

Fiscal
Year 2002

State of Nevada
Dept. of Business & Industry

Programs and Performances

HOUSING
DIVISION

State of Nevada
Dept. of Business & Industry

HOUSING DIVISION

1771 East Flamingo Road
Suite 206-B
Las Vegas, Nevada 89119



Silver Creek Apartments

Programs

- Single Family Mortgage Purchase Program
- Multi-Family Bond Program
- Low Income Housing Tax Credit Program
- HOME Program
- Low Income Housing Trust Fund
- Emergency Shelter Grant Program
- Weatherization Program

NEVADA HOUSING DIVISION

Northern Nevada Office
Evergreen Plaza
1802 N. Carson Street, Suite 154
Carson City, NV 89701
Tel.: (775) 687-4258
Fax.: (775) 687-4040
Toll Free Number: (800) 227-4960
Email: nhd@nvhousing.state.nv.us

Southern Nevada Office
Century Park
1771 E. Flamingo Road, Suite 206-B
Las Vegas, NV 89119
Tel.: (702) 486-7220
Fax.: (702) 486-7226
Email: lvdeputy@nvhousing.state.nv.us

Website: www.nvhousing.state.nv.us

Studies

Special Needs Populations

For the purposes of the study, special needs populations included:

- ? Persons with Alzheimer's/dementia;
- ? Persons 55 years and older;
- ? Persons with physical disabilities;
- ? Persons with developmental disabilities;
- ? Persons with mental illness;
- ? Persons and families who are homeless;
- ? Victims of domestic violence;
- ? Persons with HIV/AIDS; and
- ? Parolees.

Community Partnership Program

School Arts Exhibition "Where I Live"

The "Where I Live" juried art competition is a community outreach program implemented by the Division in 1995

as part of the Division's partnership program with the community.

The Division's community partners for this project are: Clark County School District School Community Partnership Program, Pardee Homes, Real Estate Section of the Las Vegas Review Journal/Sun, Piero's, and The Venetian Resort Hotel Casino.

In January 2002, The Venetian Resort Hotel Casino hosted the program, exhibition, and reception for the winning artists at The Venetian's St Mark's Square, Canal Shoppes.

Pardee Homes presented savings bonds to the student winners. Piero's presented art supply gift certificates to the schools.



Parents, students, teachers, principals, and others participated in the "Where I Live" program held in the elegant Venetian's, Resort Hotel Casino, St. Mark's Square, Canal Shoppes.

Studies

NHD Apartment Facts

Year 2002 saw the completion of 2nd Quarter multifamily housing survey for both the Greater Las Vegas Valley and the Reno/Sparks area.

The on-going annual studies by the Division provide a benchmark for the Division's staff in decision making of financing apartment projects throughout the State.

The studies provide the Division information on both new and existing multifamily units in regard to rental rates by size of units, vacancy trends in relation to project and unit sizes, multifamily construction growth by geographical area, and variances in rates and vacancies in market versus affordable housing rates.

The surveys have proven to be an effective tool for the Division in providing important data for decision making. The main purposes for the Division's decision to maintain the surveys are:

- ? Create a comprehensive data base of rental properties;
- ? Give interested parties

- planning tools to target funding; and
- ? Create long-range monitoring devices to identify emerging and changing trends in the rental property market.

Nevada Special Needs Housing Assessment

During FY02, the Division contracted with BBC Research & Consulting to conduct a Nevada Special Needs Housing Assessment study for the Greater Las Vegas Valley and for the Greater Reno/Sparks area.

The purpose of this study was twofold:

1. To obtain estimates of special needs populations in the Las Vegas and Reno areas and
2. To determine the rental housing needs of special needs populations in these areas.

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From The Administrator



Charles L. Horsey

On behalf of the Nevada Housing Advisory Committee and staff, we are pleased to present the Nevada Housing Division's fiscal year report on programs and performances. This report highlights the Division's accomplishments over fiscal year 2002.

THE HOUSING DIVISION

The Division's accomplishments for this fiscal year are representative of our continued role as the preeminent lender for affordable housing. We have found ourselves with a new role as well, the emerging leader in the financing of projects for our state's special needs populations.

Our priority has always been to provide safe, decent, sanitary, and affordable housing for low- to moderate-income households; now we are showing a subtle shift towards focusing on special needs populations.

As Nevada continues to lead the nation in population growth, it is incumbent on us to continue to create loan products and establish programs for meeting the demands of a changing population.

I am proud of the Division's accomplishments, its staff, and their tremendous efforts that have contributed to another successful year.

Charles L. Horsey

Weatherization Program

Weatherization

The Weatherization Program has had a significant increase in funds and has expanded the Division's sub grantee list to include the City of Henderson, Rural Nevada Development Corporation, Community Services Agency of Reno, and HELP of Southern Nevada.

The Fund for Energy Assistance and Conservation FEAC established by AB661 in the 2001 Legislature has increased the Weatherization funding by \$1.8 million for the first two quarters of 2002. This increase has enabled the Division to provide Community

Services Agency of Reno and HELP of Southern Nevada (Las Vegas) with training, equipment, and increased funding. The Federal funding increases funding for the state Department of Energy Plan.

During the past fiscal year, the Weatherization Program added a new employee, increasing the Program's capability in services provided.

The Weatherization Program assists the Multifamily Bond and Tax Credit Programs in establishing energy efficiency guidelines for Multifamily New Construction and Rehabilitation properties.

Table 8

Units Weatherized

Total # of Units Weatherized	Home Owners	Rental Units	Average Cost Per Unit Weatherized
379	281	98	\$1,971

Account for Low-Income Housing Trust Fund

Trust Fund

The Account for Low-Income Housing Trust Fund is used for the acquisition, construction, or rehabilitation of housing for eligible families by public or private nonprofit charitable organizations, housing authorities or local governments through loans, rents or subsidies.

The Division has administered the Fund since its inception in 1989. During FY02, 283 units were funded with Trust Funds. These activities include homeownership, home owner rehabilitation, and multifamily activities. For FY02, 1,825 families were assisted with their individual housing needs including needs for emergency housing assistance.

Table 7

Trust Funds Allocated During FY02

Henderson	\$247,189
Clark County	\$1,772,934
Washoe County	\$501,411
Rural County	\$208,996
Lyon County	\$220,840
NHD	\$327,930
Weatherization Set Aside	\$142,000
Welfare Set Aside:	
Henderson	\$48,468
Clark County	\$347,634
Washoe County	\$98,316
Rural County	\$84,282
Total	\$4,000,000

Housing Advisory Committee

The Committee

The Nevada Housing Division Advisory Committee was established by the 1995 Legislature. The Committee is appointed by the Director of the Department of Business and Industry and meets quarterly.

Mission

The Committee provides advice, recommendations, and other commentary on an array of issues, including the investment of money or issuance of obligations, development of new programs or the improvement of existing programs, improvements of policies and procedures, and the administration of the account for low-income housing.

Committee Members

Thalia Dondero, Chair
Government Affairs Consultant
UNLV Board of Regents
former Cl. Co. Commissioner
Las Vegas

Pamela Luhrs Barrett
Community Resources Manager
City of Reno
Reno

Ray Landry
Assistant Vice President/Sales
Pardee Homes
Las Vegas

Dorothy B. North
CEO
Vitality Center
Elko

Cloyd Phillips
Executive Director
Community Services Agency
Reno

Rupert Ruiz
Regional Emerging Markets Manager
Wells Fargo Home Mortgage
Las Vegas

David Russell
CEO
Russell/Russell
Henderson

JoAnn Tallerico
VP Relationship Manager
Bank of America
Las Vegas

Single Family Program

Single Family Mortgage Revenue Bond Program

The Nevada Housing Division's Single Family Mortgage Purchase Program has helped more than 19,500 Nevada families achieve homeownership. The total amount financed exceeds \$1.4 billion. The program offers below-market interest mortgage loans to low- and moderate-income households. The reduced interest rate provides additional purchasing power and allows many, who may have otherwise been unable to purchase a home, achieve homeownership.

Table 1 on page 8 shows the number of loans and geographical area for the loans during FY 02. Table 3 on page 9 highlights the profile of NHD's borrowers.

Participating Lenders

To help serve the entire state, the Division has a network of Participating Lending Institutions. These lenders reserve available funds on a first-come, first-served basis. They are responsible for loan origination and preliminary approval. Loans are then submitted to the Division for final approval. After close of escrow, loans are submitted to the Division for pur-

chase. A list of Participating Lending Institutions can be found on NHD's website. (www.nvhousing.state.nv.us)

In addition to meeting underwriting criteria of FHA, VA, PMI or FannieMae, borrowers must:

1. Have income that does not exceed established income limits;
2. Purchase a home within established purchase price limits;
3. Have assets not exceeding 50% of the sales price of the residence being purchased;
4. Have had no ownership interest in a *principal residence* during the previous three years;
5. Have not previously had a loan through the Division's Program.

Real Estate Professionals

The Division encourages real estate professionals throughout the state to make NHD's Single Family Mortgage Revenue Bond Program known to potential borrowers. A training course is held annually. This course covers all aspects of the Program and provides continuing education credits to attendees.

HOME Investment Partnerships (HOME) Program

HOME Program Activity

Table 6

HOME Program Dollars Committed HOME Program Activity FY02

Jurisdiction	Dollars Committed	# of Units
Clark County	\$98,626	2
Reno	\$391,793	22
Henderson	\$386,392.45	17
Western Nevada	\$487,786.40	14
NHD—Discretionary	\$40,000	4
Rural Areas	\$208,629.52	28
Total	\$1,613,227.37	87

HOME Investment Partnerships (HOME) Program

HOME PROGRAM

The Division has administered the HOME program since 1992. Each year, the state receives from the federal government \$3 million in HOME funds. These funds are then allocated by formula to participating jurisdictions (PJs). PJs are state and local governments who receive funds directly from the U.S. Dept. of Housing and Urban Development (HUD) to operate the HOME Program.

The HOME funds can be used for many housing programs such as down payment assistance, homeowner rehabilitation programs, construction of new multi-family projects, rehabilitation of multi-family projects, and tenant based rental assistance. The Division allows each jurisdiction the opportunity to use State HOME funds in a manner that best meets their community needs.

The Division accepts applications for projects in the non-entitled areas of the State, which are areas that do

not receive HOME funds as a PJ. This year, the Division funded the Rural Nevada Development Corporation, a Nevada nonprofit agency, to administer a down payment assistance program and a homeowner rehabilitation program for the rural areas of the State. This program allows the renovation of houses which are oftentimes in a deplorable condition to be brought up to local code.

The Division completed a multi-family project, Mountain Shadows, a two- and three-bedroom size apartment complex located in Elko. This project received rental assistance from Rural Development, therefore, allowing the tenant to pay only 30% of their income towards rent. The majority of the tenants at Mountain Shadows are single mothers. This project was developed and owned by Vitality Center, a Community Housing Development Organization. The organization began as a service oriented nonprofit agency and has grown into a housing developer.

Single Family Program

Nonprofit Organizations and Local Governmental Agencies

Through the allocation of HOME funds to community nonprofit organizations and local agencies, many borrowers under the Single Family Program receive down payment and closing cost assistance.

Down Payment Assistance

In addition to down payment assistance available through nonprofit organizations and local agencies, the Division offers down payment assistance in the form of a repayable second mortgage.

In April 1999, the Down Payment and Closing Cost Loan Program was created to assist borrowers with household incomes of less than 80% of median income.

Table 2 on page 8 shows the total number of Down Payment Assistance loans made by geographical region during FY 2002.

Loan Servicing

All Down Payment Assistance loans are directly serviced by the Division. The Division has contracted with a

subserver to provide mortgage loan servicing for loans originated by lenders who wish to participate in the program, but do not have the ability to service the mortgage loans. This has allowed more than thirty lenders to participate that otherwise would not have been able to.

The Loan Servicing Department also communicates with other Division servicers to assist them with loss mitigation efforts on delinquent mortgages. Using broad loss mitigation options and early intervention, the Division is able to assist in reducing the number of foreclosures. This allows more families to save their home.

Energy Efficient Mortgages

In fiscal year 2002, the Division recognized the need to promote Energy Efficient Mortgages (EEMS.) These loans were given top priority during the reservation process. To further promote EEMS, in November 2001, the Division introduced EEMS with interest rates below the current program rate. Fourteen loans totaling \$1,783,424 have been made under this program.

Single Family Program

Table 1

Number of Loans by Geographic Area and by Type of Housing

Geographic Area	# Loans for New Homes	# Loans for Existing Homes
Carson City	1	3
Henderson	2	11
Las Vegas	68	120
North Las Vegas	25	10
Reno	3	20
Sparks	1	13
Cold Springs	65	2
Rural Areas	6	9

Table 2

Down Payment Assistance Loans Made by Geographical Area

Geographical Area	Number of Loans Made	Dollar Amount Funded
Clark County	353	\$1,079,222
Washoe County	64	\$193,891
Carson	5	\$14,155
Rural Counties	7	\$21,772
Totals	429	\$1,309,040

Tax Credit and Tax Exempt Bond Program

Compliance and Monitoring

The Division's inventory of multifamily housing inventory consists of over 17,600 units completed or under construction. Staff allocates the credits for these projects and is responsible for the ongoing compliance and monitoring to ensure continued affordability of the units to low-income tenants. The Tax Credit and Tax Exempt Bond/Tax Credit Program staff perform the following tasks for maintaining this compliance.

Allocating Tax Credits. This includes drafting and adopting the annual tax credit Qualified Allocation Plan for annual tax credit authority; allocating tax credits to approved multifamily housing projects in the competitive tax credit application process, and allocating credits to qualified multifamily housing revenue bond projects.

Training. Division staff conducts two days of training seminars on an annual basis in the Carson City /Reno area and in Las Vegas. This is to train, inform and update all of the project owners and property managers in all phases of the tax credit program. Division staff imple-

ments mandatory orientations for all new projects before they begin lease up with training provided when deemed necessary during the year. This ensures state-wide compliance with all components of the tax credit program.

Compliance Monitoring. Division staff performs a compliance review of 100% of the tenant files in new multifamily housing projects as these projects come on line. Established projects have 20% of the tenant files reviewed annually. These ongoing reviews ensure that the projects are made available to lower income households. Staff has also developed a statewide compliance manual that is updated on an ongoing basis. This document is utilized by all property owners and managers to facilitate compliance of their respective properties.

Physical Inspections. Twenty percent of the units in all apartment projects are inspected annually as well as thirty three percent of the apartment buildings. This to ensure the decent, safe and sanitary condition of the project.

These reviews entail approximately 3,520 tenant files and 3,520 unit inspections annually.

Low Income Housing Tax Credit (LIHTC) Program

LIHTC Program

The LIHTC Program provides federal tax credits to sponsors of low-income rental housing projects. Sponsors can use the tax credits directly, or sell them to one or more purchasers and use the proceeds of the sale as equity for their project. Eligible applicants include for-

profit and nonprofit organizations.

During FY02, a total of \$1,593,915 credits were awarded to projects throughout Nevada and increasing multi-family housing inventory by 235 units. Table 5 below shows the geographical areas of awards.

Table 5
LIHTC Awards for FY02

Project	City	Tax Credit Award	Type of Housing	# of Units
Bonanza Pines	Las Vegas	\$500,000	senior	95
Cottonwood Village	Reno	\$356,598	special needs/ homeless/ substance abuse	44
Meadowbrook	Stateline	\$412,107	family	32
Palm Terrace Senior Village	Pahrump	\$325,210	senior	64
TOTAL		\$1,593,915		235

Single Family Program Mortgage Revenue Bond Profile

Table 3

	Clark County	Washoe County	Carson	Rural Counties
Average MRB Mortgage Amount	\$114,276	\$118,432	\$104,780	\$103,238
Average Purchase Price	\$117,046	\$122,049	\$111,616	\$107,803
Percent of Loans with Downpayments of:	0% 7 1-3% 60 3+-5% 17 5+-10% 8 10+% 8	0% 4 1-3% 50 3+-5% 30 5+-10% 8 10+% 8	0% 0 1-3% 25 3+-5% 0 5+-10% 50 10+% 25	0% 29 1-3% 21 3+-5% 21 5+-10% 21 10+% 8
Percent of Loans by Race/National Origin	African American 8 White 6 Asian 6 Hispanic 17 Native American 1 Not Given 1 Other 1	African American 1 White 82 Asian 1 Hispanic 14 Native American 1 Not Given 0 Other 1	African American 0 White 100 Asian 0 Hispanic 0 Native American 0 Not Given 0 Other 0	African American 0 White 92 Asian 0 Hispanic 0 Native American 0 Not Given 8 Other 0
Percent of Loans to Single Parent Families	21	20	50	29
Average Age of Head of Household	35	34	36	34
Avg. HH Size	2	3	2	2
Avg. Family Income	\$38,127	\$40,356	\$38,128	\$38,610
Percent of MRB Loans Made to Families with Annual Incomes of:	80+-100% 27 60+-80% 37 50+-60% 22 50% or less 14	80+-100% 34 60+-80% 45 50+-60% 12 50% or less 9	80+-100% 25 60+-80% 50 50+-60% 0 50% or less 25	80+-100% 29 60+-80% 43 50+-60% 8 50% or less 20
Total Number of Loans	235	110	4	10
Total Amount Funded	\$26,854,937	\$13,027,618	\$419,121	\$1,060,243

Multi-Family Programs

Bond Program

Through the issuance of tax-exempt and taxable mortgage revenue bonds, the Division is able to assist in the financing of apartment projects that will benefit low- and moderate-income households.

Financed projects are required to restrict a portion of units to occupancy by households who earn less than a designated percentage of area median income. The restrictions, at a minimum, require either forty percent of units be rented to households with income less than sixty percent of area median income, or twenty percent of units be rented to households with income less than fifty percent of area median income.

Since the Division's creation in 1975 more than 19,000 multi-family units have been financed through the Division's housing finance programs.

The majority of bond financed projects are 100%

rent restricted, allowing even more low- to moderate-income households benefit from the bond financing program.

Financings for multi-family housing have included the issuance of construction loan notes, the issuance of bonds for the purchase of FHA-insured mortgage loans providing long-term financing for multifamily projects, the issuance of bonds to make loans to lending institutions to enable the lending institution to make loans to multi-family project sponsors and the issuance of bonds which are secured by FannieMae pass-through certificates and other credit enhancement, including letters of credit.



Orchard Club, a 342-unit bond project located in Clark County, was completed during FY02. The project's units are targeted for families and seniors.

Bond Program Apartment Projects FY 2002

Table 4

Project Name	Location	# of Units	Amount of NHD Bonds	Type of Housing
Lake Vista	Stateline	40	\$2,750,000	family
Parkside Gardens	Sparks	288	\$11,270,000	family
Villanova	unincorporated Clark County	348	\$19,900,000	family
Silver Creek	unincorporated Clark County	224	\$13,540,000	family
City Center	Las Vegas	300	\$14,000,000	family/seniors
Silver Pines	unincorporated Clark County	200	\$11,800,000	family
Parkway Plaza	Carson City	316	\$13,250,000	family
TOTAL		1,715	\$86,510,000	