

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

**Eighty-First Session  
April 23, 2021**

The Committee on Government Affairs was called to order by Chair Edgar Flores at 9:02 a.m. on Friday, April 23, 2021, Online and in Room 3143 of the Legislative Building, 401 South Carson Street, Carson City, 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/81st2021](http://www.leg.state.nv.us/App/NELIS/REL/81st2021).

**COMMITTEE MEMBERS PRESENT:**

Assemblyman Edgar Flores, Chair  
Assemblywoman Selena Torres, Vice Chair  
Assemblywoman Natha C. Anderson  
Assemblywoman Annie Black  
Assemblywoman Tracy Brown-May  
Assemblywoman Venicia Considine  
Assemblywoman Jill Dickman  
Assemblywoman Bea Duran  
Assemblyman John Ellison  
Assemblywoman Susie Martinez  
Assemblyman Andy Matthews  
Assemblyman Richard McArthur  
Assemblywoman Clara Thomas

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

Senator Julia Ratti, Senate District No. 13  
Senator Marilyn Dondero Loop, Senate District No. 8



**STAFF MEMBERS PRESENT:**

Jered McDonald, Committee Policy Analyst  
Erin Sturdivant, Committee Counsel  
Judith Bishop, Committee Manager  
Zachary Khan, Committee Secretary  
Cheryl Williams, Committee Assistant

**OTHERS PRESENT:**

Bill Brewer, Executive Director, Nevada Rural Housing Authority  
Katie Coleman, Director of Communications, Nevada Rural Housing Authority  
Marla McDade Williams, representing Churchill County  
Eric Novak, Treasurer, Nevada Housing Coalition  
Randy Soltero, representing the American Federation of State, County and Municipal Employees International  
Laura Rich, Executive Officer, Public Employees' Benefits Program  
Priscilla Maloney, representing the American Federation of State, County and Municipal Employees, 4041 Retirement Chapter  
Kent Irvin, representing the Nevada Faculty Alliance  
Carter Bundy, representing American Federation of State, County and Municipal Employees, International  
Cedric Williams, Private Citizen, Carson City, Nevada  
Chris Daly, Deputy Executive Director, Government Relations, Nevada State Education Association  
Stephanie Dube, Private Citizen, Carson City, Nevada  
Sharath Chandra, Administrator, Real Estate Division, Department of Business and Industry  
Michael J. Kosor, Jr., Private Citizen, Las Vegas, Nevada  
Annemarie Grant, Private Citizen, Quincy, Massachusetts

**Chair Flores:**

[Roll was called. Rules were explained.] We have four items on the agenda, three bill hearings followed by public comment. We are first going to do Senate Bill 311, followed by Senate Bill 360 (1st Reprint), and then lastly, Senate Bill 72 (1st Reprint). At the very end we will do public comment. [Procedures were explained.] At this time, I would like to open up the hearing on Senate Bill 311.

**Senate Bill 311: Revises provisions relating to rural housing. (BDR 25-542)**

**Senator Julia Ratti, Senate District No. 13:**

Good morning, Assembly Committee on Government Affairs, Chair Flores, and the entire team. I am almost giddy to be here because this is my first in-person hearing presenting a bill in the Assembly, and it is so very good to see you all. It feels like it is a small step back towards some level of normalcy. I am excited to be here.

I know by Day 81 in the session you have already heard a significant amount about affordable housing. I left behind my 200-page PowerPoint deck that has all the data about affordable housing because I believe, at this point in the session, you know the state of Nevada suffers from a tremendous shortage of affordable housing. I am going to spare you all of that. I hope you do not hold it against me that I am not doing that. As a reminder, the situation is particularly dire for extremely low-income Nevadans. We have 21,000 units that we are short in the state of Nevada when you are talking about someone who is living at 50 percent of the area median income (AMI). Every tier that you go up in income, there is still a shortage. Our main tool for addressing that is building subsidized units, using different forms of tax credits, and different forms of programs where those individuals who are living in a lower income can get a unit that has a subsidy. They are very hard to come by, and there is not anywhere near enough of them.

In 2017, I was privileged to be able to get one of the interim studies and to do a deep dive on affordable housing. One of the best partners that emerged from that was the Nevada Rural Housing Authority. Bill Brewer and his team have stepped up and worked diligently to support many other legislators and me across the state in trying to get creative about tools we can bring forward on affordable housing. In this case, this one is a little counterintuitive because what this does, just for the Nevada Rural Housing Authority, is allow them to get into the space of building market-rate housing. That may seem like a strange concept. Why would we want one of our key partners who do affordable housing to be able to build at market rate? The truth of the matter is that the tools we have available to us that work in larger communities with denser populations do not always work in some of our smaller communities that have less dense population. They need to get even more creative. The solution that is presented in this bill is the ability to build some market-rate units where the profits from those units could help to support some of the lower-income units, and make sure there is a developer in those communities that is taking care of that 80 percent AMI and that 100 percent AMI, and not just building luxury housing. The mission of the Nevada Rural Housing Authority is to make sure that there is housing for everybody. This is a trusted partner, and we are giving them a tool that allows them to build those for-profit units so they can have that tool in their toolbox.

The other unique situation that you will hear from is, often in these rural communities, we will have one employer come in and they will go big. Let us take the example of a mine. If that employer is not able to build some housing, when there is this influx of new people, they push the existing residents who are in affordable units out of those units, or the cost of those units goes up significantly because supply and demand has changed significantly in that community. If we can work with those entities to build housing at the time that they come in so that they are not pushing others out of housing, that is also a strategy. This allows this particularly good partner to have the opportunity to get really creative. With that, I am going to stop and ask that I turn it over to the true subject matter experts who are with you today to explain the bill.

**Bill Brewer, Executive Director, Nevada Rural Housing Authority:**

Thank you, Chair Flores, Vice Chair Torres, and the Assembly Committee on Government Affairs, for giving us this opportunity to hold a hearing today. I especially appreciate Senator Ratti for sponsoring Senate Bill 311 and for her tremendous work for affordable housing in the state of Nevada. We really do appreciate all her efforts.

The Nevada Rural Housing Authority's (NRHA) mission is to promote, provide, and finance affordable housing opportunities for all rural Nevadans. As Senator Ratti mentioned, S.B. 311 simply gives us another tool that will help us fulfill our mission [page 2, [Exhibit C](#)]. Senate Bill 311 would allow NRHA to develop, own, and participate in and manage housing at market-rate rents. That is really the crux of the bill. It does not alter our mission. It enhances our ability to meet the ancillary needs of rural Nevadans across the state [page 3]. We aim to address the housing ecosystem through innovating and operating programs that serve low- to moderate-level income households, special populations such as veterans, senior citizens, and the disabled, and delivering affordable homeownership opportunities. We want to be able to build unsubsidized housing so we can continue to subsidize our mission.

Here are the specifics of S.B. 311 [page 4]. In section 1, this legislation will only affect the operations of NRHA. It does not affect the other housing authorities in Nevada. It brings the definition of "affordable housing" into alignment with the definitions that were promulgated in the last legislative session to mean that housing is affordable to Tier 1, Tier 2, or Tier 3 households. In sections 3 and 4, the term "business entity" is revised to include a for-profit corporation. The Nevada Rural Housing Authority will be enabled to construct or operate a housing project for profit. We realize that in the nonprofit and government world, profit is not a good word, but it describes what we are trying to do—not so we can earn a profit but so the revenues from those units would be able to subsidize other units. It would allow us to form a business entity for the purpose of operating and managing housing projects and would allow the authority or business entity as applicable to negotiate pilot agreements with local governments for payments in lieu of taxes.

The 80th Session helped us define affordable housing. Senate Bill 311 puts these affordable housing tiers into action and allows our agency to align our work to best serve those tiers [page 5]. Tier 1 affordability is defined as "household incomes of not more than 60 percent of the AMI," for the county in which the housing is located. Tier 2 are "household incomes that are more than 60 percent but not more than 80 percent of the AMI." Tier 3 is defined as "household incomes equal to or more than 80 percent of AMI but not more than 120 percent of AMI." Those are the specific households we are looking to serve.

**Katie Coleman, Director of Communications, Nevada Rural Housing Authority:**

To talk a little bit about our history [page 6], NRHA is approaching its fiftieth year in operation in serving rural Nevadans. Nevada Rural Housing Authority was Nevada's first public housing agency, created in 1973, and a lot has evolved for our agency since then. We are considered a local government agency. We have a board of commissioners composed of

individuals who are appointed by either the Nevada League of Cities and Municipalities or the Nevada Association of Counties. Our agency's evolution has centered around expansion of our program offerings.

Each program inception is outlined in this timeline [page 7], but I am going to dig into a couple of the highlights. Today, our variety of mission-driven programs focus on this spectrum of housing, the homeless, and the homebuyer. For example, the Home At Last program has delivered affordable homeownership opportunities to 9,000 rural Nevada families since 2006—and a few more since we made this presentation. We do this through a couple of mechanisms—down payment assistance options, mortgage credit certificates, homebuyer education and training, to really ensure that responsible homeownership is part of what we offer. We have rental services; we deliver the housing choice voucher program that impacts 2,000-plus rural Nevada renters. We are honored to be an agency that was selected by the state of Nevada to help administer the COVID-19-related emergency rental assistance fund, branded as CHAP [The Coronavirus Aid, Relief, and Economic Security Act (CARES) Housing Assistance Program], in rural Nevada. We have done that since July, and we have helped assist more than 600 renter households, far more than 1,000 instances of continuing assistance. For our real estate operations, we manage 612 multifamily units on 13 property sites, plus 7 single-family rentals throughout rural Nevada. Nearly all of those tenants are below that 50 percent AMI. In addition, we are a grantee of the weatherization and home repair program, which ensures safe, healthy, energy-efficient homes for low-income households in Carson City, Churchill, Douglas, Lyon, and Storey Counties, North Las Vegas, and northern rural Clark County.

Our community development arm of the organization is responsible for those ground-up developments throughout rural Nevada [page 8]. We also work with rural communities to help find those opportunities for rehabilitation and preservation of those existing units. This process is tip to tail for us, involving project design, planning, funding, and construction project management. Our development decisions certainly do not happen in a bubble, and we value the relationships that we have with our rural cities and counties who want that understanding of their housing needs and can work together to find those best solutions. Our studies and data help with those conversations. To date, NRHA has made \$65 million-plus in local investments.

**Bill Brewer:**

Why do we need this legislation to continue all of this important work [page 9]? Anyone in housing knows that it is not inexpensive to develop. Federal assistance gives developers in Nevada just enough to build a few hundred units per year. That is part of our major problem. The resources that are available to the state are completely utilized, which is great. There are not enough of those to build what we need. For every project, we have to be creative in how these projects pencil, so that we can ensure we always build quality housing for the people we serve. Senate Bill 311 would allow NRHA to use proceeds from market-rate units to reinvest in housing opportunities for the spectrum of incomes. As an example, the property might have 80 percent of its units at market rate and 20 percent of its units at a rent that is affordable and reserved for qualifying low-income households.

Senate Bill 311 will also allow NRHA to work with local industry to help bring needed housing to rural communities. As an example, NRHA could work to minimize the development of housing for incoming employee households who might otherwise drive lower income households out of the market. This bill will also clarify that NRHA is allowed to work through for-profit entities, commonly a limited liability company (LLC), to conduct its development and management business. This gets us more into the mainstream of housing. In closing, we cannot depend on the usual funding mechanism to do our job and fulfill our mission. We have to think differently. If COVID-19 has taught us one thing, it has taught us to think outside the box [page 10]. Senate Bill 311 will allow us to do just that. I am happy to answer any questions.

**Senator Ratti:**

Chair Flores, that concludes our presentation, and we stand ready for questions. I would offer to walk through the bill if you would like, but it is a relatively straightforward bill and Mr. Brewer hit the highlights of it.

**Chair Flores:**

We will start off with questions.

**Assemblywoman Brown-May:**

My question is relative to the market-rate units and the development of that housing community. First, I think the solution is creative and insightful. Market-rate units can help to not only fund the outcome that you are trying to achieve but also include an at-risk population. When we look at developing a new community of market-rate units, would we see that there is a percentage of units that would be set aside within that community to meet the needs of people who would not be at that AMI? Would you have a percentage of units to meet the needs of the lack of housing? Where I am heading with this is about accessible integrated units to meet the needs of people with disabilities or people who are not able to move out of a certain area.

**Senator Ratti:**

It is a fantastic question, and I appreciate the spirit behind it because the ideal solution for affordable housing is integration. The world that we all want to see is not, Here is a stack of housing that is for these people, and here is a stack of housing that is for those people. As our society is aging, as you point out, we do not want to have a person who stops working and either their income level or their ability declines have to move from this stack of housing to this stack of housing that disconnects them from the community that they developed. That is the ideal. In our current system, where we use low-income housing tax credits to build affordable units—these are the subsidized units where the rent is going to be based on what my income level is—we have been successful at building one project across the state of Nevada where affordable units were integrated into a market-rate housing project. It is in northern Nevada by The Summit mall in Reno, if you are ever out and about. It is because those projects are built with a stack of funding streams that come with a stack of restrictions and the nuances of building a pro forma for a housing development, and stacking all those funding streams, plus putting market-rate in to make it pencil for a developer to be able to

bring that out of the ground is very tricky. Only one has been able to tackle it. The nature of this program is getting a little bit more flexible funding stream available to be able to be more creative to do that. If the NRHA is able to generate revenue off of market-rate housing, that market-rate housing revenue would be more traditional to any business where the income that comes in can be used more strategically, because it does not come with all these either federal or donor strings. That is going to give them greater flexibility to be able to analyze market need and then meet market need.

I want to be cautious here. The reality is, the housing market and the existing housing infrastructure in Ely, Nevada, looks very different than the housing market in Storey County, than the housing market in Pahrump. What the NRHA is very good at is having local, on-the-ground partnerships and understanding that community. The truth of the matter is, it is going to look very different in every community based on what is already on the ground, what the need is, what the resources are, what land can be purchased, and what labor is available. There is nothing in this bill that drives towards that integration, but it does give them more flexible, strategic funding to be able to achieve it when the opportunity presents and the need is there. That was a long answer, but that is the honest answer.

**Assemblywoman Brown-May:**

Senator Ratti, when this development is built, let us say in any county, who will own the property and the development?

**Bill Brewer:**

These housing developments are typically developed through a structure of LLCs. Senator Ratti explained very well how these things are developed with a stack of different funding resources. Typically an LLC is organized with the developer, which in this particular case would be NRHA, and then we would sell the tax credits or an investor would take on the tax credits with an infusion of money or equity that would come in through the project. So, we will form an LLC or a partnership to bring in the investor money and help build a project. Of course, those investors are for-profit entities that serve other for-profit entities that need tax breaks, like the big banks and big corporations. That is how equity closes these projects through tax credits. In this case, it is hard to say exactly how these might develop over time, but we would anticipate entering into an LLC arrangement with some other group and that LLC would then own the project. The Nevada Rural Housing Authority would typically be the managing member of the LLC.

**Assemblywoman Considine:**

It is great to see an affordable housing bill and wonderful to see that we are trying to solve a problem in as many different ways as it needs to be solved. My question is straightforward. With this for-profit entity partnership arrangement, I want to make sure that the NRHA will retain any rights and responsibilities if there are any actions or construction problems and the ability to deal with their other contracted members as they would if they were not involved with any other rural authority.

**Bill Brewer:**

We would retain that responsibility for those projects that are developed on this kind of basis. We would anticipate to always be the managing member of that group in order to make sure the project meets the needs that we are looking for.

**Assemblyman Ellison:**

I have a different outlook on housing based on my area. I work on a lot of the units in Ely and Eureka that are great. They are so needed out in the rural areas. The problem I have right now, I will be up front, because of housing and what has happened, we have so many people who have lost their life savings because of the pandemic. What happened was, these people said no more rent. You could not pay rent, and the government did not step up. They have lost everything they own. They have lost their life savings. They have lost their homes. They have lost their cars. They have lost everything. If this money were available, it could offset—that never happened. They did a million dollars, 90 percent of it went to Las Vegas, which they needed, but the rurals got stuck. Now, these rental units are all up for sale. Why? Because they could not afford the payments.

I have a real problem, and I do not know how we can fix this, but the damage is done. Now, they extended it even longer. You are going to have two years with no payments. This is a real problem. In 90 percent of these, these people had low rents, like in Wells, Nevada. I mean real low rent, \$500 or \$600 a month with utilities. Now, they have lost everything they own. Housing could have stepped up to the plate in Nevada and they did not when they kept applying for the loans to help. I do not know anybody who got a dime from these guys. That is a problem.

Do we need housing? Yes, we do. But now you have just created a housing market that is closing, and that is going to make it ten times worse. You cannot build them fast enough to fix the problem. I hope you can see where my frustration is coming from because it is bad. Nevada Rural Housing could have stepped up to the plate and at least tried to help save some of the older people, and that did not happen. I do not care what they say. I watched these people lose everything they own.

**Senator Ratti:**

I do not know if it is directly to the intent of this bill, but I am happy to respond to it. Assemblyman Ellison, I want to acknowledge your frustration. Certainly, the state of Nevada has experienced endless challenges through the pandemic, and I am not here to dismiss that and say that is not real. Housing has been an incredible challenge during the pandemic. The public health response has resulted in a devastating impact to our economy, and that balancing of our citizens' physical health with their economic health has been a Sophie's choice. There is no perfect answer to that, and I think that we have all struggled with that.

I have been lucky enough to be the legislator who is appointed to the State Advisory Committee on Housing. From that lens, I have been able to see where the money has been coming in from the federal government and where the money has been distributed from the

federal government in order to do the rental assistance. I will say that, like many programs, we are endlessly grateful for the extra resources that we received prior to this last election and following this last election, across bipartisan administrations, to make sure that rental assistance got into the hands of individuals so that they could maintain their homes and so they could pay their rents so that those landlords would get some relief as well. Was it perfect? It absolutely was not. From the seat that I was sitting in, I got to see it come in, I got to see how it was distributed.

What I will say is that NRHA was the most efficient, the most leaning-in about taking the resources they had available with the rules that were put on those resources by the federal government and getting those resources into the hands of rural Nevadans who needed them. Were there enough resources so that every situation could be addressed? Absolutely not. Were the resources flexible so that every situation could be addressed? Absolutely not. But I am 100 percent confident that NRHA leaned in with the resources that they had available, with the strings that were attached, and did the very best they could by the most people that they could. Real Nevadans in real rural communities received rental assistance that kept them in their homes and stabilized the landlords' situation. That is a fact. Did it get to every person in every community that was needed? Absolutely not.

With a pandemic with an economic scale at the level that we have experienced in this nation, there is no question that there will be downstream market implications. I do not want to talk about human beings like markets, but that is true. You and I are old enough to have lived through the 2008 Recession and the disruption in housing that happened during that time, and yes, there is probably something coming in our direction that is a similar scale during this recession, but I do not think any single human elected official or any agency was going to be able to hold back that tidal wave based on this pandemic. I hear your frustration. I think that it is not unreasonable. I think it is misplaced by focusing it on NRHA because I watched them lean in. I saw that they helped people, and they wanted to help more people, but I saw that they did everything they could with the dollars that they had. That is my experience of it.

**Assemblyman Ellison:**

Thank you, and you have done a great job, and I appreciate this. I like your bill. My frustration is they could have done a better job, they should have made the rents to the older people, that way they could have made the bank payments without losing everything they had. I think there was a way they could have gotten around it and helped everybody who did not get helped, and I know they were restricted by law in how they did it. In the meantime, the damage is done to some of these older people. They are in their 80s and 90s and have no income, no home, and nothing now.

**Assemblywoman Black:**

According to the presentation, we are 21,000 units short. I am curious, as a for-profit, basically government business, what is the NRHA going to do differently than our private developers are able to do that is going to address this shortage?

**Senator Ratti:**

It is a great question. Is the market solution able to get us there, and how would this impact the market solution? First of all, I want to point out that the 21,000 is statewide. The vast majority of those are in Clark County and Washoe County. We are not proposing this solution in Clark County or Washoe County. There is a housing authority in Clark County; there is a housing authority in Washoe County. We do not believe it is appropriate for those markets because there is a wealth of developers who are looking at housing and are doing market-based decisions. We probably need to get more carrots, more incentives, into place so that those for-profit developers will have more reasons to target their housing lower in the income stream in the market. We need to work with our for-profit developers to get more folks going in that direction, but we are not proposing the solution in those communities. We are proposing the solution in the rural communities because there is a dearth of private developers who are doing that work in these communities.

The assessment is that this is not going to have any competitive impact in communities where there is not a lot of competition to build housing there in the first place, and it will be very targeted towards making sure that the lowest-income households are the ones they are building housing for based on the mission, as opposed to others who may come in where there is a retirement community where we are setting up a golf course. The Nevada Rural Housing Authority is not interested in that housing, which is what tends to pencil best in the market-rate world. They are interested more in those units that are going to be affordable for folks who need them.

**Assemblywoman Black:**

Let us take a specific example that I have been privy to, which is Mesquite. What is NRHA going to do differently in Mesquite to make it pencil that a private developer cannot or will not do? What is going to be different?

**Bill Brewer:**

To be perfectly honest, we are not going to do anything that much different than a for-profit developer. The main difference for us, as Senator Ratti explained so well, is that we will go into the rurals to do that, whereas most for-profit developers are not doing that. For-profit developers are as busy as they can be in the metropolitan areas, and I applaud them for that, and they are meeting need there. That is a good thing. There are for-profit developers who are applying for tax credits each year, building affordable housing. We have no desire to compete with those folks or take over what they are doing. Our desire is simply to engage in this type of housing so that as a government or nonprofit entity, we can use those revenues from a project such as a market-rate housing development and use those revenues to support some lower income households.

**Senator Ratti:**

One of the challenges of Nevada is 15 counties spread across an enormous geography, with lots of different aspects to each community. If the market-rate developers are meeting the housing needs in that community, rural housing does not need to go there. They are going to be looking at the communities where the needs are not being met.

**Assemblywoman Black:**

I can tell you from experience, there have been private developers who want to develop in Mesquite, and they have not been able to make it pencil. If the NRHA does not have some other unfair advantage to compete to make it more financially feasible, then they have the same resources as a private developer and the private developer could not get it done. Unless you have something they can do differently?

**Senator Ratti:**

Thank you for the clarification. That helps me dial in. You are absolutely right. If a private developer is not going to be able to make it pencil, the NRHA is not going to be able to make it pencil either. So, there is no solution there. Where the combination of market-rate units and tax credits will work is when it will pencil to build housing generally. Let us say those units pencil in at \$1,000 per month—for the cost of land, the cost of labor, and the cost of construction—and a private developer or rural housing authority can make that pencil. What this would allow is for a portion of those units, they could overlay the tax credits they get and, by doing so, they can take that \$1,000 unit and bring it down to \$750 for people who qualify at that income level, because they have that tax credit that is coming in that is allowing them to do that. They are not able to make any more profit off that unit, they are not able to do anything else, but they are able to buy down the rate of some of those units for the people who need them to be affordable. Then, just as a for-profit developer, if there is some profit off of these units over here that are still paying the \$1,000 a month, they are able to turn that profit over into their next unit.

The difference is the rural housing authority is going to take that profit and reinvest it in its next unit, whereas the private developer may take some of that profit to reinvest in its new project and some to go to the owners of the business. There is no competitive advantage to being able to build the unit, but what tools the rural housing authority is able to use to buy down the rate and where the profits will go is where the distinction is.

**Assemblywoman Black:**

So, basically, they would have an unfair advantage over private developers?

**Senator Ratti:**

I would disagree with that characterization because they have a resource that buys down the rent for people who would never be able to afford those units anyway. That private developer is never going to get that unit from that individual, and we are accomplishing the social good of making sure that person who can only afford \$750 a month can have a unit that is \$750 a month, but there is no profit there because they cannot use any of that extra money for themselves, they can only use it for that social good for that individual. And then there is a mission-based decision that states they are going to use their profit in a different way, but that does not give them a competitive advantage, that is a choice of how you use your profits.

**Assemblywoman Black:**

Mr. Brewer, we talked earlier about a piece of property in Mesquite. Is the housing authority getting a better deal on that property that you told me about earlier today than a private developer would get on that?

**Bill Brewer:**

The short answer is yes. The property was donated by a family land trust to us for the development of housing that would support lower income households. In that way, we would get a better deal than a for-profit developer who might have purchased that land, and we are then able to use that cost savings to ultimately lower the rates on those units.

**Assemblywoman Black:**

That has been my experience as well. For the City of Mesquite specifically, I have been dealing with this issue in that community for two years before I came here. The City of Mesquite is incentivizing the housing authority with free property, but maybe if we did that with private developers, we would not have to talk about this bill right now.

**Senator Ratti:**

I understand the concern now. We have tax credit programs. We have redevelopment programs. We have private donors who give lands. We do all kinds of different things so that there are developers in the community who will build the units that market-rate developers will not build so people can have a place to live. I one hundred percent agree with that statement.

**Assemblywoman Torres:**

I want some clarification based on the conversation and the dialogue. There has never been anything impeding for-profit businesses to work with NRHA before, correct? For-profit entities could have done that already, correct?

**Senator Ratti:**

Absolutely. I do not believe there are any barriers to a for-profit developer choosing to build lower cost units.

**Assemblywoman Torres:**

There is nothing that would prevent them from doing that in the future, correct?

**Senator Ratti:**

Correct. For clarity, there is nothing in the law that prevents them from doing that. I spent eight years on the city council for the City of Sparks. I know many of you know that. Not everybody here would probably know that. I just want to acknowledge that there are real market barriers to doing that sometimes. Particularly right now, the cost of land, cost of labor, cost of lumber, are the items making it difficult for for-profit housing developers to build lower price units. There is also a profit incentive. They are going to look at the market broadly and they are going to figure out which product they can build that is going to make them the most money. With an influx of folks from California who have an ability to pay a

significant amount more for housing, what we are seeing is that the for-profit development community is building luxury-rate housing more than they are building medium-income housing and almost never low-income housing, because that is what the free market dynamic is creating, and that is reasonable. It is not judging anybody; it is not casting aspersions. The reality is they are for-profit businesses, their job is to make money, and the market dynamics make it difficult for them to do lower income units, and we as a society still have people who need those units. There is no legal barrier to doing it. There are some market conditions that make it difficult for them to accomplish.

**Assemblywoman Torres:**

Even though all of that exists, I think that we can agree that we do not have enough affordable housing. I really appreciate the intent of this legislation. I look forward to supporting this legislation as a means for us to create more affordable housing, because we know that we just do not have enough.

**Assemblyman Ellison:**

I [unintelligible] this bill for affordable housing. They were doing quite a few of them before a while back and things came apart. They were building them, and they were doing quite well, and the people were really happy. The problem we have right now is, going into this new world we have, one sheet of plywood 2 weeks ago was \$50-something. It is \$95 today. I bid a project in Winnemucca for \$20,000-something. It is \$68,000 right now. It was not labor; it is all in the cost of materials. There are going to be a lot of these projects that are going to be put on hold right now because the cost of materials just skyrocketed. This happened in the last 30 days. I know you are going to have to deal with that kind of problem out there. I would like to meet with you offline and talk about some of these issues that we might have and what we can do to fix them, if we could.

**Senator Ratti:**

I am always happy to meet with you, Assemblyman Ellison, and figure out what all of the possible tools available are. I will say that this one little affordable housing bill will not solve all of those problems, but I do think it is a tool in a tool kit if we philosophically believe everybody, regardless of their income level, deserves a safe, clean, affordable place to live. This will help some people in some places.

**Chair Flores:**

At this time, I would like to invite those wishing to testify in support of S.B. 311.

**Marla McDade Williams, representing Churchill County:**

We would like to go on record in support of this measure. Churchill County has a lot of issues with housing at the moment and is looking at any opportunity that could help them potentially meet that need.

**Chair Flores:**

We will go to the next caller in support of S.B. 311. [There was no one.] At this time, I would like to invite those wishing to testify in opposition to S.B. 311. [There was no one.] Lastly, I would like to invite those wishing to testify in the neutral position to S.B. 311.

**Eric Novak, Treasurer, Nevada Housing Coalition:**

I was having technical difficulties, and we were wanting to speak in support of S.B. 311. I am hoping that is possible.

**Chair Flores:**

Yes, please continue.

**Eric Novak:**

The Nevada Housing Coalition wishes to register in strong support for S.B. 311. The Nevada Housing Coalition is a statewide, membership-based nonprofit that works to advance affordable housing options and address housing insecurity for all Nevadans. Our members come from the public and private sectors representing urban and rural perspectives from across the state. Senate Bill 311 will provide our friends at NRHA with additional flexibility in addressing the pressing housing needs in rural Nevada and will bring its statutory authority in line with that already enjoyed by the two urban housing authorities in the state. The Nevada Rural Housing Authority is already the go-to agency in rural Nevada for housing planning, affordable housing development and preservation, rental assistance, weatherization, and mortgage assistance. This is difficult work in sparsely populated communities with boom-and-bust economic cycles where it is often difficult to attract conventional lenders and investors. Senate Bill 311 will allow NRHA to further its mission as well as diversify its financial base in a time of more limited government resources. We want to thank Senator Ratti for bringing forward these changes to the law, which we believe provide NRHA with new tools for accomplishing its critical mission and urge the Committee to support S.B. 311.

**Chair Flores:**

Thank you for joining us. I know there may have been other callers who were intending to call. I do see a list of other individuals who were signed in to speak in support. If I accidentally skipped you and/or you did not have a chance to log in, please feel free to still call in. I do not want to discourage you from doing that. We are in the neutral position, but again, if you are in support or opposition, I still want to give you the opportunity to speak. [There was no one.]

At the request of Mr. Barry Gold from AARP [American Association of Retired Persons], I want to put on the record that there has been a letter that has been uploaded to the Nevada Electronic Legislative Information System wherein, on behalf of its 345,000 members across the state [[Exhibit D](#)]. AARP states its support of S.B. 311 and urges the Committee to pass it to help ensure affordable housing is available in rural Nevada. It is a little bit longer than that, but I wanted to summarize the position of AARP. With that, Senator Ratti, we will come back to you for any closing remarks you may have.

**Senator Ratti:**

I want to express my gratitude to the Committee for scheduling this bill so quickly after the deadline, after it got over to you. I very much appreciate the opportunity to have the dialogue. I understand that solving our state's housing issues is complex, but I feel very strongly that this is a good tool that is going to a good partner that will make a difference for some people in our rural communities.

[[Exhibit E](#) was submitted but not discussed and will become part of the record.]

**Chair Flores:**

I am sure you will be working alongside the members as they raise other issues and/or conversations to make sure everything pencils in, as Assemblywoman Black and Assemblyman Ellison indicated. With that, we will go ahead and close out the hearing on S.B. 311. Thank you, Senator Ratti, for all your copresenters. We appreciate you, Senator Ratti. I will take the privilege to say, I know you have been working on the issue of affordable housing for a very long time. Thank you for always championing that very difficult conversation. Next on the agenda, we have Senate Bill 360 (1st Reprint).

**Senate Bill 360 (1st Reprint): Revises provisions relating to public employment. (BDR 23-1011)**

**Senator Marilyn Dondero Loop, Senate District No. 8:**

Thank you, Chair Flores. I am pleased to present to the Committee Senate Bill 360 (1st Reprint), which revises the appointment of members to the board of Public Employees' Benefits Program (PEBP) to help ensure the board best represents the interests of our public employees. I am joined for this presentation by Randy Soltero and Laura Rich. I will be introducing the bill, and then I will be turning the presentation over to my copresenters to provide additional background and details. Please be aware that following discussions with various stakeholders, an amendment to the bill is now proposed. Just a few minutes ago I checked the Nevada Legislative Electronic Information System (NELIS), and I did not see it uploaded, but we will check it again. Ms. Rich is on Zoom, and she will be able to give us that information as well.

By way of background, as you are aware, PEBP has the incredibly important responsibility of establishing benefits for Nevada's hardworking public employees, and the board is composed of ten members, including six members with the following qualifications: two members who are professional employees of the Nevada System of Higher Education (NSHE), two members who are retired from public employment, and two members who are classified state employees. These members are appointed by the Governor, with the requirement that the appointments be made upon consideration of any recommendations from employee organizations that represent each of the groups. I would now like to turn the presentation over to my copresenters to discuss the details of the bill and the proposed amendment, and then we will be available to answer questions. Chair Flores, just as a note, I have a Senate Committee on Finance meeting that will be starting, so I will stay as long as I can and then I will slip out and let them finish the bill, but I certainly appreciate your time.

**Chair Flores:**

Senator Dondero Loop, we understand that we are doing 40 different things at once. Whenever you have to sneak out, please do.

**Randy Soltero, representing the American Federation of State, County and Municipal Employees International:**

You will find one document which represents what we passed in the Senate. That bill was something that we had put together that would have allowed the same two people from each of those different groups, but instead of a recommendation from the Governor, it would have been from a list of people that the Governor would have to choose from. I can tell you that the stakeholder group, including Ms. Rich who is with us today from PEBP, reached out to us and said, Look, let us talk about something that we can find a good compromise on, and I can tell you that I stand here today on behalf of the American Federation of State, County and Municipal Employees (AFSCME) saying that we have done that. We have found that a better way to go is to work with all the stakeholders and everybody else, and I am very happy to pass things on to Ms. Rich to go over the new amendment. I will preface it by saying what you see on NELIS as the bill that was passed in the Senate—take all that away—all of that will be removed. It will all go back to the way it was prior to this legislative session. The only change that will happen now is what Ms. Rich is going to talk about. And again, AFSCME and all the stakeholders have agreed to this, and we are very happy to have come to this compromise. With that, Chair Flores, with your indulgence, I would like to turn it over to Ms. Rich to go over the new amendment.

**Laura Rich, Executive Officer, Public Employees' Benefits Program:**

As Mr. Soltero mentioned, PEBP and AFSCME have worked together on an amendment to this bill [[Exhibit F](#)], which I think satisfies all parties by providing labor with a voice on the PEBP board while minimizing the disruption and maintaining that stability on the board. As many of you on this Committee may already know, PEBP has one of the largest budgets in the state. We are about a \$1 billion program. The ten-member board not only has the responsibility of determining health benefits for state employees and retirees, but the board members also have a fiduciary obligation to the program. On top of that, PEBP is a self-funded health plan. For those of us who think that interpreting our own health insurance is complicated, it is far more complex and multifaceted for board members who must understand and be able to balance the financial and member implications of every decision that is made by that board.

As a result, when this bill was initially discussed by the PEBP board, there were some concerns surrounding the possible impact to the retention of expertise and institutional knowledge on the board. The board ultimately voted to oppose the bill in its original form in addition to the adopted initial amendment, but also voted to propose an amendment that is very similar to what is being presented today. The amendment eliminates all of the proposed language, as Mr. Soltero mentioned, that was included in the original bill and also in that first amendment, and instead augments the language of the current statute by adding an eleventh seat on the PEBP board, which is appointed by the Governor, from a written list of nominations of ten classified state employees submitted by the labor organization

representing the largest number of classified state employees participating in the system. In addition to this, there is one other change included that was not considered by the PEBP board, which is that this position is specifically exempt from the requirement in current statute that at least four members must have a bachelor's degree, more advanced degree, or equivalent professional experience. I do want to emphasize that these changes do not preclude employee groups or labor organizations from making recommendations for any position on the board.

I believe that this amendment is a good compromise and can be considered a win for everyone involved. Most importantly, the largest labor organization now gets a voice on the PEBP board without any disruption or changes to the current makeup and expertise on the board today. Moreover, the Governor retains authority over the appointments made to the board that he or she ultimately oversees. I would like to end this by thanking Mr. Soltero and Senator Dondero Loop for their collaboration on this bill, their willingness to work with all the stakeholders on the matter, and the opportunity to present this amendment today [\[Exhibit F\]](#). With that, I will pause for questions.

**Chair Flores:**

Mr. Soltero, are there any additional comments?

**Randy Soltero:**

Not at this time.

**Chair Flores:**

At this time, we will open it up for questions.

**Assemblywoman Anderson:**

Thank you, Senator Dondero Loop, for bringing this forward and for the presentation. I am making sure that I understand this amendment correctly. Would this additional individual more than likely be representing some of our secretarial staff or the custodial staff or other individuals who would not necessarily have the master's degree as required in other areas? I want to make sure I am understanding that amendment correctly, because that is an incredibly important area of our public employees.

For my second clarification, about how many employees are in that boat? Currently, from the little bit of research I have done on the PEBP board, the majority of individuals who serve on it are at the executive level. I am trying to figure out how many are currently serving, if there are any, who are more at the nonexecutive level.

**Laura Rich:**

I will start with your second question. There are two positions on the board that are specifically dedicated to classified employees. Out of those ten board members, there are two classified employees who do not represent an executive position. They are classified employees. That means they must be made from an appointment that is someone in a position of classified employment. Today, we have two members; one works in the Division

of Health Care Financing and the other one is from the Department of Taxation. They represent the classified employees and the interests of classified employees. Additionally, there are two other positions that are dedicated to retirees. Those two positions specifically can come from a former employee who has retired from the state. It is not necessarily dedicated to an executive or classified position. It is any employee who has retired from the state of Nevada and can represent those retirees on the board.

**Randy Soltero:**

When AFSCME looked at the makeup of the board, there are some very qualified people on there, and they are good folks to have on that board. One of the things that is also a reality is a majority of classified workers who are state employees are folks who maybe make between \$35,000 and \$50,000 a year. A lot of them do not have degrees or other expertise. They certainly have a voice, and they certainly have to pay premiums and costs of prescriptions and everything else. When we first got together and I met with Ms. Rich, I told that story about those employees, that when there is an increase for prescriptions or an increase for copayments or something like that, it impacts that person. It is going to cost them more than somebody who makes considerably more. A majority of the people who work for AFSCME, that is what they make. We want to recognize and make sure somebody who is one of those folks who works for AFSCME has that voice and vote on the board. Through meaningful compromise, we got there. I share the thoughts of Ms. Rich that we encourage passing this.

**Assemblywoman Torres:**

You referenced an amendment [[Exhibit F](#)]. I do not see it on NELIS. Is it a conceptual amendment? I know it is being posted, but if you could go over it one more time so I understand what that amendment is going to do, I would appreciate that.

**Laura Rich:**

The amendment eliminates everything that was originally proposed in the original bill and also the first amendment. All it does is add an additional eleventh seat to the PEBP board. It specifically states one member appointed by the Governor from a written "list of nominations of ten classified state employees submitted by the labor organization representing the largest number of classified state employees participating in the system." In a nutshell, instead of replacing the positions we currently have on the board, what we have done is we have dedicated one additional position to represent that largest labor organization on the PEBP board.

**Assemblywoman Torres:**

I appreciate that. I was not understanding if that was in addition to the language here, but now I understand.

**Assemblyman Ellison:**

I was looking through the bill. Was the amendment—you said you amended a lot of it out—in committee? Is the Senate seeing this new version, or is this the version that was passed out of the Senate?

**Randy Soltero:**

The version that passed out of the Senate is what you see today: that new language that says it would be NSHE—the two seats for NSHE would have this ability to submit ten names that would have to be done—retirees, and state classified workers. That is what was passed out of the committee. Because of the time restraints to move this bill forward, they moved it that way knowing that we were in talks and that we were coming to this better compromise for that, for PEBP and for AFSCME. That is why this amendment will erase everything that was done in the bill that was passed out of the Senate and will be replaced with the amendment that Ms. Rich has discussed.

**Assemblywoman Black:**

I think you answered my question, but to clarify, all the members on the board are beneficiaries of the program—either past or present employees.

**Laura Rich:**

Not necessarily. Most of them are, but there are a few positions on the board that come in with certain experience and knowledge. Those positions specifically do not need to be employees of the state or participants in the program. For example, on the board today, we have a subject matter expert on health insurance, specifically a broker. While most of them do participate in PEBP, it is not all of them.

**Assemblywoman Black:**

That is good to know. To your knowledge, it is one person on the board who is an expert in insurance?

**Laura Rich:**

Today, yes, there is one subject matter expert with expertise in insurance, who is not a state employee, who comes in with us. There are other state employees who fill the roles of some of these positions on the board that do have subject matter expertise, but they are state employees as well.

**Assemblywoman Black:**

Is it a requirement that someone on the board be an outside, nonbeneficiary person who is a subject matter expert?

**Laura Rich:**

There are ten positions on the board today. Two members have to come from NSHE, one from the north and one from the south; two members are retirees, they must have retired from public employment; there are two members who are of the classified service active employees; one member who is employed by the state in a managerial capacity; then there are two members who have substantial and demonstrated experience in risk management, group insurance programs, health care administration, or employee benefits. Those two members do not have to be active state employees or retirees. They can be any type of

outsider who has that expertise. Currently today, we have one of those positions filled by a current active employee and the other seat is filled with a subject matter expert who comes to the board with some broker experience and health insurance experience from outside of the state.

**Assemblyman Matthews:**

I have a couple of points before my question. The Senator introducing the bill talked about how this is aimed to reconfigure the board in a way to better ensure that the interests of employees are advanced. I think it is worth bearing in mind that the employees' interests are not the only interests at stake in this discussion. We also have to consider the interests of those who fund the program, the taxpayers of our state. To touch on Assemblywoman Black's line of questioning, it sounds as though members and ex-members are already substantially represented in this board. Given some of the fiscal challenges we see with the board and given the dearth of those with the relevant outside expertise, it sounds like if there is a need to shore up representation on the board, it would be in that regard. It seems like this proposed change, even with the amendment, takes us in the opposite direction of that. I do not know why this particular change is going to be effective in addressing some of the systemic and significant problems and challenges that we see with the program. That is more of a series of comments than questions, but would anyone like to speak to that?

**Randy Soltero:**

Again, I go back to how we got to this place, wanting to have those state employees who are the participants in this and are taxpayers and are people who would hold accountable their benefit plan as they would their retirement plan. I am not saying the folks who are on there now are not well-qualified. They are, we agree with that, but to have an additional voice saying, Look, when you are deciding to do an increase of something, listen to this other voice. I know that the folks from PEBP were agreeing that they want to hear that voice. That is why we continued to move forward and got to where we are today.

**Chair Flores:**

Members, are there any additional questions? [There were none.] Seeing none at this time, thank you both for the presentation. I know Senator Dondero Loop had to sneak out to go take care of some stuff on the other side of the house. At this time, we will go ahead and invite those wishing to testify in support of S.B. 360 (R1).

**Priscilla Maloney, representing the American Federation of State, County and Municipal Employees, 4041 Retirement Chapter:**

To reiterate, PEBP is a self-insured, nonprofit health care trust. It has components that are regulated by the Internal Revenue Service. It has 72,000 members—active employees, retirees, and in some cases, dependents. Is that correct, Ms. Rich? Did I get those numbers right? Thank you. The retirees of AFSCME are very grateful for all the work that was put into this compromise bill. We were flexible on the first version, but we are very happy, if not happier, with this consensus position. This meets all the stakeholders at the table and all of the concerns in our view. We are grateful to Senator Dondero Loop, Mr. Soltero, and

Ms. Rich for all working together and coming to this position. We thank the members of this Committee for listening to this bill. We are in strong support and hope we can go forward. Getting more voices at the table is never a bad thing in our position.

**Kent Irvin, representing the Nevada Faculty Alliance:**

We work to empower faculty members to be fully engaged in our mission to help students succeed. We fully support S.B. 360 (R1) with the amendment proposed today [[Exhibit F](#)] and thank the stakeholders for working together. Ditto to what Ms. Maloney said. When state classified employees finally achieved collective bargaining through Senate Bill 135 of the 80th Session, they gave up mandatory bargaining over benefits, so it is only fair that the classified employees have an additional seat at the table for all the reasons already stated. For your background information regarding the two NSHE representatives of the PEBP board and how that works, whenever there has been a vacancy in those two positions, the Nevada Faculty Alliance has worked very hard to recruit highly qualified candidates working with our faculty senates. We have typically recommended three or four candidates to the Governor with different skill sets to provide the Governor a real choice. We recently have nominated nursing faculty members, health policy experts, a rural medicine expert, a cancer patient advocate, a former benefits manager, and a parent of a special needs child. To be clear, a large majority of our nominees have not been members of the Nevada Faculty Alliance. Rather, our main criteria are to find someone who will advocate for the participants as well as do their fiduciary duty, which they will have as a support member to maintain the fiscal health of the program. We fully expect AFSCME to have a similar standard.

**Carter Bundy, representing American Federation of State, County and Municipal Employees, International:**

We want to thank you for scheduling this hearing. This is a bill that we strongly support. As has been said, there was a different version that would have had more people from lists provided by AFSCME and some other groups, but we do think this is a fair compromise. We want to thank the sponsor, Senator Dondero Loop, and of course Director Rich, Director Freed, and Randy Soltero for their work with us. We encourage you to support the bill.

**Cedric Williams, Private Citizen, Carson City, Nevada:**

I am a State of Nevada employee and I am also the president of my local AFSCME chapter here in Carson City, Nevada—AFSCME Local 4041. We ask that the PEBP board be in support of S.B. 360 (R1). We appreciate that most PEBP board members do their best to make the best decisions for thousands of state of Nevada employees who are enrolled in PEBP's health insurance plan, but good intentions do not replace actual lived experiences. I want to share with you, as a state of Nevada employee working for the Division of Welfare and Supportive Services here in Carson City, Nevada, conversations I have had with my coworkers. It is our belief and what we are understanding: every legislative session it almost appears that they try to increase our insurance premiums, but we are getting less benefits for the premiums we are paying. In those conversations it has been asked, Why is it that we, in

evaluating our clients for medical benefits—whether it is Medicaid or Medicare, definitely more Medicaid—are our clients getting better insurance than we are, paying for them as State of Nevada employees? I respectfully ask that the PEBP board do support S.B. 360 (R1).

**Chris Daly, Deputy Executive Director, Government Relations, Nevada State Education Association:**

I am also here in support of S.B. 360 (R1). We often talk about the importance of educator voice on issues of education. Clearly, there is an issue of worker voice and state worker voice with regard to the PEBP board. While we appreciate the work that we have done with AFSCME on this bill, I want to point out the ultimate goal of the PEBP board is to best serve Nevada public employees. It is only fitting that active public employees are able to nominate at least one member to the board.

**Stephanie Dube, Private Citizen, Carson City, Nevada:**

I am a custodian who has worked for the State of Nevada for almost four years now. I am an AFSCME member of Local 4041, and I am calling to support this bill. It is really important to have rank-and-file employees on the PEBP board.

**Chair Flores:**

We will continue with those wishing to testify in support of S.B. 360 (R1). [There was no one.] At this time, we will invite those wishing to testify in opposition to S.B. 360 (R1). [There was no one.] We will go to those wishing to testify in the neutral position to S.B. 360 (R1). [There was no one.] At this time, we will go to any closing remarks you may have, Mr. Soltero.

**Randy Soltero:**

Thank you for allowing us to present S.B. 360 (R1) today. I think this is a classic example of good compromise legislation, and we look forward to your approval to move on to the next level of the floor.

**Chair Flores:**

With that, we will go ahead and close out the hearing on S.B. 360 (R1) and open the hearing on Senate Bill 72 (1st Reprint).

**Senate Bill 72 (1st Reprint): Makes various changes relating to common-interest communities. (BDR 10-318)**

**Sharath Chandra, Administrator, Real Estate Division, Department of Business and Industry:**

I am here to present Senate Bill 72 (1st Reprint) for your consideration. Before I do that, I wanted to quickly give the Committee a brief overview of the division and what we do here. I am going to pull up a two-slide PowerPoint [[Exhibit G](#)] and give the Committee an overview, then we will move into the bill, if you do not mind, Chair Flores.

Committee members and Chair Flores, this is the overview of the Nevada Real Estate Division [page 1, [Exhibit G](#)]. On the left you will see some of the critical mission work we do, which is essentially licensing. We do real estate licensing, builders, developers, timeshare, appraisers, and inspectors of structures, and energy auditors. On the right side, you will see some of the numbers we have. That is the number of licensees currently and also the amount of work the compliance section does, phone calls received, walk-ins—at least before the pandemic—and some other data there. On the bottom is the Real Estate Commission, which is a five-member body that we also report to. It does discipline, regulation, and also gives us some guidance on current matters in the real estate industry. We also have a Commission of Appraisers of Real Estate, a five-member body. All members are licensees, and they do the same functions as the Real Estate Commission, discipline, regulation, and education. That is one part of what the Nevada Real Estate Division does.

The other function that the Nevada Real Estate Division does is, we have the Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels [page 2, [Exhibit G](#)]. I am sure homeowners' associations do not need any introduction to any of you. Here is some data. On your left side you will see the number of homeowners' associations (HOAs) is 3,415 and growing. That has gone up a bit in the last year. Below that, we have the number of units. It depends on the size of the HOA, but right now we have over 571,000 units under HOAs. On the right-hand side, you will see the Office of the Ombudsman and the functions that they do. Education, registration, and compliance are some of the key features. The Office of the Ombudsman reports to the Commission for Common-Interest Communities and Condominium Hotels. It is a seven-member body; all of them are appointed by the Governor, and they do discipline, regulation, and act in an advisory capacity. The members are diverse. There is an attorney member; there is a member with auditing experience; there is a community management representative; and also a homeowner representative. That is a quick overview of the division.

Now, if you dive quickly into the bill, the reason that the division brought this bill was the Office of the Ombudsman receives a lot of the questions, concerns, and comments, and some of the things we addressed in this bill were some of the top things that came through that office. In light of that, these are the items we brought forward. If you remember last session, Senate Bill 392 of the 80th Session authorized the creation of a task force. This is outside of the seven-member commission body. The task force was essentially designed to come up with some thoughts and ideas and possibly make some recommendations for legislation. What we did was we took some of these comments and concerns that came through the Office of the Ombudsman and we presented it to the task force and had a discussion. That is the genesis of this bill.

As you know, *Nevada Revised Statutes* (NRS) Chapter 116 is a complicated and complex statute. The bill does not attempt to overhaul or restructure anything. What we wanted to do is bring more clarity to a couple of items on there. It largely does three things: it addresses and clarifies the areas of fines and continuing violations, that was one big thing; it provides homeowner protection by requiring limited partnership companies to also come under NRS Chapter 116 protections for following the process for liens and foreclosures and

attorney-client privilege language was modified to make sure it aligned with larger statutes; and it gives some more homeowner protections such as appearing before an HOA board for their discipline. Those were the three aspects of it.

When this bill was first introduced in the Senate, we had a discussion with the community associations and some of the interested parties. We came up with language where we believe the commission could take action regarding establishing limitations on health, safety, and welfare violations because that was one of the things that was addressed in the bill, and we felt that it needed a little bit more detail, but that detail could be done by the seven-member commission. The authority in the statute is given to the commission to develop the rules and regulations behind what a health, safety, and welfare violation is, and the number of fines that can be assessed. That is my general presentation of the bill. I am going to stop, Chair Flores, and open up for any questions.

**Assemblywoman Anderson:**

I have a few questions. My first has to do with the language that is currently in statute. I want to make sure that I understand the population cap that is mentioned on page 4, line 1, where it is 55,000 individuals. I want to make sure that I am understanding that this is only going to be used for Carson City, Clark, Elko, Lyon, and Washoe Counties, or is this for all counties?

**Sharath Chandra:**

Were you talking about the slides that were presented?

**Assemblywoman Anderson:**

It has to do with the current language under section 1, subsection 2, paragraph (c), where it talks about the common-interest community that was created before January 1, 1992, and if the county's population is less than 55,000. I am trying to figure out which counties are going to be impacted by this proposed language. That is my first of probably five questions.

**Sharath Chandra:**

The language in there is currently in place. This impacts the same counties that are currently being impacted. I will get you a little more detail on the exact list of counties. This change is in line with whatever the language in that section is, which is paragraph (c) that you were referencing, "The common-interest community that was created before 1992 is located in the county whose population is less than 55,000 . . . ." Again, the changes apply to the same conditions that the current statute reads. I will get you some more clarification on that.

**Assemblywoman Anderson:**

My second question has to do with a big portion of the proposed language. It is in section 2, subsection 1, paragraph (b), subparagraph (2), where there is the discussion about the different fines. Are these fines in addition to other fines that could be assessed by the local jurisdiction?

**Sharath Chandra:**

These fines are specifically for the HOAs, HOAs that have their declarations of covenants, conditions, and restrictions (CC&Rs). Essentially these fines apply to those associations and what they can fine their homeowners. This does not apply to the larger county or state areas that could potentially result in fines.

**Assemblywoman Anderson:**

I am very concerned about fines and other items that are not discussed in different areas where there could be double-dipping. That has to do with another section of the bill that is on page 9, section 3, subsection 4, when the hearing must be held in a meeting with the executive board, but how much notice must be given for that hearing? Does it go under the current public records notice, or is it set by the commission when it is setting those CC&Rs allowance?

**Sharath Chandra:**

It is essentially addressing a different area of statute not in this bill, but it is the same notices that are provided, I believe 30 days. Again, all this does is it provides some more clarification to the notices. For example, if there is a fine that has been assessed, then this allows for that person to get a hearing in front of the board to discuss the matter. All it does is add some clarification to that. All the noticing requirements are part of NRS Chapter 116. Those remain unchanged.

**Assemblywoman Anderson:**

My last question for now has to do with section 3, subsection 4, paragraph (d) with the phrase "reasonable time." Again, what is reasonable to one individual based upon their world might not be so reasonable based upon another. Is there a definition of what you mean by "reasonable time" or is that open to the interpretation of the different boards and how they define it?

**Sharath Chandra:**

Could you point to me that exact section?

**Assemblywoman Anderson:**

Section 3, subsection 4, paragraph (d), in that same area that we were in, page 9, line 34, where it states, "Is entitled to receive written notice of the decision of the executive board regarding the alleged violation within a reasonable time after the decision is made."

**Sharath Chandra:**

The one that I am looking at, Senate Amendment No. 27, does not jibe with what you are saying. I see it now. My apologies for taking so much time to look through this. This addresses the amount of time that the homeowner may speak at a meeting. It is the time that the homeowner has to present before the board, and that is at the discretion of the board.

**Assemblywoman Anderson:**

As I read it, I am not understanding it at all with the way it is being presented. "Is entitled to receive written notice of the decision of the executive board regarding the alleged violation within a reasonable time." I am trying to figure out what you mean by "reasonable," not by how much time the homeowner has to be able to present to the board in question. We can also have this question offline or you can follow up with the whole Committee later.

**Chair Flores:**

We can go to our Legal counsel at this time.

**Erin Sturdivant, Committee Counsel, Legislative Counsel Bureau:**

The bill does not specify what is a reasonable amount of time, but the time period for a continuing violation does not begin until after the notice has been received by the person. The time starts after the notice is received but does not specify when the notice has to be received.

**Assemblywoman Considine:**

I have a series of questions. I will try not to jump around. My first question is regarding section 2, where the new language would be, "Unless the violation poses an imminent threat of causing a substantial adverse effect on the health, safety," et cetera. What does "poses an imminent threat of causing a substantial adverse effect on the health . . ." mean? That seems very broad. Above it, we are talking about the commission creating regulations, but is there a definition of what that means?

**Sharath Chandra:**

That is an excellent question. Currently, there is not. The reason for this is exactly that, to establish some parameters around what are health, welfare, and safety violations. That is a task that the commission is well equipped to do, to have that public discourse, have a public regulation workshop on it, and set those parameters and also the limitations on fines that can be assessed for health and safety violations.

**Assemblywoman Considine:**

Looking at the use of the words "imminent threat," I am trying to understand the process. Under section 2, subsection 6, it says the executive board must hold a hearing before it may impose a fine. I am seeing that as a conflict. If it is an imminent threat, then you have to have an executive board meeting before they can determine whether or not it is finable?

**Sharath Chandra:**

There are two things being addressed here. One is the health and safety violation and the other is the process for a regular fine. Those are the two distinctions that are being made here. One is, we are trying to put a definition around what health and safety is, and there is a process for that which is listed right below, saying the written notice to "cure the alleged violation," and it lists all the things that are supposed to be done. If you go to subsection 2, line 23, that is—unless it is a health and safety violation—there is a regular process to address fines that are assessed that way.

**Assemblywoman Considine:**

Just so I have it clarified in my mind, if this is an imminent threat, then they do not get a written notice, or do they have to go through the written notice? That does not make sense if it is an imminent threat.

**Sharath Chandra:**

I believe they do have to go through a written notice. Right there where it says, "send written notice to cure the alleged violation." I think there are so many levels to what health and safety are. It could be anything from someone speeding to someone shooting. It is hard to encapsulate everything, but I think this is a new process that is needed for a health and safety violation. There is another process for regular fines. Again, the solution we thought of is to define what comes under health and safety violations. Once you do that, it becomes a lot easier than talking about what needs to be done. Right now in statute, this is the current process.

**Assemblywoman Considine:**

Swinging back to what Assemblywoman Anderson mentioned, will the regulations differentiate between saying something is an immediate threat that might just be speeding or saying something is an immediate threat in which the regulations would require that you contact law enforcement or code enforcement, or if all of this is going to be done within an HOA where it will be monetary fines for an unending period of time?

**Sharath Chandra:**

The idea is giving the HOA boards certain authorities to define what health and safety is. There is another aspect upon the police and filing a complaint. All those processes do not change. This is giving some structure to an HOA board rather than having them define what health and safety is, and it is different for each HOA board. The largest story to this is also health and safety violations, once they accrue, could potentially result in foreclosure. We have to be careful how these things are assessed, defined, and given out. That is why this process is in place.

**Assemblywoman Considine:**

I am still having problems with the imminent threat language. For clarification, in here it says, "the fine must not exceed \$100 for each violation or a total of \$1,000," but in some of the previous conversations, it seems to me what this bill is doing will potentially allow the commission to determine the amount of fines from speeding to whatever these violations are. Are those violation amounts going to be between \$100 and \$1,000 or, the way that this is written, does that give the commission the ability to decide any amount of money for any violation? Will those be set out specifically?

**Sharath Chandra:**

We briefly touched on this previously. The distinction is two-fold. One is, there is a statutory cap on a fine amount, which is \$100, and then a hearing cannot exceed \$1,000. That is for regular violations, landscaping, or whatever those may be. There is a separation

for health and safety. For health and safety violations, once there is a definition of what they are, our hope is the commission would establish tiers of what those are and put caps on those. This is why we want the commission to look at this and have a discussion and regulation workshop on it, so we get feedback from everybody. We are talking about HOAs across the entire state. What is a health and safety violation in some areas may not be relevant in others. That is the discussion we are going to have and set caps. To answer your question, there are two distinct things here. There is a health and safety violation. This is not capping that. Currently, there is no cap. What we are hoping to do is that the commission would discuss that and establish tiers for caps on that. The regular violations are \$100, maximum \$1,000, per hearing. Those can accumulate over time.

**Assemblywoman Considine:**

For safety and health violations right now, those are unfettered fines. We do not know what those could be, there are no caps on that. In my short time here, I see that there is a basis that these types of fines and fees are put into statute so that they cannot be changed often, or at least there is a cap put in statute. I do not know if that is something you would consider, but that would be something that would be helpful. On page 8, where it is talking about these fines, if the fine is imposed pursuant to subsection 1, in the new language under section 2, subsection 7, paragraph (b), it says that the fine "Is not subject to any limitation on the amount of fines set forth in subsection 1 or the regulations adopted pursuant thereto." Does this mean that if a fine is not cured within 14 days, the fine can continue to be added weekly or in a periodic amount, and there is no end date to that? My reason for asking is what you mentioned earlier, these fines can pile up and then someone can lose their home in foreclosure. That is what I am worried about.

**Sharath Chandra:**

I want to be careful here and make a distinction. To answer your first question, yes, if there is a regular violation, not a health and safety violation, the fine is \$100. For example, let us take one fine, a maximum cap of \$100, if not paid over a period of time will accumulate until that fine is cured. However, that does not allow you to foreclose on that person. That is not true, and I want to make sure I am very clear on that. The only time you can foreclose, as far as fines are concerned, is if it is a health and safety violation. Those are the only fines that can be brought into a foreclosure procedure, not your regular fines and fees that are assessed through a landscaping issue or something other than health and safety. That is the distinction I want to make.

**Assemblywoman Considine:**

I appreciate that distinction. Health and safety violations right now, which do not have regulations, they could be anything from speeding to something imminently dangerous to people, do not necessarily have a time limit and could lead to foreclosures.

**Sharath Chandra:**

That is correct. This is part of the solution to address health and safety violations and then establish some kind of payment structure around it. To answer your question, yes, if it is a health and safety violation, then it could potentially lead to a foreclosure versus a regular fine that does not.

**Assemblywoman Torres:**

I want to make sure that I am understanding something correctly here. Obviously, this bill is very complicated and there is a lot of legal jargon, so I want to make sure that I am understanding this. The intent is for the regulations to be created by the commission. When I did a little bit more research, the commission that would be creating these regulations is the Commission for Common-Interest Communities and Condominium Hotels, correct?

**Sharath Chandra:**

Assemblywoman Torres, that is absolutely correct. The seven-member body, which is the Commission for Common-Interest Communities and Condominium Hotels, will be working on a regulation to address the statutory guidance.

**Assemblywoman Torres:**

From what I am hearing in the conversation and what I am seeing in the bill, I think our vision for this legislation meets the same vision, a shared vision. Could you talk a little bit about the commission, who makes it up, and the role of the commission with HOAs? My understanding is not that the regulation would be created by the HOAs, but rather that this is enabling language that allows for the commission to oversee what the HOAs are doing, is that correct? Could you give us that background?

**Sharath Chandra:**

Yes, the Commission for Common-Interest Communities and Condominium Hotels is a seven-member body—I can send the Committee the exact details on the statute—but essentially it is homeowner members, an attorney member, a community manager member, and we also have someone who is a certified public accountant who has experience in audits. The seven-member body is tasked with creating regulation or at least working through regulation to address HOAs. There are two things that we have. We have community managers who are licensed through our office, those are professional community managers who run associations. We also want to understand that associations are members. The HOAs consist of members who were elected as a body, and the community manager helps this group run the HOA more efficiently. That is what an HOA consists of, members who are on the board that make the decisions, and the HOA is covered by their CC&Rs, which talk about all the nitty gritty details. *Nevada Revised Statutes* Chapter 116 is a layer on top of that to ensure that they stay in compliance. For example, in this statute it says the commission shall promulgate regulations to address the health and safety violations, and the seven-member body will go through a regulation workshop, which we normally do on regulations. We will have a public forum workshop, people can write in and there is a

discussion, and then this body will determine what those regulations look like. Eventually it will come to the commission for final approval. That is the process. It is not run by the HOAs. It is an independent body that is appointed by the Governor that oversees the regulations of NRS Chapter 116.

**Assemblywoman Torres:**

Presently, these types of policies would be created by the HOA, but this would be saying that the HOAs have to be using the policy that is then created by this commission, which ensures there is more due process and more consistency from HOA to HOA.

**Sharath Chandra:**

That is accurate, Assemblywoman Torres. Right now, if we talk about the health and safety, yes, each HOA is interpreting what health and safety is for their HOA. By doing this, it gives a level playing field for everyone to understand what those are, and only things that are that serious in nature, and those can be discussed and established by the commission. That way everyone is on the same page. Health and safety violations are serious violations that need some kind of a framework to operate.

**Assemblywoman Torres:**

I appreciate it. It helped me understand the intent of the bill and how this will enable the commission to create those regulations.

**Chair Flores:**

Thank you, Assemblywoman Torres. That was a good way to segue into closing everything up and wrapping up any lingering questions. At this time, I will invite those wishing to call in support of S.B. 72 (R1). [There was no one.] At this time, I will invite those wishing to testify in opposition to S.B. 72 (R1).

**Michael J. Kosor, Jr., Private Citizen, Las Vegas, Nevada:**

I am a multiple-term board member of an HOA. I speak in opposition, and in the interest of time, many of the questions that were raised by this Committee were very good questions as to the content of the bill of which I have concerns. Therefore, I will not go into those. One section that has not been raised where I have a concern deals with section 3, subsection 1, paragraph (a) of the proposed amendment. It was not discussed in the Senate Committee hearing nor have I heard it discussed in any of these hearings, and that has to do with the elimination of the provision whereby an executive board can meet only to discuss litigation in executive session. I will remind the Committee that the intent of the statute and law is to provide maximum transparency to homeowners. This provision, by eliminating that, would allow an executive board to meet at any time if met with an attorney. That would open up a broad spectrum that I think the statute never intended of what the executive board session would be allowed to do. It should be limited to the four or five provisions that are there; however, eliminating it would open this wide open. I have never heard a justification or reason why that change was necessary.

**Chair Flores:**

We will go to the next caller wishing to testify in opposition to S.B. 72 (R1). [There was no one.] Now, we will go to those wishing to testify in the neutral position on S.B. 72 (R1). [There was no one.] We will come back to you, Mr. Chandra. I do not know if you wish to address the concern raised by the opposition and/or give any closing remarks you may have.

**Sharath Chandra:**

Let me quickly address that one section. Currently, the language allows an association to meet with their attorney on matters relating to or proposed only on pending litigation. We believe that is a little restrictive because that association should be able to engage with their attorney on matters. What we did is we went back and fell back to NRS 49.035 to 49.115, which is attorney-client privilege. That way whatever is afforded for attorney-client privilege would be afforded to HOAs the same way. That was the only concern which was brought up. Other than that, I want to thank Chair Flores, Assemblywoman Torres, and the Committee for their indulgence and patience with me today.

[[Exhibit H](#) and [Exhibit I](#) were submitted as letters in opposition to S.B. 72 (R1).]

**Chair Flores:**

With that, we will close the hearing on S.B. 72 (R1). Members, make sure you reach out if you have any additional questions or any clarifications. Last on the agenda is public comment. [Rules and procedures are explained.]

**Annemarie Grant, Private Citizen, Quincy, Massachusetts:**

My brother was murdered by Reno Police and Washoe County Sheriff's Office on October 4, 2015, during a mental health crisis. I wanted to talk about some data that Washoe County Sheriff's Office recently released on their website. They call it their "Washoe County Dashboard." It went on falsely stating that there were zero homicides at Washoe County Jail since the year 2000. I immediately recognized that is false data from Washoe County Sheriff Balaam. It took the *Reno Gazette Journal* calling them out on it for the dashboard to be changed. He listed the homicides on this first dashboard as "excited delirium" and zero homicides. Niko Smith, who was asphyxiated by multiple Washoe County deputies including Sergeant Corey Solferino, Justin Thompson was at the other homicide as well as my brother Thomas Purdy. I believe that it was intentional propaganda by Sheriff Balaam.

There needs to be a database to review complaints made against any police officer in Nevada, whether substantiated or not. We have that in my home state of Massachusetts. Rubber bullets can be life altering. Journalist Linda Tirado was criminally blinded in her left eye in Minnesota. Soren Stevenson lost an eye after getting hit by a rubber bullet while protesting the police killing of George Floyd this summer. The use of tear gas in warfare, as with all other chemical weapons, was prohibited by the Geneva Protocol of 1925. It prohibited the use of asphyxiation gas or any other gas substances or similar materials. Yet we allow it to be used against community members. Policies are not laws. What do cops say to us?

If you do not like it, talk to your legislators. That is what your constituents and I have been doing this session. I wanted to remind everyone last year while his family was killed by Reno Police, Sparks Police, and Washoe County Sheriff for honoring our loved ones during Reno Cop Watch's annual event supporting families, Reno Police literally stood across the street laughing as mothers were on the microphone pouring their hearts out, crying for their community, and wanting justice, just like George Floyd's family, charges, and jail time.

Please support bills that promote transparency and accountability. If law enforcement opposes a bill, it is probably because it promotes accountability and transparency. I just heard Las Vegas Metropolitan Police Department say that they are the gold standard. I literally laughed at that. If they are fighting against a bill, I ask you to support it.

**Chair Flores:**

We will continue with public comment.

**Michael J. Kosor, Jr., Private Citizen, Las Vegas, Nevada:**

I felt it important to attempt to add clarity to a comment by Administrator Chandra who referenced my comment on section 3, subsection 1, paragraph (a). It has to do with the executive session. My concern with the removal of the language of the executive session is that it will allow the HOA board to meet in private to discuss with the counsel, which is counter to the intent to follow law. I will remind the Committee that the counsel to an HOA has a fiduciary duty to all homeowners, not necessarily the board, except the board in its representation of homeowners. Therefore, discussions with the board in open session, which are open only to members, is not necessarily a violation.

**Chair Flores:**

Sir, thank you for calling in. We have closed the hearing. However, I want you to be able to get your point across. I would ask that you send an email to our committee manager, Ms. Judith Bishop. What I will do is ensure that all members get that concern sent over to them via email, and then I will ask that the members reach out to you to continue the dialogue, should they agree and/or have any additional questions on that specific hearing. It is just that we have closed out the hearing and we are now in public comment.

We will go to the next caller wishing to testify in public comment. [There was no one.] Members, thank you for all the dialogue and the back and forth today. I appreciate everybody coming prepared to engage in thoughtful conversation. It was a tough, heavy week, as you all know. Hopefully you can enjoy some extra hours on Monday. We will not be meeting.

We will be meeting on Tuesday at 9 a.m., and we will be hearing Senate Bill 109 (1st Reprint) and Senate Bill 222 (1st Reprint). Please make sure you give yourselves an opportunity to review that ahead of time. Members, thank you for all the work. To staff, thank you all for all you work, as always. This meeting is adjourned [at 11:19 a.m.].

RESPECTFULLY SUBMITTED:

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Zachary Khan  
Committee Secretary

APPROVED BY:

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Assemblyman Edgar Flores, Chair

DATE: \_\_\_\_\_

## EXHIBITS

[Exhibit A](#) is the Agenda.

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

[Exhibit C](#) is a copy of a PowerPoint presentation titled "Senate Bill 311," dated April 23, 2021, submitted by Nick Vander Poel, representing Nevada Rural Housing Authority, presented by Bill Brewer, Executive Director, Nevada Rural Housing Authority, and Katie Coleman, Director of Communications, Nevada Rural Housing Authority.

[Exhibit D](#) is a letter dated April 23, 2021, submitted by Barry Gold, Director of Government Relations, AARP Nevada, in support of Senate Bill 311.

[Exhibit E](#) is a document dated April 23, 2021, titled "Fact sheet for Senate Bill No. 311," submitted by Nick Vander Poel, representing Nevada Rural Housing Authority.

[Exhibit F](#) is a proposed amendment to Senate Bill 360 (1st Reprint), presented by Laura Rich, Executive Officer, Public Employees' Benefits Program.

[Exhibit G](#) is a copy of a PowerPoint presentation titled "Nevada Real Estate Division," presented by Sharath Chandra, Administrator, Real Estate Division, Department of Business and Industry.

[Exhibit H](#) is letter dated April 23, 2021, submitted by Chris Hardin, representing SFR Investments, in opposition to Senate Bill 72 (1st Reprint).

[Exhibit I](#) is a letter dated April 4, 2021, submitted by Michael J. Kosor, Jr., Private Citizen, Las Vegas, Nevada, in opposition to Senate Bill 72 (1st Reprint).