

# NCSHA 2016 Annual Awards Entry Form

(Complete one form for each entry)

**Deadline: Wednesday, June 15, 2016**

Visit [ncsha.org/awards](http://ncsha.org/awards) to view the Annual Awards Call for Entries.

**Instructions:** Type entry information into the form and save it as a PDF. Do not write on or scan the form. If you have any questions contact [awards@ncsha.org](mailto:awards@ncsha.org) or 202-624-7710.

Fill out the entry name *exactly* as you want it listed in the program.

**Entry Name:** Growing Affordable Housing Program (GAHP)

**HFA:** Nevada Housing Division

**Submission Contact:** (Must be HFA Staff Member) Michael Holliday **Email:** mholliday@housing.nv.gov

Please provide a 15-word (maximum) description of your nomination to appear on the NCSHA website.

Growing Affordable Housing Program (GAHP) - Tool to Increase Use of Bond/4% LIHTC Financing Program

Use this header on the upper right corner of each page:

**HFA:** Nevada Housing Division

**Entry Name:** Growing Affordable Housing Program (GAHP)

**Select the appropriate subcategory of your entry and indicate if you are providing visual aids.**

Communications	Homeownership	Legislative Advocacy	Management Innovation
<input type="radio"/> Annual Report <input type="radio"/> Creative Media <input type="radio"/> Promotional Materials and Newsletters	<input type="radio"/> Empowering New Buyers <input type="radio"/> Encouraging New Production <input type="radio"/> Home Improvement and Rehabilitation	<input type="radio"/> Federal Advocacy <input type="radio"/> State Advocacy	<input type="radio"/> Financial <input type="radio"/> Human Resources <input type="radio"/> Operations <input type="radio"/> Technology
Rental Housing	Special Needs Housing	Special Achievement	Are you providing visual aids?
<input checked="" type="radio"/> Encouraging New Production <input type="radio"/> Multifamily Management <input type="radio"/> Preservation and Rehabilitation	<input type="radio"/> Combating Homelessness <input type="radio"/> Housing for Persons with Special Needs	<input type="radio"/> Special Achievement	<input type="radio"/> Yes <input type="radio"/> No

**Submitter: Nevada Housing Division**

**Category: Rental Housing**

**Sub-category: Encouraging New Production**

**Program: Multi-family bond Growing Affordable Housing Pilot Program**

In response to an ever increasing demand for affordable multi-family housing the Nevada Housing Division launched a new pilot financing program. This pilot program is called the Growing Affordable Housing Program (GAHP).

The GAHP loan program is designed to help innovative quality affordable housing projects meet the necessary underwriting criteria to utilize the Housing Division's tax-exempt bond and 4% Low-income Housing Tax Credit (LIHTC) programs.

### **Background**

According to the Housing Division's annual affordable housing survey the vacancy rate for tax credit properties decreased from 5% to 4.1% in 2015. The decline in vacancy rate was especially prevalent in the Washoe County area of Northern Nevada where rapid expansion of the workforce is occurring due to Tesla, Switch and other technology companies moving to the area. Washoe County showed a decrease in vacancy from 3.8% in 2014 to 3.5% in 2015.

In response to this new growth Nevada Governor Brian Sandoval asked the state's Department of Business of Industry to come up with a way to accelerate the development of affordable rental housing. The Nevada Housing Division is under the umbrella of Business and Industry so the task was assigned to us.

One of the most readily available tools we use to finance the development or preservation of affordable multi-family housing units is the tax-exempt bond/4% LIHTC program. Historical data shows the program had generated only an average of 185 units per year toward the State's gap in affordable multi-family housing over the last 6 years. This statistic, combined with the fact there had been some unused multi-family bond cap in 2011, were indicative of underutilization of the bond/4% LIHTC financing program.

Ancillary to the state's substantial affordable housing need was the fact the Housing Division, not unlike many Housing Finance Agencies across the country, had been seeing a significant increase in early payoffs of multi-family bond issues over the past three years. Analysis showed the Division was losing nearly \$1m per year in ongoing issuer fees with a projection of an additional \$3m of revenue loss in the next 5 years. To put some perspective on the situation, our multi-family bond portfolio was 68 issues in 2012 but had shrunk to 49 in 2015 which was a 27% decrease. By using GAHP funding to add 5 long-term bond programs in 2016 would provide a 10% increase to our overall portfolio.

Stimulating new, long-term multi-family bond developments would not only help fill the growing affordable housing need but also help provide the Division with revenue to sustain its programs in the long-term. This is especially important because the Nevada Housing Division is self-supported and not supported by the state's general fund.

The goal became figuring out a program to jumpstart the use of the bond/4% program. After discussing the issue with various stakeholders throughout the state's affordable housing community it became

apparent the program was challenged by gaps in the funding after the other layers (tax credit equity, tax-exempt bond debt, HOME funds and Nevada Low-income Housing Trust Funds) were put into place.

We worked with Nevada's Advisory Committee on Housing, our Financial Advisor and others to develop the parameters of a new source of soft-debt funding to pair with the tax-exempt bonds/4% LIHTC program and encourage its use to create and preserve affordable housing units for the state.

### **The Growing Affordable Housing Program (GAHP)**

Developments assisted through GAHP are subject to the requirements of the Low-Income Housing Tax Credit (LIHTC) program, as set forth in Section 42 of the Internal Revenue Code (IRC), applicable years' Qualified Allocation Plan (QAP) and Multifamily Underwriting Guidelines.

Applicants may request up to a maximum of \$3,000,000 in GAHP financing for a project. Unless otherwise approved by NHD Administration, developers and general partners receiving an allocation of GAHP financing resources are limited to one award per year. Funds will only be available to projects that have not received or applied for an allocation of noncompetitive Housing Tax Credits.

The GAHP loans utilize a risk-sharing repayment approach by which payments are made from surplus cash flow allocated 50% to any deferred developer fee and 50% to the GAHP loan. The interest is currently set at 3% and begins accruing at the time the loan is drawn down by the developer. We negotiate the beginning period for repayments of principle and interest to allow for the deferred developer fee to be paid in full within a reasonable timeframe.

The source of funds for the GAHP program are the Housing Division's reserves which are dedicated to affordable housing. Housing Division management, the state's Advisory Committee on Housing and other stakeholders from state government felt the program met a dire need and was an appropriate use of the reserves.

The Division initially allocated \$12 million for this program, for calendar years 2015 and 2016, and now has applications received, or approved, for nearly \$10 million. We are proud to note this funding has helped to get nearly 1,100 rental units into production for the State. 607 of the units are affordable units aimed at Nevadan's of low and moderate-income and the remaining 493 will provide much needed market rate workforce housing choices. All of these projects would not have gotten off the ground without having the GAHP funds in their respective capital stacks.

Developments receiving GAHP funds have helped create a variety of quality affordable rental units across Nevada. Units are being created to serve families, seniors and veterans. The size of developments awarded range from very small to very large and were submitted by both private sector and non-profit developers.

### **Projects Awarded GAHP Loans**

#### **Boulder Pines**

Boulder Pines Apartments were selected as a recipient of GAHP funding in part due to the innovative approach the project takes to combining affordable housing, education and services to transform an entire block of a large neighborhood. This improvement to the neighborhood is well-suited to the Division's mission of providing affordable housing opportunities and improving the quality of life for Silver State residents.

Additionally, the project exemplifies the Housing Division's desire for the funding to be used in a risk-sharing approach where the Developer's Fee is partially deferred and therefore at risk along with the GAHP funds provided. This project not only has the support of Clark County, who committed HOME funds, but is also receiving funds from Citibank's Catalyst fund. The Housing Division's GAHP funds are thereby leveraged with the use of many other layers of capital needed to finance the project.

Boulder Pines Apartments is the affordable housing component of a 21 acre campus which will integrate housing, education, health, and community services for the first time in Southern Nevada. Nevada HAND is leading the development of this campus, which will include a Boys & Girls Club, a health clinic, and a community resource center that will house Lutheran Social Services, the UNLV Nonprofit Program, Policy, and Grant Support office, and 4 other nonprofit institutions.

Mater Academy, Nevada's first K-8 Title I Charter School, opened in August 2015 and will have an enrollment capacity of 900 students. The school was independently developed and is located directly next to the Boulder Pines Apartments.

### **Summit Club**

The Summit Club will be a 574-unit apartment community. There will be 155 affordable units and 419 market rate units aimed at the growing workforce. The new development's location is situated near a major shopping center, which includes a Century Theater, major retail brands and restaurants.

The property will include a 6,000 sq. ft. Clubhouse with gym, 2 pools and gated entry. This Class A multifamily property will have an average unit size of 1,051 square feet. The 31 buildings will be 2 and 3-levels and unit mix will include 1-3 bedroom units with 1 and 2 bathrooms.

The Summit Club is Nevada's first 80/20 bond development and also the largest single affordable multi-family project in the Housing Division's history.

### **Vintage at the Crossings**

Vintage at the Crossings will be the first affordable senior, full-service independent living community located in Southern portion of Reno. The Vintage at the Crossings development also helps to address the virtual 0% vacancy rate for affordable senior housing in Northern Nevada.

Vintage at the Crossings will be a 230-unit newly constructed age 55+ senior independent living complex to be located directly adjacent to a Walmart Supercenter providing easy access to services for residents. The project location is also located to dining, medical services and city transportation.

### **Madison Palms**

The Madison Palms development uses GAHP funds to allow the final 54 units of a two-phase 126 unit senior project to be completed.

Madison Palms is located in Las Vegas with direct pedestrian access to retail, grocery, banking, medical facilities and public transportation. The development is all two-bedroom units and will have gated access for residents and guests.

Attachment – NHD Growing Affordable Housing Program (GAHP) Submission

## BOULDER CAMPUS



### Boulder Pines

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Mater Academy, Nevada's first K-8 Title I Charter School, opened in August 2015 and will have an enrollment capacity of 900 students. The school was independently developed and is located directly next to the Boulder Pines Apartments.

Boulder Pines Apartments will be a 168 unit affordable housing community located in Las Vegas. This development also leverages a Phase I, which utilized the 9% LIHTC program, and together they provide 300 new units of affordable housing. The community will consist of two, three, and four bedroom units for families with a preference for veterans. Common area amenities will include an activity building, open space, swimming facilities, and picnic areas. Additional amenities for the apartment community will include handicap accessibility, security system, computer lab, library, exercise/fitness room, wellness room, and community room with kitchen.

<u>Item</u>	
Number of Units	168
Location	Las Vegas, NV
Who served	Families
Total project cost	\$32 million
GAHP funds awarded	\$ 3 million
GAHP as percentage of total	9.3%

**Summit Club**



The Summit Club will be a 574-unit apartment community. There will be 155 affordable units and 419 market rate units aimed at the growing workforce. The new development’s location is situated near a major shopping center, which includes a Century Theater, major retail brands and restaurants.

The property will include a 6,000 sq. ft. Clubhouse with gym, 2 pools and gated entry. This Class A multifamily property will have an average unit size of 1,051 square feet. The 31 buildings will be 2 and 3-levels and unit mix will include 1-3 bedroom units with 1 and 2 bathrooms.

The Summit Club is Nevada’s first 80/20 bond development and also the largest single affordable multifamily project in the Housing Division’s history.

<u>Item</u>	
Number of Units	574: 419 market rate and 155 affordable workforce
Location	Reno, NV
Who served	Families
Total Project Cost	\$104 million
GAHP funds awarded	\$ 3 million
GAHP as percentage of total	2.8%

### Vintage at the Crossings



Vintage at the Crossings will be the first affordable senior, full-service independent living community located in Southern portion of Reno. The Vintage at the Crossings development also helps to address the virtual 0% vacancy rate for affordable senior housing in Northern Nevada.

Vintage at the Crossings will be a 230-unit newly constructed age 55+ senior independent living complex to be located directly adjacent to a Walmart Supercenter providing easy access to services for residents. The project location is also located to dining, medical services and city transportation.

Construction will consist of a single four-story building containing one and two bedroom units with rent restrictions. All units in the complex are served by elevator access. The units will have an exterior patio or balcony providing residents their own private outdoor space.

For outdoor fun and regular tournament play, there be a multipurpose sports area, which will be used for bocce ball, lawn bowling and putting. There will be a dog zone where residents can let their dogs run off leash in a fenced area with a shade structure and sitting area. The entire site will be connected with walking paths and a large exercise path with sitting areas throughout. Vintage at the Crossings will include a community barbeque area where the staff will offer regular barbeque events and residents can

also use on their own. There will also be a large community garden area where we will provide planting beds and irrigation for the residents to create beautiful gardens and grow and nurture their own fruits, vegetables and flowers.

<u>Item</u>	
Number of Units	230
Location	Reno, NV
Who served	Seniors
Total Project Cost	\$37 million
GAHP funds awarded	\$ 3 million
GAHP as percentage of total	8%

**Madison Palms**



The Madison Palms development uses GAHP funds to allow the final 54 units of a two-phase 126 unit senior project to be completed.

Madison Palms is located in Las Vegas with direct pedestrian access to retail, grocery, banking, medical facilities and public transportation. The development is all two-bedroom units and will have gated access for residents and guests.

<u>Item</u>	
Number of Units	54
Location	Las Vegas, NV
Who served	Seniors
Total Project Cost	\$14.3 million
GAHP funds awarded	\$ 750,000
GAHP as percentage of total	5.2%