nothing in the bill that is directed with regard to geography.

What I have said multiple times on the record, and multiple times to my team here whom I get to work with on this project, is that we want to come back in four years and have all of you approve another round. We have been pretty clear that if there is not a pretty close to geographic distribution over the course of the program, we are probably not going to have a lot of success getting it back again. There is nothing prescriptive, but the Nevada Housing Division—and I think everybody who has worked on this—is pretty clear that there is significant need all across the state. You can make the argument all across the state, and the distribution of projects will—to the best of the ability given the projects that come in—mimic that.

There is one caveat to that, because the economic factors are very different sometimes in each of the jurisdictions where projects can pencil, can change with the ebb and flow of economics. If you look over a ten-year time frame, you are going to see periods of time where they work in Las Vegas but they do not work in Washoe County, or vice versa, and other parts of the state. Sometimes it is just a big challenge to get a development anywhere in rural Nevada. It is not going to be this wonderful straight line, but definitely an intent to disperse them based on the population and the need.

Chair Neal:
This pertains to the presentation and the lasagna. It relates to section 6. In regard to the housing programs that are in the state, there are rehab projects that are eligible under a project. What I am wondering is, are other dollars eligible? I was looking at the resources

such as NSP3 [Neighborhood Stabilization Program 3], where there is some flexibility that the language has. When I was looking at the allocations that have been received, there is still a significant amount of dollars that have not been used. How can those dollars be inserted when you want to deal with a rehab, and it could be a multifamily dwelling because the restrictions were lifted in regard to it being . . . you are nodding, so you understand?

Michael Holliday:
That is one of the questions we ask almost every application that comes in. The first thing we do is look on the map to see if it is in a qualifying area. We even have some NSP1 left. We will look at the NSP1 map and NSP3 map to see if it is in the qualifying area first of all, then we try to find a way to leverage that in because those dollars need to be deployed. We were working with the Reno Housing Authority on their recent application and I think we can deploy some NSP money, so absolutely we look at all those layers. The cool thing when we bring in a layer like that is it reduces the burden on one of the other layers.

Chair Neal:
What was not clear to me—I understand the lift—is how does the low-income trust fund play into this? They seem to be a companion.

Michael Holliday:
The reason you do not typically see low-income housing trust fund, the state lift funds, in the capital stack is because it does not generate the property tax exemption. The only funding source in Nevada that generates that property tax exemption is home funds. So while LIFT is the companion for home funds and the match, you are always going to see the home dollars in one of these capital stacks and not the LIFT funds.

Senator Ratti:
I want to show you another thing we are really excited about, and that is the return on investment. Part of the reason I have become darn near evangelical about this program is there are so many things we are doing—around poverty assistance, getting people food security, getting people subsidized health care, getting people child care—but in all of those things you invest a dollar, you use a dollar. While there is great benefit from the preventive aspect of that, this is one of the few poverty assistance programs where we can point to the exact return on investment. If we invest this dollar, we get 30 years of a subsidy for their rent. That just does not exist in anything else we do.

Stephen Aichroth:
On page 4 (Exhibit D) we took that 201-unit project, figuring we could build three more like projects, and extrapolated across the board. In column three, you will see 603 units. In the fourth column you will see the actual rents, including utilities that are associated with those particular units. We compared that to the next three columns, which is the Lied [Institute for Real Estate Studies] market rate rents, and that gets you to the second green column which is the monthly unit subsidy per each unit. Ultimately you take that, multiply it by the number of units, multiply it by 12, and at the bottom of the very last column, you will see an annual subsidy of $1,324,416 created from this.

To Senator Ratti's point, each $10 million investment will take it to $40 million. Because we are talking about 30 years of affordability, you do that for four years, you end up with just shy of $160 million, and the bottom line is that each dollar of state low-income housing tax credits will generate $4 in rent subsidy over the life of the program, being that 30 years.

On the next page [page 5, (Exhibit D)], this was an economic multiplier that we picked up from the National Multifamily Housing Council, and they came up, dried figures, and we extrapolated down from them where it creates 621 jobs over 30 years, and between local income, federal, state, and local taxes, $80 million in economic impact.

Chair Neal:
I will now open the hearing for those who would like to testify in support of S.B. 448 (R1). Fill in the chairs in Las Vegas and here. I will limit everyone to two minutes.

David Dazlich, Director of Government Affairs, Las Vegas Metro Chamber of Commerce:
Housing affordability in general and the availability of affordable housing are both very important factors to the continued economic growth of Nevada; therefore, we are in support of this bill.

Mendy Elliott, representing Reno Sparks Chamber of Commerce:
Ditto.

Suzzette Jorgensen, Private Citizen, Reno, Nevada:
I am a congregant at Sparks Christian Fellowship and a member of ACTIONN Speakers' Bureau. I support S.B. 448 (R1) because it means so much to me. I became homeless at the age of 15. I was badly abused and had no other recourse but to run away from home. I was not able to dig my way out. Then through the years I was homeless again and again. It is so hard being out there. People who have homes and good family life do not understand what is really going on out there. It is like trying to climb a mountain with your hands and feet bound. It is nearly impossible.

While I have been able to escape homelessness at times in my life, until recently my daughter, a veteran who suffers from PTSD, and my granddaughter and I, who also suffer from bipolar disorder, PTSD, and social anxiety disorder, were homeless. We stayed in a tent behind an old warehouse in the rain and snow. We could not get any help. It was degrading and we felt like there was no hope. Faith was the only thing that kept me going.

We need more housing for people in our community. There are over 7,000 people in the state of Nevada in similar positions of homelessness. We are so blessed that we were able to find an apartment. We were recently approved for a Section 8 [federal housing] voucher that will be able to help us find more affordable housing, but we are one of the lucky ones. The waiting lists for Section 8 are unbelievable, and even if you do get it, finding an apartment that accepts Section 8 is nearly impossible. We just have to wait and see.

Senate Bill 448 (1st Reprint) would provide more affordable housing units in Nevada and will be important in addressing the dire lack of housing we have. It would make a huge difference for me, my daughter, and my granddaughter in being able to find affordable housing. Please support this bill.

Izzy Youngs, representing Nevada Women's Lobby:
We have identified affordable housing as a top priority for this legislative session and believe this bill is a critical piece to the affordable housing puzzle happening in Nevada right now. We hope you support this measure. [Additional written testimony was also submitted (Exhibit F)].

Veronica Moss, representing Nevadans for the Common Good:
I am with Nevadans for the Common Good. This is JR and his mom [showing a picture], one example of the estimated 80,000 rent-burdened households in Clark County. JR is 24 years old and must work two jobs at minimum wage to afford a one-room apartment for himself and his disabled mom, who has no income. His rent is $710 a month plus utilities—close to 50 percent of his income—forcing them to survive from paycheck to paycheck. With no possibility to save, they are like the thousands of rent-burdened people in Nevada who become vulnerable to eviction and homelessness.

Nevada has a housing crisis and is in desperate need of affordable permanent housing. Nevada ranks last in affordable housing nationally, providing only 15 units per every 100 units needed. This creates a bottleneck of people not being able to move out of shelters, transitional housing, and permanent supportive housing to make room for others. In return, it expands the homelessness we see on the streets today. If affordable housing units became available at a more sustainable rate, we could begin to move toward alleviating not only the housing crisis but also the social and emotional problems that are created by this stressor. One place to start is to address this housing crisis and to support S.B. 448 (R1). Nevadans for the Common Good strongly supports this legislation and urges you to do the same.

William Brewer, Executive Director, Nevada Rural Housing Authority:
I also serve as the Chair of the Nevada Housing Coalition. We appreciate the opportunity to testify on behalf of this bill. As you have heard from many sources, housing is desperately needed in Nevada. You have also heard some wonderful stories about how this really affects lives, to be able to have access to this kind of housing. We could tell you hundreds of stories of lives that have been changed because of the availability of housing. It is important that Nevada comes to the table with its resources as much as possible to help generate this housing for its citizens. We support this bill and would be happy to help in any way to get it implemented.

Wes Henderson, Executive Director, Nevada League of Cities and Municipalities:
We would like to thank Senator Ratti and the interim committee for bringing this bill forward. We think it is a meritorious piece of legislation and we fully support it.

David Frazier, Private Citizen, Reno, Nevada:
I am one of the forgotten ones. When people talk about the motels, they talk about the drug addicts and the prostitutes, but they do not talk about me. They do not talk about my neighbors. In 2018 there were 7,058 homeless in Nevada—486 were families with children, 1,404 were homeless youth, 723 were veterans, 637 were chronic homeless, and 4,000 were seniors and disabled living on social security and other forms of meager income. I am lucky that in January, I was able to get into a permanent affordable apartment, thanks to low-income housing tax credits that kept the rent below my monthly social security income.

It is hard to imagine somehow I ended up in a weekly motel or homeless. It is not something that anything in my life predicted would happen. I was a professional. I had a career that I was proud of. For 15 years I worked as an EMT [emergency medical technician] in northern California. While in this—a positive experience overall—seeing hurt, suffering, and trauma every day took its toll and I had to leave the position as a result of the PTSD I had developed. I drove cabs and worked in local government the following years, but I struggled to get by.

When I retired, I moved to Fallon where I found a trailer home that was advertised as affordable housing. I quickly learned that there was a reason why the rent was so low. Within months our electricity was shut off as the landlord was not paying the fees. After struggling to get it turned back on, with little success, we learned later that was the least of our problems. After being hospitalized, my wife and I learned we were being affected by heavy metal poisoning from the arsenic in the well that was being used to supply our trailer. We had to immediately evacuate our home and social services provided us with a tent for two weeks. They informed us there was not much else they could do for us and advised us to move to Reno. I sought treatment in Reno and I was able to recover for the most part, but over the years the poisoning took its toll on my wife and she ended up losing her life. Since being in Reno, I have been living on social security. In that time I have faced homelessness and have spent the last few years moving between weekly motels in downtown Reno. Lack of affordable housing has taken a tragic toll on my life and the life of my late wife.

I am lucky that now I have a beautiful new wife and we were able to get into a permanent apartment in January. But we recently learned the low-income housing tax credit that kept our rent affordable is expiring, and our rent may increase above what we make in a month through social security. From here, we do not know where we will go. We know we do not want to end up back in a motel or on the streets. For now all we can do is worry and share our story with the hope of creating change. Senate Bill 448 (1st Reprint) would provide funding for 600 to 800 desperately needed affordable housing units in Nevada. This would be a lifeline for my wife and me.

Hilary Lopez, Senior Associate, Praxis Consulting Group, LLC:
We assist nonprofit and for-profit developers of affordable and workforce housing structure and secure the financing needed for their projects, and also work on affordable housing issues. I am here in support of S.B. 448 (R1). I believe that it would engage the private

sector locally, while also providing financial support for the creation of affordable housing throughout the state of Nevada—that the tax credit will raise critical gap funding to leverage other private and federal sources that may not otherwise come to our state.

For example, on a recent project that we worked on in northern Nevada, $3 million in gap financing from the Nevada Housing Division leveraged approximately $50 million in other private and federal sources, and resulted in the creation of 288 rental units for lower income households. I believe that supporting S.B. 448 (R1) would result in the creation of over 2,400 badly needed affordable and workforce housing units over its implementation, and for these reasons I hope the Committee will support this important bill.

Greg Horton, Private Citizen, Reno, Nevada:
I am one of the 1,700 seniors and disabled folks living in the monthly/weekly motels in Washoe County. For over 30 years I was an elevator mechanic and lived in California and Nevada. Thirteen years ago I never imagined that a weekly motel is where I would be spending my retirement. That is when I met a wonderful lady, whom I had fallen deeply in love with. In 2008 we were both run over by a car in Reno. At that time it was discovered she had terminal cancer and was given three months to live. To the last days I hoped we could cure it but we were unsuccessful. I had used up all my resources to save her. My depression became unbearable and was made worse by the disability I incurred during the car crash. Unable to work, I ended up homeless. I stayed at the Volunteers of America shelter and eventually ended up on the streets. For three years afterwards, I survived on the streets. Eventually, I qualified for disability, and I ended up living at the Easy Inn, a weekly/monthly motel. This week is the four-year anniversary of my living there. During that time, being homeless, as well as living at the Easy Inn, I have dedicated my life to helping others less fortunate, and I use my skills to provide medical care to my neighbors and to those who are still on the streets.

Living at the Easy Inn has not been an easy venue. Since I have been there for four years, I have had at least five bug infestations. Home health care services will not even come to the motel because of the infestations, meaning that people do not receive much-needed health care. Conditions do not meet code, and violence and even outbursts from management are regular conditions of life in a weekly motel. Senate Bill 448 (1st Reprint) would result in 600 to 800 more affordable units in our state annually. For people like me, and many I know who have not been able to access safe, stable housing, this would be a step in the right direction. Please support this bill. After listening to your concerns today, any tax credit that enhances or maintains affordable housing is desperately needed, and I hope you vote for it.

Megan Rockefeller, representing Food Bank of Northern Nevada:
We would like to thank Senator Ratti and those who have worked on this extremely important issue, as well as express our support for S.B. 448 (R1). The Food Bank of Northern Nevada serves the largest population of housing-insecure clients and we believe housing security is food security.

Shane Piccinini, representing Human Services Network:
We would like to thank Senator Ratti and the interim committee for bringing these eight different bills forward to try to solve, or at least begin to solve, our affordable housing problem in Nevada. I have worked with a number of clients who have either spent this last winter living in their car or in a tent along the river or behind a warehouse, and I am really hoping that we do not have another winter like that.

Sarah M. Adler, representing National Alliance on Mental Illness Nevada:
I have spent much of my professional career in affordable housing. I think this is the most effective action we can take in this state—to add this big noodle on top of our lasagna. I can tell you all about qualified allocation plans, I can tell you about rehab, and I might tell you about somebody who brought a newbie developer into affordable housing and lived to learn about that. All of your questions have been excellent. Today, as NAMI [National Alliance on Mental Illness], we are here to represent the fourth bucket—the people of extremely low income. The mentally ill are disabled—they cannot go and earn more. There are families who live every day worrying about what happens when they are not here to take care of their kids. We need this.

Elisa Cafferata, representing Nevada Technology Association, Inc.; and Planned Parenthood Votes Nevada:
The Nevada Technology Association, Inc., supports the affordable housing legislation. Affordable housing is one of the No. 1 issues they have in terms of attracting and growing their businesses, so this is an important part of the mix. Secondly, Planned Parenthood Votes Nevada, in addition to looking at health care, looks at the social determinants of health care and the support services for our patients. This would go a long way towards helping them be able to take care of themselves.

Brittany Walker, representing Regional Transportation Commission of Southern Nevada:
I am the administrator of Southern Nevada Strong. We support the bill.

Chair Neal:
[(Exhibit G) was submitted but not discussed and is included as an exhibit in support for the hearing.] I see no one signed in, in opposition. Is there anyone who would like to testify as neutral on S.B. 448 (R1)? [There was no one.] Senator Ratti, do you have any closing remarks?

Senator Ratti:
Everyone deserves access to safe, clean, affordable housing, and it is time for us to act.

Assemblywoman Swank:
As I have listened to everything, I am always very hesitant when state dollars go to religious institutions. Can you talk about if this program will be giving money to religious institutions, or how that is going to work?

Senator Ratti:
I think the bill is silent on it. I am aware of federal low-income housing tax credits where faith-based groups have chosen to be the developer and to compete. I believe that in the federal low-income housing tax credits, there are rules about discrimination, making any sort of decisions about who lives in a property based on faith, or any kinds of coercion around faith, so I think that is probably the best I can answer your question.

Assemblywoman Swank:
If you could get us some information, that would be great.

Chair Neal:
I will close the hearing on S.B. 448 (R1) and open the hearing for public comment. [There was none.] We are adjourned [at 6:32 p.m.].

RESPECTFULLY SUBMITTED:

____
Gina Hall
Committee Secretary

APPROVED BY:

____
Assemblywoman Dina Neal, 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 448," submitted by Senator Julia Ratti, Senate District No. 13, in regard to Senate Bill 448 (1st Reprint).

Exhibit D is a copy of a PowerPoint presentation titled "Proposed State Low-Income Housing Tax Credit" in relation to Senate Bill 448 (1st Reprint), presented by Stephen Aichroth, Administrator, Housing Division, Department of Business and Industry.

Exhibit E is written testimony dated May 2, 2019, submitted by David Paull, Director of Real Estate Development, Nevada HAND, Inc., Las Vegas, Nevada, in support of Senate Bill 448 (1st Reprint).

Exhibit F is written testimony submitted by Izzy Youngs, representing Nevada Women's Lobby, in support of Senate Bill 448 (1st Reprint).

Exhibit G is written testimony submitted by Felipe Silva, Housing Justice Organizer, Make the Road Nevada, North Las Vegas, Nevada, in support of Senate Bill 448 (1st Reprint).