



A REVENUE STREAM TO CREATE HOUSING FOR THE MOST VULNERABLE NEVADANS:

A PRODUCTIVE SOLUTION TO HIGH
IMPACT PROBLEMS

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“We get more calls about finding housing for loved ones than anything else. This is a crisis.”

“I realized there is nowhere for my son between the hospital and the street.”

- ROBIN REEDY, EXECUTIVE
DIRECTOR, NATIONAL ALLIANCE ON
MENTAL ILLNESS (NAMI) NEVADA

Angela Tolson, NAMI Western
Nevada

After your presentation, our discussion continued.

We agreed that you can't underestimate the importance of adequate housing in relation to education of our youth and general health of the community.

- PHYLISS ATKINSON, CORRESPONDING SECRETARY, DELTA
KAPPA GAMMA OF CARSON CITY

Homelessness and affordable housing – that is what folks are talking about when I'm out knocking on doors. It's what business owners are talking about.

At the end of the day, folks are looking for safe and clean communities.

WASHOE COUNTY COMMISSION CANDIDATE MARILUZ GARCIA

RENO GAZETTE JOURNAL INTERVIEW

Overview

- Affordable Housing 101
 - Housing Finance System
 - Need
 - Costs
 - Affordability
 - IRL

Caveat! Data is best available, not 100% current or accurate, but gives accurate perspective of situation and challenges.

- Supportive Housing
 - Case Study
 - What & for Whom
- ❖ Potential Revenue Streams
 - ❖ Real Estate Transfer Tax
 - ❖ Contribution from Tax Abatement Recipients
- ✓ **MAKING IT HAPPEN**
 - ✓ Stakeholders
 - ✓ Supporters

How does the Housing Finance System work?

Financing Tools

Federal Low Income Housing Tax Credits (LIHTC) and Other Layers in “Capital Stack”

- 9% - provides more equity to the project, can afford more units at 50% or less AMI – very limited amount each year
- 4% - provides less equity, fewer low income units, is paired with NV’s Private Activity Bonds
- Private Activity Bonds – a source of lower cost debt
- Nevada Account for Affordable Housing, aka Affordable Housing Trust Fund, receives money from Real Estate Transfer Tax
- HOME (Federal) – State, counties each receive small amounts used to subsidize very low income units

Financing Stakeholders

- Nevada Housing Division
- LIHTC Developers, for profit and nonprofit
- Public Housing Authorities, which own and develop properties, and which manage Housing Choice Vouchers and project-based rental assistance
- Some Cities, Counties, Advocate groups

Annual Financing Process

- Update the Qualified Allocation Plan (QAP) which establishes priority point system for LIHTC credits
- Allocate annual credits to new projects and to filling gaps in previously approved projects

Takes 3 – 5 years to get credits allocated and projects built

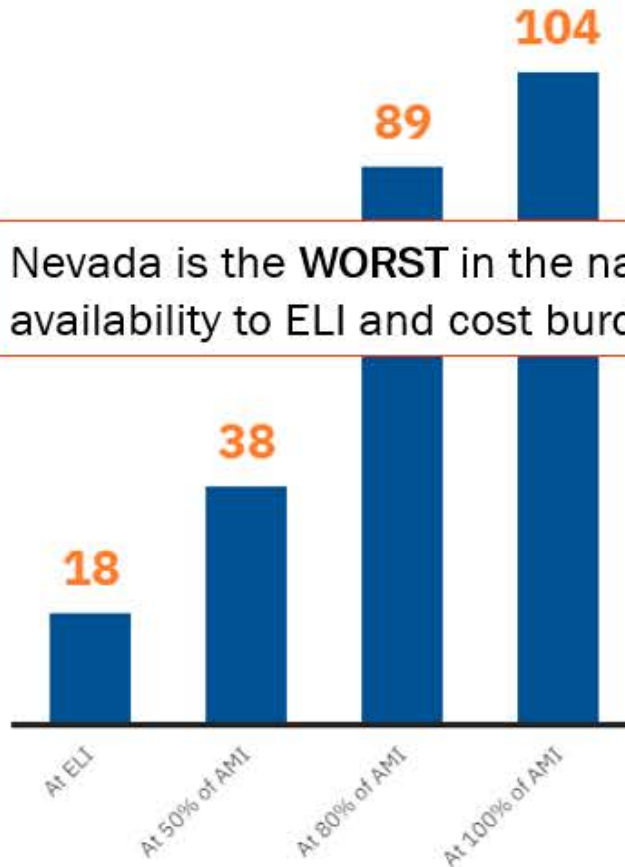
Rents and sales prices have skyrocketed in the last 3 years, but the pain is greatest for persons at 50% of AMI or below.

“and available” references that many apartments affordable at lower income levels are occupied by households at higher income levels – who wouldn’t want the \$1000 apartment?

97,359
OR
20%

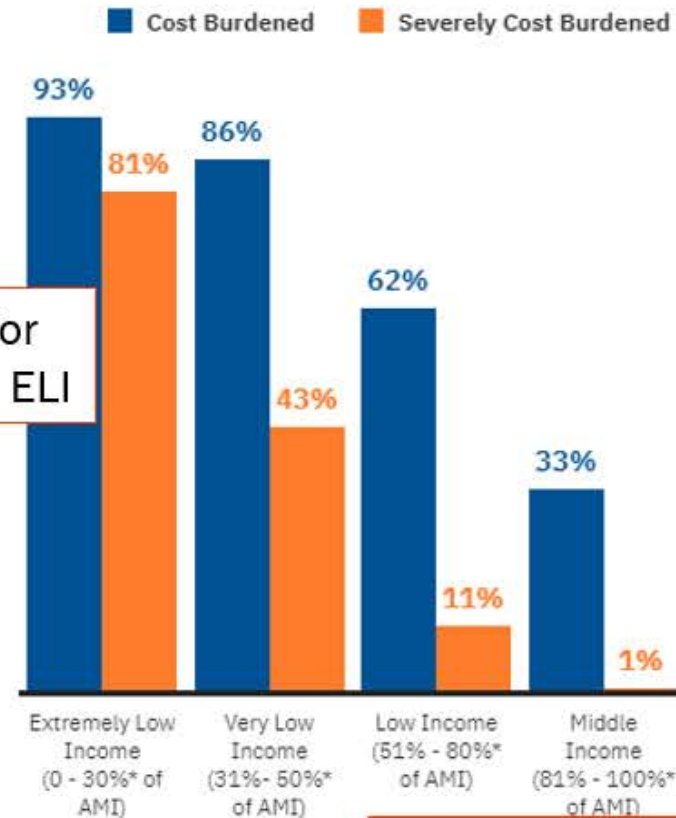
Renter households that are extremely low income

AFFORDABLE AND AVAILABLE HOMES PER 100 RENTER HOUSEHOLDS



Nevada is the **WORST** in the nation for availability to ELI and cost burden to ELI

HOUSING COST BURDEN BY INCOME GROUP



*Or poverty guideline, if higher.

Note: Renter households spend

Cost Burdened = paying > 30% income for rent

Severely Cost Burdened = paying > 50% income for rent

81 % of ELI Renters are paying more than 50% of their income for housing (!)

Income vs. Rents = Cost Burden

	Area Median Income	80% AMI	50% AMI	30% AMI		Pretend rent
Carson City	\$ 75,800	\$60,640	\$37,900	\$22,740		
monthly income	\$ 6,317	\$ 5,053	\$ 3,158	\$ 1,895		
Apartment costs	3 bdrm	2 Bdrm	1 Bdrm	Studio		Studio
average rent	\$ 1,583	\$ 1,420	\$ 1,173	\$ 1,221		\$ 1,050
rent as % of income	25%	28%	37%	64%		55%
income after rent	\$ 4,734	\$ 3,633	\$ 1,985	\$ 674		\$ 845
income - Fannie Mae						
Rents - Apartmenthomeliving.com						

Affordable = 30% of Income for Housing

Housing Choice Vouchers (Section 8)

			with subsidy	with subsidy	with subsidy
	Area Median Income	80% AMI	50% AMI	30% AMI	13% AMI
Carson City	\$ 75,800	\$60,640	\$37,900	\$22,740	10,116
monthly income	\$ 6,317	\$ 5,053	\$ 3,158	\$ 1,895	843
Apartment costs	3 bdrm	2 Bdrm	1 Bdrm	Studio	
average rent	\$ 1,895	\$ 1,516	\$ 948	\$ 569	253
rent as % of income	30%	30%	30%	30%	30%
income after rent	\$ 4,422	\$ 3,537	\$ 2,211	\$ 1,327	590

About that Fair Market Rent (HUD); it doesn't keep pace with the market

Case Study: Jamie

- 39-year-old Severely Mentally Ill (SMI) man, diagnosed in 2004 with schizophrenia; been addicted to heroin and meth in early years.
- Treated for drug addiction; three periods of psychiatric hospitalization in 2011, 2013, 2019
- Lived in 7 group homes (CBLA) from August 2013 to 2015; ran away, unsafe, understaffed, unclean
- Able to receive rental assistance (Section 8/Housing Choice Voucher) in 2015; pays 30% of his income (\$843 SSDI per month) for rent; pays \$150/month child support.
- Mother/Guardian/Representative payee hires caregiver for 22 hours /week @\$25.62/hour \$564/week, \$2255/month; Mother actively supports 15-20 hours per week also; she is 72
- Jamie receives 1 – 3 hours per week in ACT services from a CCBHC for which he pays \$100

What is Supportive Housing?

An intervention that combines affordable housing (rents restricted to 30% of income) with intensive case management and support services to address the needs of chronically homeless people, and persons with severe mental illness, substance addiction, and/or physical or intellectual disabilities. Wherever possible given the population being served, the services are designed to build independent living capacity and connect tenants with community-based health care, treatment, recovery, and employment services.

GOAL: Creating subsidy for multiple forms of housing and types of residents

Supportive Housing – Short/Medium Term

Mentally Ill, Substance Addicted, those with Co-Occurring Disorders (including chronically homeless) who can achieve stability / enter recovery once treatment can be received; will likely need ELI/VLI housing next

Permanent Supportive Housing

Severely Mentally Ill and those with Severe Co-Occurring Disorders; Persons with Intellectual or Developmental Disabilities

ELI/VLI Housing – Short /Medium Term

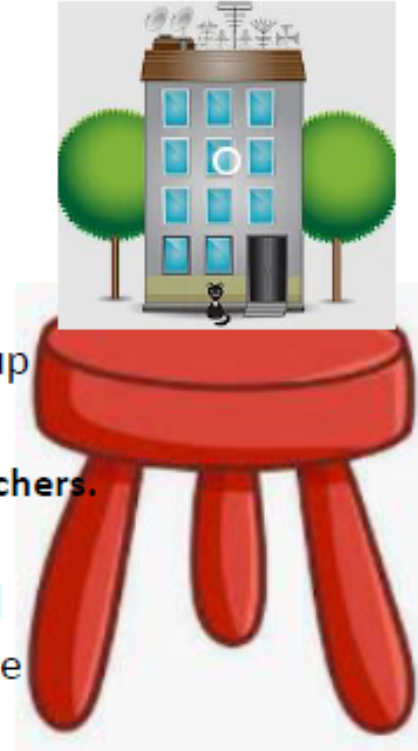
Persons with workforce potential, including Victim-Survivors of Domestic and Sexual Violence, Aging Out Foster Youth, Students, Formerly Incarcerated, Pandemic-affected families

ELI/VLI Housing - Long Term

Low income and frail elderly, persons with physical disabilities, persons with debilitating chronic illnesses

THE SOLUTION – A 3-legged Stool of Buildings, Vouchers, and Services

1. **Provide ARP as capital (grant) to nonprofit developers of Permanent Supportive Housing and Housing for Extremely Low-Income Nevadans.** Given the extremely limited income of the mentally ill, disabled, senior, and working poor for whom they provide a home, these projects have the best opportunity to succeed and minimize other subsidy when they are built without debt. These could be ground up projects or acquisition/rehabilitation of existing buildings.
2. **Provide a commitment of ARPA → Project Based Rental Assistance Vouchers.** This can be done by creating an allocation of ARPA dollars to fund operating expenses while simultaneously working with the regional public housing authorities to assign Project-Based Vouchers to these projects over the ARPA timeframe (to 12/31/26).
3. **Provide for supportive services.** Residents of PSH and ELI housing need Basic Skills Training, PsychoSocial Rehabilitative Services, substance abuse and mental illness treatment and recovery services, and more to be able to sustain in housing – off the street and out of hospitals and jails. While Nevada is ramping up its ability for Medicaid to pay for these services (1915(i), 1115(i) waivers) it will be necessary to commit ARPA dollars to fill in gaps.



ARPA can be a great start.

Medicaid 1915 (i) waiver can pay for services (once it gets written!).

Housing authorities can accrue project-based vouchers for rental assistance.

What we need is on-going sources of funds for bricks and mortar (!)

Funding the Solution:

Increase RPTT and Direct Additional Amount to Account for Affordable Housing for ELI/VLI/SH

CURRENT: .10 of every \$500 sales value (\$100 added to the cost of a \$500k home) is directed through Real Property Tax to the Account for Affordable Housing. **This amount has not been increased since 1989.**

PROPOSAL: increase RPTT directed to AFAH to .25 per \$500 sales value with the increased amount directed to a new ELI/VLI/SH Deep Subsidy Account.

Using a 3-year average, annual revenue to the AFAH is \$8,684,000 at .10/\$500 (current rate). Increasing to a rate of .25/\$500 would net \$13,026,000 to the proposed Deep Subsidy Account of the AFAH. (A rate of .20/\$500 would net the proposed Deep Subsidy Account \$8,684,000)

Funding the Solution:

Increase RPTT and Direct Additional Amount to Account for Affordable Housing for ELI/VLI/SH

USAGE: NV Housing Division currently allocates AFAH funds as part of the ‘capital stack’ needed to finance affordable housing.

The existing Qualified Allocation Plan (QAP) process would be amended to allow for application to the Deep Subsidy Account. The additional funds would be allocated as subsidy needed either for development (bricks and mortar) or rental assistance to make ELI/VLI/SH projects “pencil”.

It is anticipated that a combination of Medicaid/county funded services will provide the services for Supportive Housing. Is that a fair assumption?

ALSO, make it RURAL – use subsidy for housing rehabilitation / replacement

- 2 **Require companies that have received state tax abatements to make payment equal to 10% of that value each year to the Nevada Account for Affordable Housing. Revenues could be allocated to development or ongoing costs such as rental assistance and services.**

TARGET = 50% TO ELI/PSH HOUSING; 50% TO VLI HOUSING

AB449 of the 2021 session (TBT bill) would have required the recipient company,

-

Withdrawn –

Better idea – companies that do not pay a Housing Wage have to kick back 10% of their abatement each year it is received.

- Companies already provide annual reports to the Governor's Office on Economic Development (GOED) and are subject to GOED audits to assure performance criteria to retain eligibility for the tax abatement (jobs created, average wages, etc.) are met.

Let's Underscore the Context

We Have:

Experienced and committed housing developers

An existing tax mechanism (RPTT)

An existing mechanism for allocating and leveraging funding (Qualified Allocation Plan)

A Grand Canyon size deficit in units affordable to 30% AMI and less; almost a level field for 80% - 100%AMI.

A large (many elderly) low-income population choosing between rent and medications (healthy food, air conditioning, health care,...)

Encampments that are a deterrent to quality of life and tourism

No more room in our largest mental hospitals – jails and prisons

No affordable housing for transitional housing residents to graduate to

Making It Happen!

Stakeholders

Governor

Legislature

Housing Division

Housing Developers

Supportive Housing Developers

Social Service Agency Leaders/County
Commissions

State Medicaid

Economic Development/Tourism Leaders

Supporters

Regional BH Policy Boards!!! – your
members and networks – Big and Powerful

Homeless Advocates

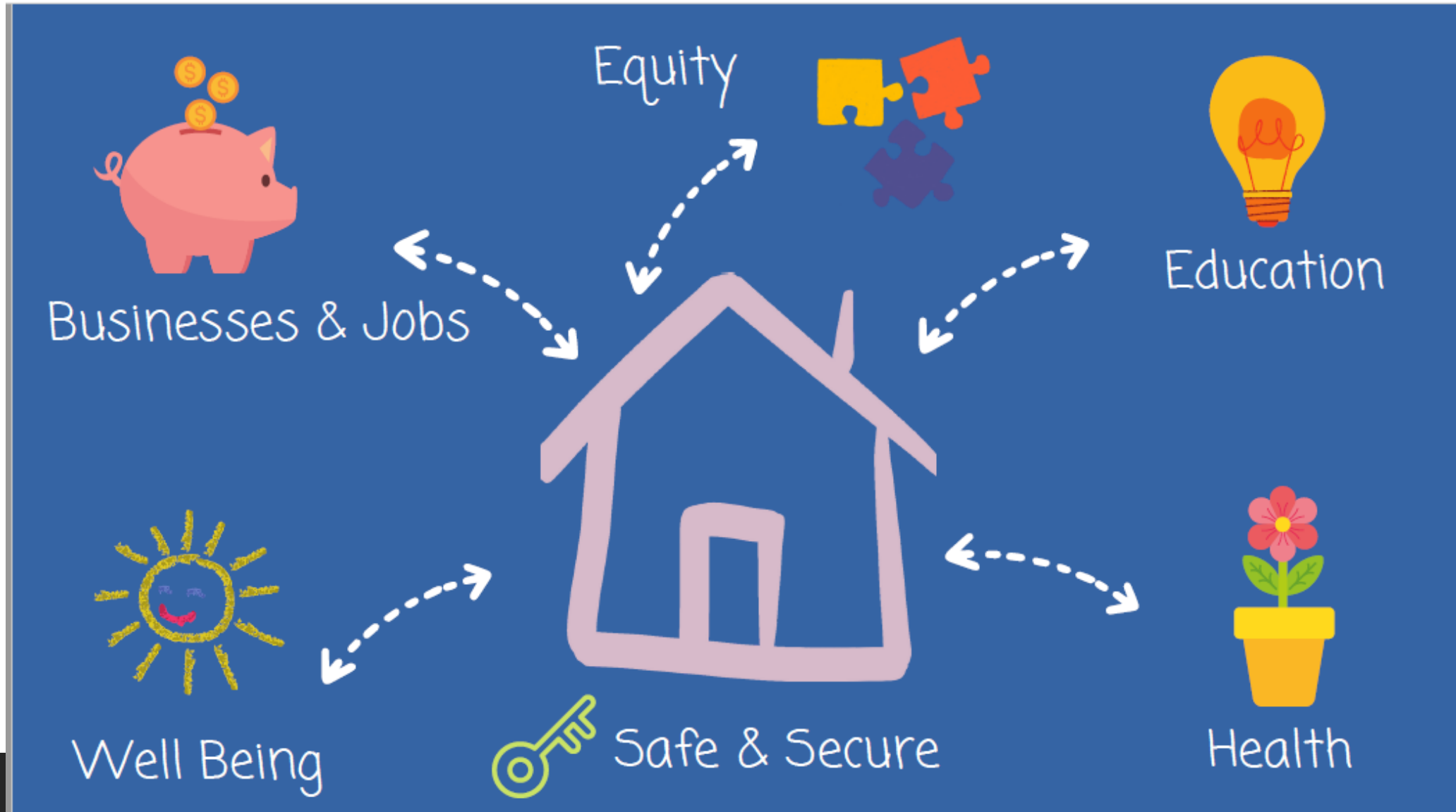
Catholic Charities, other major nonprofits

LONG List of organizations that want
housing for ELI and their specific
populations

Nevadans for the Common Good

Some legislators

Housing is central to wellness and opportunity.
Working together, Nevada can do much better.



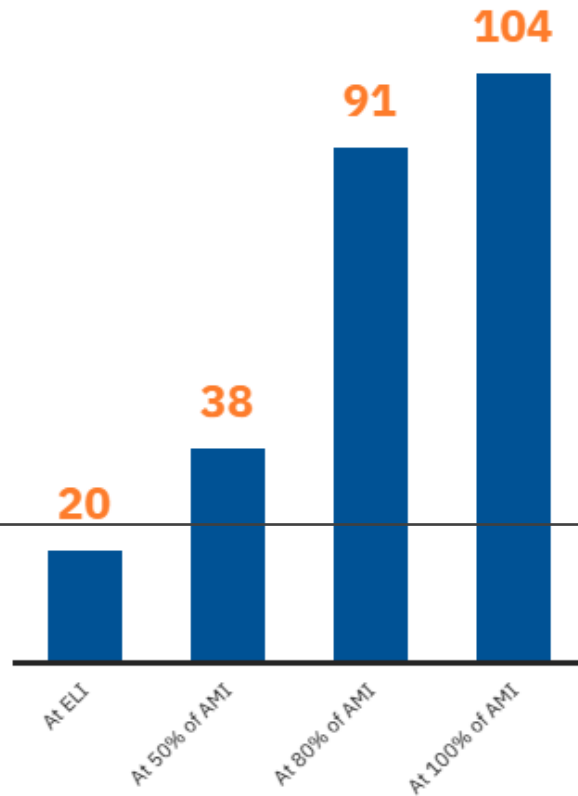
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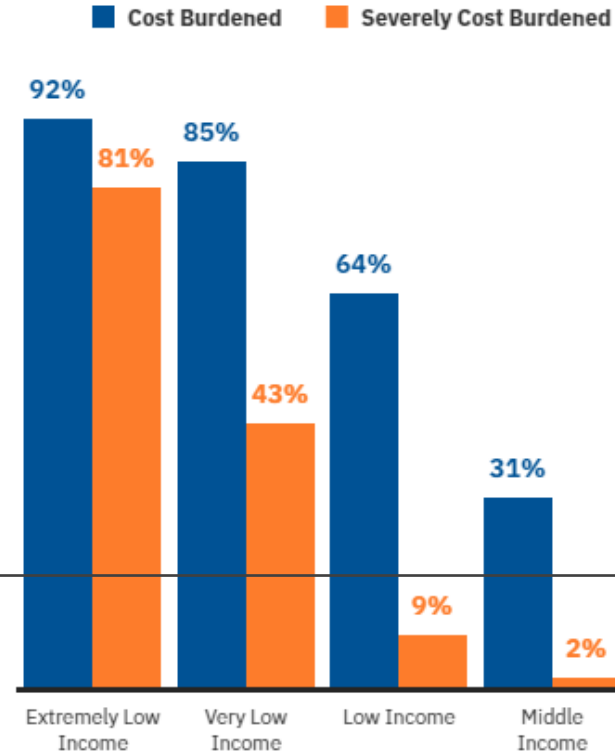
105,241
OR
21%

Renter households that are extremely low income

AFFORDABLE AND AVAILABLE HOMES PER 100 RENTER HOUSEHOLDS



HOUSING COST BURDEN BY INCOME GROUP



Note: Renter households spending more than 30% of their income on housing costs and utilities are cost burdened; those spending more than half of their income are severely cost burdened.

Cost Burdened = paying > 30% income for rent

Severely Cost Burdened = paying > 50% income for rent