MINUTES OF THE
SENATE COMMITTEE ON REVENUE AND ECONOMIC DEVELOPMENT

Eightieth Session
March 26, 2019

The Senate Committee on Revenue and Economic Development was called to order by Chair Marilyn Dondero Loop at 1:38 p.m. on Tuesday, March 26, 2019, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to Room 4412E of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Exhibit A is the Agenda. Exhibit B is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Marilyn Dondero Loop, Chair
Senator Julia Ratti, Vice Chair
Senator David R. Parks
Senator Ben Kieckhefer
Senator Heidi Seevers Gansert

GUEST LEGISLATORS PRESENT:

Assemblyman Tyrone Thompson, Assembly District No. 17

STAFF MEMBERS PRESENT:

Russell Guindon, Principal Deputy Fiscal Analyst
Joe Reel, Deputy Fiscal Analyst
Lex Thompson, Committee Secretary
Barbara Williams, Committee Secretary

OTHERS PRESENT:

Stephen Aichroth, Administrator, Housing Division, Department of Business and Industry
Michael Mullen, CEO, Nevada HAND
Douglas Bell, Nevada HAND
Earline Lovelace
Megan Rockefeller, The Food Bank of Northern Nevada; Human Services Network

William Brewer, Executive Director, Nevada Rural Housing Authority
Brent Boynton, Reno Housing Authority
Julia Occhiogrosso, Nevadans for the Common Good
Sarah M. Adler
Catana Barnes
Hillary Lopez, Ph.D., Praxis Consulting Group
Virginia Wiggins
Jennifer Jeans, Washoe Legal Services; Legal Aid Center of Southern Nevada; Southern Nevada Senior Law Program
Emily Paulsen, Nevada Homeless Alliance
J.D. Klippenstein, ACTIONN
Athar Haseebullah, Regional Transportation Commission of Southern Nevada
Melanie Young, Executive Director, Department of Taxation
Shellie Hughes, Chief Deputy Director, Department of Taxation

CHAIR DONDERO LOOP:
I will open the hearing on Senate Bill (S.B.) 448.

SENATE BILL 448: Provides for transferable tax credits for affordable housing in this State. (BDR 32-381)

SENATOR JULIA RATTI (Senatorial District No. 13):
I am here today with Assemblyman Tyrone Thompson to present one of the key recommendations that came out of the Interim Committee to Study Issues Regarding Affordable Housing. I served as the Chair and Assemblyman Thompson served as the Vice Chair.

Let us be clear, Nevada has an affordable housing crisis. The ability to find and maintain safe, clean, affordable housing is out of reach for a significant number of Nevadans. We ask your 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 Committee.

When we talk about affordability, we know that all types of housing are becoming out of reach for Nevadans. In the Committee, we looked at four scenarios, seen on page 2 of my S.B. 448 presentation (Exhibit C).

• Home ownership—Can a Nevadan earning a median income of $55,180 per year afford to purchase a median-priced home?

• Workforce housing—If you earn up to 120 percent of the area median income (AMI), can you find an affordable place to rent?
• Housing for low-income individuals and families—If you are low-income, defined as up to 60 percent of AMI or below, can you find a safe and clean place to live?
• Housing for extremely low-income individuals—For those living on a low fixed income of up to 30 percent of AMI, do we have any housing options? How many struggling with homelessness are homeless purely because of a lack of affordable housing options?

When you are talking about housing affordability, Nevadans are struggling in all four of these categories.

Page 3 of Exhibit C explains the challenges of home ownership. Nevada runs 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 Great Recession, we were doing okay with affordability. But housing prices have increased at a rapid pace in the last several years; even with wage growth, the median earner can no longer afford the median-priced house. Over half of Nevadans are being priced out of homeownership. Looking only at new listings, the median house price in Clark County has increased from $265,000 to $350,000; in Washoe County, from $350,000 to $447,000. Many folks are being priced out.

ASSEMBLYMAN TYRONE THOMPSON (Assembly District No. 17):
Page 4 states facts about the missing middle. Nevada HAND, an affordable housing developer, provided the Committee with a study during the Interim that focused on the missing middle in southern Nevada. These are working 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 are paying more than 30 percent of their income for housing costs. If they make less than $50,000 per year, that number jumps up to seven out of ten. When a family is rent-burdened, they lack the resources to pay for medical expenses, recover from a car repair or enroll their children in after-school activities.

Page 5 discusses the large number of Nevadans who live on the edge of a housing disaster. We only have 39 units for every 100 households that live on 50 percent of AMI or below. These are Nevadans who have jobs and veterans who have retirement from the U.S. Department of Veterans Affairs, but they are living paycheck to paycheck and are one bad day away from losing housing.

Page 6 illustrates our most vulnerable Nevadans—seniors and people with disabilities who live on a fixed income of 30 percent of AMI or below. Nevada has only 15 units for every 100 households in this category. Page 7 adds in individuals who struggle with mental health or substance abuse, children aging out of foster care and adults with intellectual disabilities. This is the growing face of homelessness. In 2019, the face of homelessness is different than the traditional notion of a single, unkempt and unemployed man. It does not have to be this way.

SENATOR RATTI:
That is the broad spectrum of affordability challenges we face in our State: a teacher earning the median income who cannot buy a house; a waitress who represents the missing middle workforce where only 36 percent can find a housing unit they can afford; an entry-level, minimum-wage worker who is housing cost-burdened; or seniors and people with disabilities who are homeless simply because their monthly check is no longer enough to rent an apartment.

What are the solutions? There is no silver bullet. Page 9 of Exhibit C shows we need all hands on deck. We need all levels of government, the private sector and philanthropic efforts to turn the tide. There are other bills moving through this Body to make sure there are many tools in the toolkit. It is time for the State to step up its game. That brings us to S.B. 448.

Senate Bill 448 is a pilot project to invest $10 million per year in State low-income housing tax credits to accelerate the production of subsidized housing units for low-income and extremely low-income Nevadans. We are specifically looking at the below 60 percent and below 30 percent of AMI populations. These are the Nevadans who have the least access to available, affordable housing. We know that the market does not produce these units. The lack of investment by the State is part of the reason we are worst in the Nation in this area.

Beyond being the right thing to do, State low-income housing tax credits are also sound policy. The State investment would result in an increase of 600 or more units per year and increase production by about 60 percent. That is a conservative number. We wanted to make sure we do not overpromise and underdeliver. We are confident, through our work with the Housing Division, that we can get this number done. The model is efficient because it builds off competencies and programs that already exist in the Housing Division and

Department of Taxation. As you will hear from the Housing Division, the return on investment is impressive.

Behind every statistic is a face and a name. I think of a constituent and good friend. He is 67 years old and lives on his social security check of $853 per month. He worked his entire life but never earned a lot of money. He has struggled with health issues and recently had a liver transplant. All the while, he has moved from one place to another, trying to maintain stable housing while trying to get well. He has often spent over half his income just to keep a roof over his head. In January, he finally made it to the top of the waiting list of an affordable housing project. He is now settled in to a 30 percent AMI unit, focused on getting back to full health and looking forward to the future in a safe, clean apartment.

ASSEMBLYMAN THOMPSON:
I have spent much time in neighborhood services. The community I live in now used to be the hardest hit by foreclosure. Now we are vastly growing with new homes. We now have an affordable housing project coming to our community.

Although we do not necessarily want to compare ourselves to California, there is much collective impact work with the backbone agencies in California, where they have already invested in this cause. It took many partners, including the state and counties. They have brought those dollars together and created brick-and-mortar units. We need far more resources, but S.B. 448 is a great start.

SENATOR RATTI:
I will now walk you through S.B. 448. Sections 1 through 8 are definitions. Section 9 establishes the transferable tax credits (TTC) specifically for low-income housing and describes the Housing Division's role in the implementation of the bill. The State's low-income housing tax credit program aligns with the federal Low-Income Housing Tax Credit (LIHTC). This is important for the use of our own State resources—the Housing Division is running two programs in parallel that have the same requirements. It is equally important for the developers to know that if they maintain compliance with the federal program, they will also be in compliance with the State program. This produces efficiency and does not require significantly more staff.

Sections 10 through 12 are about the implementation of the TTCs. For the most part, they match how the State has handled tax credits in other parts of *Nevada Revised Statutes* (NRS). This bill just recently came out and there will likely be some technical amendments needed, but the substance and intent of the bill is there.

STEPHEN AICHROTH (Administrator, Housing Division, Department of Business and Industry):

As drafted, S.B. 448 aligns with the LIHTC that already exists. In the federal LIHTC model, there are two programs: a 4 percent program and a 9 percent program. Page 2 of the Proposed State Low-Income Housing Tax Credit Presentation (Exhibit D) illustrates an actual project built in the last year using the 4 percent program. The capital stack is represented on the graph. The total project cost was $34 million, and the capital stack shows how that amount was achieved.

The tax credit program is built differently than private sector market-rate units. It can get very complex. Starting at the bottom of the capital stack, there is $1.5 million in HOME funds, a program established by the U.S. Department of Housing and Urban Development (HUD). The developer gets an exemption on property tax for this. These funds are a small but important component of any affordable housing development.

The second level is the deferred developer fee, $2.8 million in this example. This is the equity the developer defers receiving for up to 13 years. The third level, the tax credit equity, is the amount of funding developed through the sale of the federal tax credits received. In this example, it is $12.2 million or 36 percent of the capital stack. The fourth level is the tax exempt bonds, the effective debt of the project. The bonds total $14.5 million or 43 percent of the total cost of the project.

That totals $31 million, $3 million short of the total cost of this project. The Housing Division used Growing Affordable Housing program (GAHP) financing, a low-interest loan we provide to the developer from recycled issuer fees from previous bond issuances. This money is available in very small amounts. We anticipate having this available for the next four years, allowing only two projects a year to be developed.

Page 3 of Exhibit D shows an example 9 percent capital stack. The first three levels vary among projects; this particular one makes up $1.3 million or about 10 percent of the project. The first level is a seller note, the second the deferred developer fee. The third is a Federal Home Loan Bank, which can be a grant or a low-interest loan from the Affordable Housing Program.

The fourth level is a $1.4 million HOME loan. Again, this is HUD financing available from local jurisdictions. Level five is a $1.6 million loan the developer got themselves or about 11 percent of the project. The main part of this capital stack is the 69 percent of LIHTC credit equity. In these projects, the equity accounts for a much greater portion. The total of the stack is the $14 million total project cost. You see a smaller gap in the 9 percent program than you do in the 4 percent program.

Look at the composition of this particular development. It has 66 units with most at 40 percent AMI. That is balanced out with some market rate units. In these 9 percent projects, we are able to reach a population of lower-income individuals. The 4 percent capital stack project provided the bulk of the units at 60 percent AMI, which is common for the 4 percent projects.

This is complicated, and there are many layers to any project. Look at the 4 percent capital stack and imagine it is $1. Without the last level, we have 91 cents. If you walk into the Dollar Store with 91 cents, you walk out with nothing. If you can dig up a dime out of your console or under your floor mat, all of a sudden you can get something. Because we are providing two dimes, in this financing example, we are able to get two projects a year completed. If S.B. 448 is approved, using this model, we would have three more dimes and be able to complete three more projects of this size.

Page 4 of Exhibit D illustrates the return on investment. We extrapolated the numbers from our 4 percent example. In the third column, the total number of units is 603 or three times the 201 units in the example. The approved rent amounts are shown and then compared with the market rates. The second green column shows the monthly unit subsidy provided to the qualifying individuals at a below-market rate. The final column shows the total subsidy on a monthly basis; below that, the total annual subsidy of $1.3 million. The $1.3 million is then extrapolated over the 30-year affordability period because these will be guaranteed affordable properties for the next 30 years. That comes to $40 million dollars. Each $10 million annual investment over 30 years is worth $40 million in assistance. The entire pilot project in the bill, $10 million a year for 4 years, will produce $160 million in return. It is estimated each $1 of State LIHTC will generate $4 in rent subsidy over the life of the program.

Lastly, the economic multiplier is described on page 5. This information came from the LIHTC fact sheet of the National Multifamily Housing Council. Since 1986, 3 million apartments have been built through the federal LIHTC program. That has created 3.4 million jobs, $323 billion in local income and $127 billion in federal, state and local tax revenues. By extrapolating for the estimated 600 units this bill provides for, over 30 years, 621 jobs and over $80 million in economic impact will be created.

SENATOR KIECKHEFER:
Does the pilot program fit only with the 4 percent capital stack model you described?

MR. AICHROTH:
That is probably where it best fits. It could play in the 9 percent model, potentially reducing some of the seller note or the Federal Home Loan Bank, but it would be most effective in the 4 percent model. The bill allows for the Housing Division to use preference points. For example, we can take some of the lower AMI units and make sure the developer gets preference points if it does some level of income averaging or develops more 30 and 40 percent units.

SENATOR KIECKHEFER:
Does the Division have that flexibility in federal guidelines to negotiate deals with developers in that way?

MR. AICHROTH:
Yes, we do.

SENATOR KIECKHEFER:
What factors play in to how the developer chooses which model to use?

MR. AICHROTH:
We have certain mission-driven developers who prefer the 9 percent model and really serve the individuals who have the greatest need. Other developers prefer to use the 4 percent model to create more units for higher AMI. Some developers use both.

SENATOR RATTI:
We have one developer in northern Nevada who developed a mixed-rate project using a portion of LIHTC, putting affordable housing units into an otherwise market rate development. There are additional models that could be pursued; S.B. 448 specifically leaves that somewhat flexible. As new innovations and models come forward, the Housing Division has the discretion to invest in those.

SENATOR SEEVERS GANSERT:
You mentioned the Division's ability to grant preference points. Will you determine the outline of that program after the bill is passed, or do you have ideas about what the preferences should be?

MR. AICHROTH:
There should be an opportunity to spell that out somewhat in the technical amendment Senator Ratti spoke of. One option would be to create an addendum to our qualified allocation process, which is the set of rules that govern the LIHTC. That would allow us to be ready to go on July 1.

SENATOR RATTI:
There are two compelling reasons to do it that way. If we do it through the regulatory process, the Division can hit the ground running much more quickly. Secondly, we need affordable housing regardless of the economic climate and the recessionary curve. Right now, we happen to be in a high-income period with a great need for affordable housing. There were times during the Great Recession that some of the affordable housing projects were close to market rate because housing prices got so low. The Division has the flexibility to change what the preference points might look like, depending on the economic situation. There are times we might want to focus more on the 30 percent AMI level because the market conditions make sense for that. There could be other times when different projects are the only ones you can get done because of the cost of land, construction or labor.

While there is a significant temptation on the part of the Legislature to be more directive in a program like this, given the market reality and the fact that we would like this program to outlast any given set of economic realities, it is better to give the subject matter experts some discretion.

SENATOR SEEVERS GANSERT:
It is my understanding the federal programs are complex. As a result, Nevada does not fully utilize them. What is the demand? Can this process be navigated in the State?

SENATOR RATTI:
There are two different kinds of demand. The demand from clients is off the charts. That was obvious in the number of units available at each income level and from my friend's experience of being on a waiting list for two years. In terms of whether these programs are being fully utilized, I will defer to Mr. Aichroth.

MR. AICHROTH:
The two models for this program have different funding sources, although it is all federal government money. The 9 percent program is calculated per capita; we get a certain amount of dollars from the federal government to administer. We were fully subscribed last year and continue to be fully subscribed. The 4 percent program is based on our bond capital authority. At the end of the calendar year, the Division has to designate any leftovers for specific programs. We exhausted all our 2015 bond capital on December 28, 2018. We are using every bit of it. There are not a lot of developers that build affordable housing, and we are lucky to have the ones that do.

SENATOR SEEVERS GANSERT:
That is part of my concern. If we are going to put these TTCs together, it needs to be a system that we can deploy and leverage for more units. The previously mentioned project in northern Nevada is 80 percent market rate and 20 percent affordable housing. That makes a lot of sense to me because it helps lift people into better neighborhoods. If there is a way to give that sort of project preference points, we should. You have to have demand from the developer, and the developer has to navigate the complexities of the process.

SENATOR RATTI:
We know we need a lot more units than $10 million will produce. Looking at the available land, staff capacity and the development community, we felt that was the right starting point. We hope this program will be so successful that we need to request more from the Legislature. We are confident the $10 million can be used and 600 units can be produced.

From a policy standpoint, an 80-20 project makes all the sense in the world. It is my understanding from the developer that built the project that it was really difficult to put together. There is some work to be done to find a way to make that sort of project more effective and to bring more developers in to the conversation.

CHAIR DONDERO LOOP:
On page 5 of Exhibit D, you referenced over $80 million of economic benefits. Were you referring to the local income and tax portions added together?

MR. AICHROTH:
Yes, I was.

SENATOR RATTI:
I would emphasize that we get $4 of poverty assistance for every $1 invested. Not many State programs have that kind of direct economic impact. The economic multiplier of $80 million over 30 years is above and beyond that direct assistance.

MICHAEL MULLEN (CEO, Nevada HAND):
Nevada HAND is the State's largest developer and provider of affordable rental housing. Our affordable apartments provide homes for more than 7,300 southern Nevada children, working adults and seniors on fixed incomes. I started Nevada HAND more than 25 years ago, and I have seen firsthand how as our State has grown, so too has the need for high-quality, affordable homes.

Today, we see a shortfall of more than 101,000 homes for Nevadans who make 50 percent or below of AMI. That number is growing. Without new tools to help organizations like Nevada HAND, it will compound.

We use the federal LIHTC program as the primary tool to leverage other means of capital—like HOME funds, Community Development Block Grants (CDBG), GAHP funding and traditional debt service—to build the complex financing structures of affordable housing developments. Because these programs create tax credits, they attract the private sector. We need the public-private partnership to create entities that fully avail themselves of the program.

The federal program produces about 1,000 units of affordable housing each year in Nevada, and it is just not enough to meet the demands. Our affordable housing problem is one of supply. We need more of it. The State tax credit program is an opportunity to add up to 600 units to inventory for each year of the program. That is an additional 2,400 families or seniors who will not have to worry about whether they can buy food, portion out their medications or skip doctors' appointments. While we know the need is great and a tax credit alone will not close the gap we currently face, this bill is a tangible opportunity to make a difference.

The tax credit would help us leverage additional financial resources to make these affordable developments feasible and would help bolster the existing federal tax credit program. It is a direct mechanism to help fund affordable housing developments in Nevada.

Housing is also an economic development opportunity. According to the National Low Income Housing Coalition and the National Association of Home Builders, building 100 affordable rental homes generates $11.7 million in income, $2.2 million in taxes and revenue for local governments, and 161 local jobs in the first year alone.

Ensuring that all Nevadans have a safe, high-quality, affordable home is an important and critical step in ensuring that our economy grows and our residents prosper. Our State slogan is "Home Means Nevada," and we believe this means a home for every Nevadan.

DOUGLAS BELL (Nevada HAND):
I serve on the Board of Directors of Nevada HAND as Treasurer and as Chair of the Housing and Development Committee for the organization. I retired after 30 years with Clark County, managing its Community Resources Management. During that time, I had oversight of CDBGs, HOME funds and other grant acquisitions. I have coordinated countywide housing and economic development studies and have provided extensive technical assistance to nonprofit and government agencies in the areas of grants, affordable housing and homeless services. Over my career, I have seen the power of public-private partnerships and how much they benefit not only residents but entire communities and our economy.

This TTC program will help bring in additional partners from the private sector. They will purchase these TTCs and create equity in the developments. It is important to recognize all the different layers of funding that go into these deals. Our goal is to increase the amount of support and thereby assist more people at lower incomes. The availability of the Southern Nevada Public Land Management Act (SNPLMA) properties can be used in a deal at a 90 percent discount on land value. The more subsidies you receive from more sources, the better able you are to serve lower-income residents.

We have heard that Nevada has a significant shortfall of homes for its lowest-income residents, and that pool of affected Nevadans is expected to expand. A study prepared by Applied Analysis for Nevada HAND found that in the next decade, the affordable housing crisis will expand to those in the middle-income brackets. This becomes an issue for employers and employees. Employers know that when their employees have a safe, stable and affordable place to call home, they are better employees. Retention rates, employee recruitment and training costs are reduced, and employee productivity increases.

This tax credit has the potential to bring new private investors and large businesses to the table. By purchasing these TTCs, investors would play a significant role in being a positive part of the affordable housing solution. After all, the supply and price of housing affects these organizations' workforce, contractors and the local economies in which they operate. The State's affordable housing tax credit would offer another level of engagement in which these companies could significantly address the affordable housing challenge in Nevada.

We need to act now so we do not become like California and other states where the affordable housing crisis is beyond the critical stage, causing companies to flee to lower-cost housing areas. This proposed legislation is part of the solution, combined with SNPLMA properties and other funding sources, and could make a real difference in the lives of our citizens and businesses.

EARLINE LOVELACE:
I am a resident of Boulder Pines Family Apartments, a family community operated by Nevada HAND. I moved to Las Vegas to be closer to my children and grandchildren, and an affordable apartment home helped me do that and find stability, quality and comfort. It also provided opportunities for me to get to know my neighbors and engage in my community.

I retired just before moving to Las Vegas. Living on a fixed income is very challenging. The cost of housing, food and owning a car does not leave enough funds for adequate health care. My retirement benefits are above the income level for assistance in this area. I help both my daughters with their health issues by providing transportation to doctor appointments several times a month. Entertainment is out of my budget; however, with the Nevada HAND family community, I have plenty of social events to keep me busy. Affordable housing helps me live within my means and provides independence without being a financial burden to my family.

Having an affordable home helped me concentrate on the important things: my family, my well-being and making a home in my new city. 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 income on their home than they can afford. When this happens, tough decisions need to be made. Do they pay their rent or put food on the table? Do they refill their medication or go to the doctor? This is a growing problem all over—from my previous home in Chicago to my newer home in Las Vegas.

Nevada needs more affordable homes, like the one where I live. These are not just a place to live. Homes like mine provide support and community. They are places to raise families, enjoy retirement and work toward one's goals. That is why I am testifying in support of S.B. 448 today. Thank you for your leadership and your dedication to ensuring that our State is a place with opportunities—and a home—for every Nevadan.

SENATOR KIECKHEFER:
Units are identified as a certain percentage of AMI. Is that amount adjusted, and if so, how often? Developers finance based on an assumption of revenue. What happens if AMI drops?

MR. MULLIN:
Each year, the AMI is released, and all rents are a percentage of that. If the AMI goes up by 2 or 3 percent, rents have the ability to raise by that same percentage. There is a safe harbor, a floor, which occurred during the Recession. There is a floor on rents, so the properties do not have to go out of business. The increases are pegged to the increase of AMI.

SENATOR KIECKHEFER:
So they fluctuate each year, but there is a floor and increases are moderated.

MR. MULLIN:
Increases are minimal. There was a period of about six years when rents stayed flat.

SENATOR RATTI:
Once a unit is locked in and financed at a particular AMI rate, it keeps that AMI for 30 years. A 30 percent AMI unit stays a 30 percent AMI unit for 30 years. The AMI may fluctuate, thus changing the rent, but that unit is locked in at 30, 50 or 60 percent of AMI for 30 years.

MEGAN ROCKEFELLER (The Food Bank of Northern Nevada; Human Services Network):
We express our support for S.B. 448.

WILLIAM BREWER (Executive Director, Nevada Rural Housing Authority):
This bill has been well-crafted, and we support it. We appreciate the State's willingness to step up and participate in the solution to the housing crisis.

BRENT BOYNTON (Reno Housing Authority):
Our organization helps about 4,000 northern Nevada families through various affordable programs. We have about 2,000 on our waiting list, even while the federal government is paying less in benefits. Obviously, we need more housing and more options. The best tool we have to encourage developers to create affordable housing is tax credits. This year, we are fortunate to be building 44 units for senior citizens. We have used up the available credits in that category. The bottom line is we need more affordable houses and apartments, and more tools for developers. Tax credits are the best tool, and this bill is an excellent opportunity to expand that capability for the thousands of Nevadans who need housing.

JULIA OCCHIOGROSSO (Nevadans for the Common Good):
This is a picture of JR and his mom, one example of the estimated 80,000 rent-burdened households in Clark County. JR is 24 years old and has to work two jobs at minimum wage to afford a one-room apartment for himself and his disabled mother, who has no income. His rent is $710 plus utilities, close to 50 percent of his income, forcing them to survive paycheck to

paycheck. With no way to save money, they, like thousands of rent-burdened Nevadans, become vulnerable to eviction and homelessness.

Nevada has a housing crisis and is in desperate need of affordable, permanent housing. Nationally, Nevada ranks last in affordable housing for extremely low-income individuals, providing only 15 units for every 100 needed.

People in supportive and transitional housing programs have nowhere to transition. They are either stuck long term in these programs, creating long waiting lists for others in need, or they are turned out to join the numbers of homeless on the street when they fail to find affordable housing in the time frame the program provides for.

If affordable housing units become available at more sustainable rates, then those in subsidized housing could move out, making room for others in transitional programs and shelters. We could begin to move in the direction of alleviating not only the housing crisis but all the social and emotional problems that are created by this stressor. One place to start to address this crisis is to support S.B. 448.

SARAH M. ADLER:
This is an exciting day in Nevada. The challenge of affordable housing is enormous. In rural Nevada, we have wonderful communities full of aging housing and aging populations. These individuals do not have the opportunity to increase their income and afford better housing on their own. Affordable housing is complex and takes a capital stack to make one project work. By Nevada making this contribution, it will create leverage and traction that will begin to move us forward. The only thing better than this bill would be to triple the funding it receives.

CATANA BARNES:
I am here in support of S.B. 448. I live in fear every day that I may end up homeless. I own a mobile home, but I have to pay space rent and am therefore subject to eviction for nonpayment. I live with this fear because I do not have any savings, and I do not earn enough to afford other housing, particularly on my own. My youngest son and I live together because neither one of us can afford to live on our own, even though we both work full time. Six months ago I filed chapter 7 bankruptcy, following a divorce. I was left with no alimony and no savings to help me pay my bills. My son was not yet gainfully employed. The

bankruptcy court requires filers to go through credit counseling. Upon review of my finances, they informed me I paid too much for rent and needed to find more affordable housing. My rent is $500 per month, the cheapest I can find in my area. I have since had to leave the job and now drive for Lyft, so my income is no longer consistent.

There is a bill before you that can provide a much needed buffer in the effort to reduce homelessness. I support S.B. 448.

HILLARY LOPEZ, PH.D. (Praxis Consulting Group):
Praxis Consulting Group provides development financing consulting services to Nevada's affordable housing developers. I am here to support S.B. 448. The State tax credit would provide the much-needed gap financing for the 4 percent model and provide for affordable housing and large tax-exempt bond projects to proceed. As an example, we recently closed financing on a 288-unit affordable family development in Reno. The Housing Division provided $3 million in soft subordinate debt to allow this $59 million project to proceed with the lion's share of over $47 million coming from tax-exempt debt and federal tax credit equity. These funds would not come to Nevada and the project would not get built but for this relatively small infusion of State funds. The State tax credit expands the Division's ability to support these projects and help bring much-needed, high-quality, long-term affordable housing to our communities.

The proposed design of the Nevada State tax credit program is practical, will work smoothly with the existing affordable housing finance programs and will generate interest in the investment community since the credit can be used against a number of the Nevada corporate tax programs.

VIRGINIA WIGGINS:
I was homeless a year-and-a-half ago, staying at a shelter and attending Truckee Meadows Community College after my son graduated high school. I am a stage III ovarian cancer survivor and was on disability. I can tell you the system is broken. I estimate 80 percent to 90 percent of the homeless shelter's population was mentally disabled, physically disabled or elderly.

I now work for My Journey Behavioral Health. My employer is generous in allowing me to spend time finding affordable housing for those in need. It is just not there. I support S.B. 448. I would add that if marijuana taxation is going to the Rainy Day Fund, this is a rainy day. It continues to get worse, day by day. Until we take care of our people, how do we expect to make Reno better?

JENNIFER JEANS (Washoe Legal Services; Legal Aid Center of Southern Nevada; Southern Nevada Senior Law Program):
The organizations I represent serve low-income individuals, seniors and disabled Nevadans. The shortage of affordable housing affects all our practice areas: tenants who cannot afford their rent and are facing eviction, children who want to reunify with their parents but have no home to go to, victims of domestic violence who are seeking to leave their abusers, and consumers who are forced to take on more high-interest debt in order to keep a roof over their head and their children fed.

Housing is an essential need that typically has to be met before any of the other legal issues can be resolved for our clients. We urge your support on S.B. 448 to accelerate the production of affordable housing options for our clients.

EMILY PAULSEN (Nevada Homeless Alliance):
We are in favor of this bill. We know that investing in affordable housing solutions now is critically important to our efforts to prevent and end homelessness. It is a grave injustice that we have such a shortage of affordable housing in our communities. As a consequence, we have so many Nevadans living on our streets.

J.D. KLIPPENSTEIN (ACTIONN):
We have partnered with Nevada Homeless Alliance and others around the State for Housing and Homeless Awareness Day today. I would ask those behind me who support S.B. 448 to stand up and be recognized. We have been doing a lot of grassroots advocacy work around affordable housing. We just came from the Washoe County Commissioners meeting where they adopted an Affordable Housing Trust Fund after a year's worth of advocacy on our part. Senate Bill 448 makes sense on many different levels. It will make a huge difference for many of the people in this room who are struggling to afford housing.

ATHAR HASEEBULLAH (Regional Transportation Commission of Southern Nevada):
The Regional Transportation Commission of Southern Nevada is the plan administrator for Southern Nevada Strong, which is charged with advancing the goal of building regional support for long-term economic success throughout our

community. This includes providing quality housing options for those at all income levels throughout our community. Southern Nevada Strong has done a lot of legwork in speaking with our community. Affordable housing has consistently been identified as an area of need. We fully support S.B. 448.

SENATOR RATTI:
All of those on the Interim Committee to Study Issues Regarding Affordable Housing put a lot of effort in determining the most practical ways in which Nevada can address the critical issue of affordable housing. Please consider supporting S.B. 448. We do intend to bring some mild technical amendments at the work session.

CHAIR DONDERO LOOP:
I will close the hearing on S.B. 448 and open the hearing on S.B. 32.

SENATE BILL 32: Revises provisions relating to the confidentiality and privilege of the records and files of the Department of Taxation concerning the administration and collection of certain taxes, fees and assessments and the imposition of disciplinary action. (BDR 32-189)

MELANIE YOUNG (Executive Director, Department of Taxation):
We are here to present S.B. 32, which revises the provisions relating to the confidentiality and privilege of the records and files of the Department of Taxation regarding the imposition of disciplinary actions. Additionally, in collaboration with Governor Steve Sisolak, the Department is proposing an amendment (Exhibit E) to this bill that seeks to increase transparency in the marijuana licensing process. As the new Director of the Department, I understand the strong desire for more information which has been articulated by many. Under Governor Sisolak's leadership, we now have an opportunity to directly address this issue.

Under current law, information about marijuana applicants and licenses has been strictly confidential. This is a result of merging two statutory and regulatory structures that deal with highly sensitive information: medical marijuana, which necessarily protects patients and providers; and taxation, which protects the financial and proprietary information of Nevada's businesses. This amendment would exempt certain information about the licensing process and license applicants from those restrictions. Specifically, it would allow the Department to disclose the identity of applicants for medical and adult-use marijuana licenses as well as all actions taken with respect to the applications, which include how the Department scored and ranked those applications, final scores and ranks of applicants, and the names and jurisdictions of the licenses. I am committed to work with the Governor and the Legislature to ensure we continue to increase transparency around the licensing and regulation of this evolving industry. This amendment is a substantial and critical first step.

SHELLIE HUGHES (Chief Deputy Director, Department of Taxation):
This bill revises provisions relating to the confidentiality and privilege of the records and files of the Department of Taxation. I will walk you through each section of the bill and provide you with a summary of the changes we are requesting.

Under existing law, subsection 1 of NRS 360.255 describes what is confidential and privileged information. Section 1 of S.B. 32, subsection 1 adds that records and files of the Department regarding the imposition of disciplinary action are confidential and privileged. Subsection 2 includes what records and files are not confidential and privileged as they pertain to the imposition of disciplinary action. In our amendment, we added to this section the processing of marijuana establishment applications.

Subsection 2, paragraph (a) allows for the disclosure of records and files to a grand jury. Subsection 2, paragraph (d) allows for disclosure to State, local law enforcement agencies or local regulatory agencies to use in prosecution or in criminal, civil or regulatory investigations. Subsection 2, paragraph (g) allows for the disclosure of the name and address of a licensee who must file a return with the Department to a public office of a local government. Subsection 2, paragraph (k) allows for disclosure of the identity of a licensee against whom a disciplinary action has been taken after a final determination, decision or order of the Department has become final or is affirmed by the Nevada Tax Commission (NTC).

As part of our amendment, we added subsection 2, paragraph (m) to allow for the disclosure of the identity of an applicant for a medical marijuana establishment registration certificate or recreational marijuana establishment license and all actions taken with respect to any applications received by the Department on or after May 1, 2017. These actions include the methodology used to score and rank applicants and any documentation showing how the methodology was applied and the final rankings of all applications.

Our amendment also added subsection 2, paragraph (m), subparagraphs (1) through (6), which provide the exceptions for disclosure of Departmental actions pertaining to applications received. The exceptions include:

- Investigative materials
- Records such as building plans, procedures and policies, and other similar documents related to the safety of persons or buildings and cyber security
- Personal information as defined in NRS 603A.040
- Trade secret information as defined in NRS 600A.030, subsection 5, if properly marked in accordance with NRS 600A.032
- Financial documentation of the applicant or individual owners, including earnings and revenue
- Information received from law enforcement or confidential informants on assurance to be held in confidence

Our amendment also added subsection 2, paragraph (n) which allows for the disclosure of the name of a licensee and jurisdiction of that licensee pursuant to NRS 453A, 453D and corresponding regulations.

Subsection 5, paragraphs (a) and (b) add definitions for disciplinary action and licensee used in the bill. Our amendment adds the definition of an applicant to this section.

Section 2 of S.B. 32 adds NRS 360.255 as an exception to NRS 453A.700, which details what items the Department shall not disclose and what items are confidential and privileged. Section 3 provides that the bill would be become effective upon passage and approval.

MS. YOUNG:
This bill does not have a fiscal impact to the Department of Taxation.

SENATOR KIECKHEFER:
In section 1, subsection 1, the amendment adds "or the imposition of disciplinary action" as something that would normally be confidential, but then it also adds things that are exempted from being confidential. This is confusing.

MS. HUGHES:
Disciplinary actions are confidential until each action is a final decision or is heard by the NTC. At that point, it is a matter of public safety to release the

information regarding a disciplinary action. Any matter that comes before the NTC becomes public record.

SENATOR KIECKHEFER:
I just want to be sure that we are not confusing things by including in section 1 something that would otherwise be confidential.

MS. HUGHES:
We have included it because we do not consider it confidential.

SENATOR KIECKHEFER:
Section 1, subsection 1 relates to things that are confidential and privileged, including the imposition of disciplinary action. Later in the section, it appears to be exempted. Is the trigger the final disposition?

MS. HUGHES:
That is the intention.

SENATOR KIECKHEFER:
Section 1, subsection 5 defines applicant as the entity listed on the application for a marijuana establishment license. Does this refer to individual ownership or the name of the business?

MS. HUGHES:
The reference is to the entity that applies for the license, not individuals.

SENATOR KIECKHEFER:
Is that consistent with how it is handled now? Are the names of the owners of a business confidential?

MS. HUGHES:
Yes, they are.

SENATOR KIECKHEFER:
Page 4 of the amendment lists items that are exempt from confidentiality, meaning they would be available for public inspection. Line 33 lists personal information as defined in NRS 603A.040. That would include names and identities when coupled with other personally identifiable information (PII). I would read that to say that the names on the application are disclosable.

MS. HUGHES:
Business names would be disclosable. If it was in combination with a social security number, driver's license number, account number, medical identification number or a unique identifier, then it would be confidential. If we were to release a document that had a PII, it would be redacted.

CHAIR DONDERO LOOP:
Is the applicant as defined on page 5, line 61 of the amendment the same as the licensee, or are they two different things?

MS. HUGHES:
In some cases, the applicant is the licensee. If they are not approved for the license, they are simply the applicant.

SENATOR KIECKHEFER:
Who, then, is the licensee?

MS. HUGHES:
On page 5, line 68, licensee means a person to whom the Department has issued a license, registration, permit or certificate. But NRS 0.039 includes a business in the definition of a person.

SENATOR KIECKHEFER:
Page 4 of the amendment, lines 5 through 11 allow for the disclosure of a licensee after a disciplinary determination has been made. Would that disclosure be the name of the business? Individuals receive their own licenses to work in marijuana establishments. What if the disciplinary action was against an individual within a business?

MS. HUGHES:
Individuals receive an agent card to work in a marijuana establishment.

SENATOR KIECKHEFER:
Can you take a disciplinary action against an individual with an agent card?

MS. HUGHES:
Yes, we can. But licensee, as defined in the amendment, does not include agent card holders.

SENATOR RATTI:
If a licensee is a sole proprietor, could his or her name become public?

MS. HUGHES:
That is correct.

Remainder of page intentionally left blank; signature page to follow.

CHAIR DONDERO LOOP:
I will close the hearing on S.B. 32. This meeting is adjourned at 3:11 p.m.

RESPECTFULLY SUBMITTED:

____
Barbara Williams,
Committee Secretary

APPROVED BY:

____
Senator Marilyn Dondero Loop, Chair

DATE:______________________________________

EXHIBIT SUMMARY				
Bill	**Exhibit / # of pages**		**Witness / Entity**	**Description**
	A	1		Agenda
	B	14		Attendance Roster
S.B. 448	C	12	Senator Julia Ratti	Presentation
S.B. 448	D	6	Stephen Aichroth / Housing Division	Proposed State Low-Income Housing Tax Credit Presentation
S.B. 32	E	6	Melanie Young / Department of Taxation	Amendment