



# Nevada Affordable Housing 101

March 2022



The [Nevada Housing Coalition](#) empowers organizations to be part of the solution to our affordable housing crisis in Nevada through accurate data, sustainable programming, and purposeful collaboration.

Our mission is to create sustainable solutions through community awareness, capacity building, and advocacy to ensure housing options for all Nevadans.

# Affordable Housing in Nevada

Affordable housing is a complex and nuanced, and often misunderstood issue that affects people, places, communities, and the economy. With our severe shortage of affordable homes, Nevada Affordable Housing 101 was created to provide grounding information around housing with the intent to develop a shared understanding of the affordable housing landscape in Nevada.

This resource was developed in partnership with Enterprise Community Partners and as part of a generous grant by Charles Schwab Bank. It's through education and collaboration that we empower ourselves and each other to create a better, brighter future for all Nevadans.



# **Housing 101 Part 5**

## **State Housing Toolkit: Financing**

# Overview of the Nevada Housing Funding Tools

Only a high-level summary of tools are covered:

	Funding Tool	How can it address housing?
1	Low-Income Housing Tax Credit (LIHTC)	These financial tools provide funding for a wide range of housing activities.
2	Multi-family Bond Financing	
3	Nevada State Tax Credit (STC)	
4	Account for Affordable Housing Trust Fund (AAHTF) formerly known as the Low-Income Housing Trust Fund	
5	Community Development Block Grant (CDBG)	
6	Home Investment Partnerships Program	
7	Section 108 Loan Guarantee Funds	
8	National Housing Trust Fund	
9	Federal Home Loan Bank of San Francisco Affordable Housing Program General Fund (FHLBSF AHP)	
10	Federal Historic Tax Credit (HTC)	
11	18% Set-Aside for Affordable Housing Redevelopment Agency Funds	
12	Nevada State Infrastructure Bank	

# Low Income Housing Tax Credit (LIHTC)

The federal [Low-Income Housing Tax Credit \(LIHTC\)](#) is administered through the Nevada Housing Division. The State allocates these credits through a competitive process each year, and the priorities they set through that application process impact the types of housing projects that are realized throughout the state.

This is our number one tool for production and preservation of affordable housing in Nevada. The [Nevada Housing Credit State Fact Sheet](#) shown in part to the right from A.C.T.I.O.N shows the impacts in Nevada by the affordable housing developed with LIHTC.



## LOW-INCOME HOUSING TAX CREDIT IMPACT IN NEVADA

### THE HOUSING CREDIT'S BENEFITS FOR LOW-INCOME FAMILIES & THE ECONOMY

1986 – 2019

 **32,578**  
homes developed  
or preserved in NV

 **75,660**  
low-income  
households served

 **51,241**  
jobs supported  
for one year

 **\$2 billion**  
tax revenue  
generated

 **\$5.8 billion**  
wages & business  
income generated

## Best Practices

- LIHTC program, particularly the 4% tax credit, can be leveraged with local, private sector and philanthropic community dollars.

# Multi-family Bond Financing

**Multifamily Bond Financing** is a tax-exempt bond for multifamily developments that meets economic, social and public policy goals. Tax-exempt bond authority allocated to the Nevada Housing Division is used to incentivize private developers to increase the number of affordable housing units built or existing units renovated by providing a mechanism for financing projects with a lower cost of capital than conventional financing can offer. Along with developer tax credits offered through the Low-Income Housing Tax Credit program, these developments will remain affordable, below-market residential rentals for a minimum of 30 years.

Bond financing for an affordable housing project begins at the local government level. All bond financing applicants must obtain local government endorsement (via council resolution) of their project prior to applying to the Board of Finance for approval.

Nevada typically receives approximately \$300 million in bonding capacity annually.

Tax-exempt Bonding Authority for Affordable Housing from 2018 to 2021

2018	\$91 million
2019	\$278.4 million
2020	\$266.7 million
2021	\$300.7 million

## Best Practices

- Funds can be targeted by geographic location such as rural market areas.

# Nevada State Tax Credit (STC)

**Legislation SB448** from the 2019 Legislative Session provides transferable tax credits for affordable housing in Nevada. This is a state tax credit with a funding allocation of \$40 million. In the 2021 Session, SB254 revised the law and made improvements to increase its effectiveness.



Monetizing Our State Tax Credit was a panel discussion at the 2021 Nevada Housing Conference. Nevada HAND presented the Decatur-Alta affordable housing development. This development was awarded the first State Tax Credits. Nevada HAND noted that the \$3 million in state tax credits that were awarded leveraged \$86 million in additional funding.



# Account for Affordable Housing Trust Fund (AAHTF)

**Account for Affordable Housing Trust Fund (AAHTF)**, formerly known as the Low-Income Housing Trust Fund, is a state-funded program for affordable housing. AAHTF funds have served 46,273 households through down payments, provision of affordable rental housing, emergency expenses assistance, and/or homeowner rehabilitation assistance. Funding is supported with a real property transfer tax of ten cents for each \$500 of value or fraction thereof.

The AAHTF is primarily used as gap financing in affordable housing development projects. 5,564 units have been constructed or maintained as affordable housing through the AAHTF. The Nevada Housing Division (NHD) administers the fund.

## Best Practices

- Expand use of AAHTF to allow capacity building grants and fund creative and innovative proposals that expand permanent recovery housing options.

# Account for Affordable Housing Trust Fund (AAHTF)

## Funding generated for AAHTF:

Year	Dollars Generated
FY19	\$7,848,882
FY18	\$8,031,600
FY17	\$6,521,578
FY16	\$5,887,710
FY15	\$4,987,803
FY14	\$4,664,239
FY13	\$4,271,403
FY12	\$3,757,557
FY11	\$4,004,431
FY10	\$4,146,253
FY09	\$5,120,933

Source: Nevada Housing Division

# Community Development Block Grant (CDBG)

The **CDBG** Program is a widely appreciated and highly flexible community development tool and a genuine federal-state-local government partnership.

The state receives its CDBG funds from the federal government, and the state funds flow through the Governor's Office of Economic Development and are primarily used for economic development purposes. Entitlement communities receive their own allocations, and most of these utilize CDBG also for housing.

Fundable activities include:

Acquisition, construction or reconstruction of public facilities, demolition, rehabilitation, public services, planning and capacity building activities, and assistance to nonprofit and private entities for community and economic development activities.

## Best Practices

- Align CDBG funding with existing programs that address local needs, such as preservation, rehabilitation or housing quality improvement.
- Ensure funding is keeping up with inflation.

# Community Development Block Grant (CDBG)

## Funding for 2021:

Entitlement Communities for CDBG	Award Amount
Clark County	\$8,218,155
Henderson	\$1,497,628
Las Vegas	\$5,373,422
Nevada	\$3,601,859
North Las Vegas	\$1,899,345
Reno	\$2,133,785
Sparks	\$695,956

Source: HUD Awards and Allocations as of 12/01/2021

# Home Investment Partnerships Program (HOME)

**Home Investment Partnerships Program (HOME)** is a federally funded, large-scale program for affordable housing. Funds are allocated by formula to participating jurisdictions (state and local governments who receive funds to operate HOME).

HOME is designed as a partnership among the federal government, state and local governments, and those in the private sector (profit and not-for-profit) who build, own, manage, finance and support low-income housing initiatives.

Affordable housing projects with HOME funds are exempt from property taxes.

# Section 108 Loan Guarantee Funds

**Section 108** offers HUD grantees a source of financing in the form of federally guaranteed loans large enough to pursue physical and economic projects capable of revitalizing entire neighborhoods.

Section 108 funding can support mixed-income and mixed-use development as well as preservation efforts. Public entities that are CDBG grantees can apply to receive loan guarantees equal to five times their annual CDBG allocation in addition to their regular allocation. Under Section 108, project costs can be spread over time with flexible repayment terms and lower interest rates than could be found through private financing sources.

Although available, this source of financing has not been activated in Nevada.

## Best Practices

- Loans can be used to support the development of more diverse housing options, produce more affordable rental housing and preserve affordability of existing rental housing stock

# National Housing Trust Fund (HTF)

The State of Nevada is a grantee of the [Housing Trust Fund \(HTF\)](#). In 2016, the first \$174 million were allocated to states. HTF funds may be used for the production or preservation of affordable housing through the acquisition, new construction, reconstruction, and/or rehabilitation of non-luxury housing with suitable amenities. All HTF-assisted units will be required to have a minimum affordability period of 30 years. ([See HTF Fact Sheet from National Low Income Housing Coalition](#)). Nevada is required to use at least 80% of each annual grant for rental housing and up to 10% for homeownership.

As of 2018, Nevada had 2 projects that included a total of \$2 million of HTF dollars. These two projects had 122 units combined with 30 HTF units targeting populations needing Permanent Supportive Housing.

## Best Practices

- Expand use of HTF to allow capacity building grants and fund creative and innovative proposals that expand permanent recovery housing options.

# National Housing Trust Fund (HTF)

**Allocation for NHTF:**

Year	Dollars Allocated
FY21	\$6,754,852
FY20	\$3,142,533
FY19	\$3,000,000
FY18	\$3,000,000
FY17	\$3,000,000
FY16	\$3,000,000

Source: HUD Awards and Allocations



# Federal Home Loan Bank of San Francisco Affordable Housing Program General Fund (FHLBSF AHP)

The [\*\*Affordable Housing Program General Fund \(AHP\)\*\*](#) is administered through the FHLBank San Francisco. They administer an annual funding competition where project applications are ranked based on the scoring process.

General eligibility requirements include:

- Rental housing must have at least 20% of units reserved for households at or below 50% of the HUD area median income (AMI)
- Owner-occupied housing must serve households at or below 80% AMI.

The FHLB of San Francisco also offer the [\*\*Access to Housing and Economic Assistance for Development \(AHEAD\)\*\*](#) and the [\*\*Workforce Initiative Subsidy for Homeownership \(WISH\)\*\*](#) programs:

- The AHEAD program provides grants to nonprofit organizations, local government agencies, and tribal associations engaged in economic development activities in low- to moderate-income communities
- The WISH program offers eligible low- to moderate-income households 4-to-1 matching grants of up to \$22,000 for down payment and closing costs for the purchase of a home.

# Federal Historic Tax Credit (HTC)

The **Federal Historic Tax Credit (HTC)**, which is also referred to as Historical Tax Credits and Historic Rehabilitation Tax Credits, is a federal financial incentive that promotes private investment of an historic building through preservation and adaptive reuse. The tax incentive is a financial tool that is used for community revitalization and as a source of new affordable housing.

Historic Tax Credits (HTC) are available through a non-competitive, open application process. If you meet the program requirements, you can claim the credit:

- Be listed on the National Register of Historic Places, or
- Be a contributing element of a historic district listed on the National Register of Historic Places or another qualifying local historic district.

# 18% Set-Aside for Affordable Housing Redevelopment Agency Funds

**NRS 279.676**: Nevada legislation requires city agencies whose population is 500,000 or more to set aside at least 18 percent of revenue for affordable housing.

Affordable housing activities should increase, improve, preserve or enhance the operating viability of affordable housing.

# Nevada State Infrastructure Bank

- This is a new tool that includes affordable housing as an eligible use. The comment period for the proposed allocation plan closed February 4, 2022. The proposal designates \$20 million of the \$75 million in the bank for affordable housing.
- Information will be updated upon plan adoption/approval by the State Infrastructure Bank Committee.



# NEVADA Housing Coalition

## Thank You

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