



STAFF REPORT

Report To: Board of Supervisors

Meeting Date: June 1, 2017

Staff Contact: Lee Plemel, Community Development Director

Agenda Title: To adopt a Resolution providing for the transfer of Carson City's 2017 Private Activity Bond Cap to the Nevada Rural Housing Authority, and other matters related thereto. (Lee Plemel, lplemel@carson.org)

Staff Summary: According to the Nevada Administrative Code, Carson City may annually allocate a share of State money that is set aside for tax exempt loans to fund industrial development and affordable housing projects. The Private Activity Bond Cap provides lower-interest financing for eligible projects and can be transferred to another local government. Carson City may also allocate its share to specific projects that apply and qualify with the State, or the allocation goes back into the general State-wide pool. For 2017 Carson City has an allocation of \$2,852,311.73.

Agenda Action: Resolution

Time Requested: 10 minutes

Proposed Motion

I move to adopt Resolution No. 2017-R-__ providing for the transfer of Carson City's 2017 Private Activity Bond Cap to the Nevada Rural Housing Authority to finance the costs of single family residential housing.

Board's Strategic Goal

Economic Development

Previous Action

N/A.

Background/Issues & Analysis

Carson City has not received other requests for the allocation of the City's share of the State private activity bond volume cap. Nevada Rural Housing Authority's (NRHA) Home at Last tax-exempt bond program has helped 551 families purchase their first home and invested \$90.7 million in our community.

Applicable Statute, Code, Policy, Rule or Regulation

NRS 348A

Financial Information

Is there a fiscal impact? Yes No

If yes, account name/number:

Is it currently budgeted? Yes No

Explanation of Fiscal Impact: The transfer is not a financial transfer, only the allocation of loan capacity to specific qualifying projects.

Alternatives

Do not transfer the Private Activity Bond Cap allocation.

Attachments:

- 1) Resolution
- 2) Nevada Rural Housing Authority request for PABC transfer

Board Action Taken:

Motion: _____

1) _____

2) _____

Aye/Nay

(Vote Recorded By)

RESOLUTION NO. 2017-R-___

RESOLUTION OF THE BOARD OF SUPERVISORS OF CARSON CITY, NEVADA PROVIDING FOR THE TRANSFER OF CARSON CITY'S 2017 PRIVATE ACTIVITY BOND VOLUME CAP TO THE NEVADA RURAL HOUSING AUTHORITY; AND OTHER MATTERS RELATED THERETO

WHEREAS, pursuant to the provisions of Chapter 348A of the Nevada Revised Statutes (“NRS”) and Chapter 348A of the Nevada Administrative Code (“NAC”), there has been allocated to Carson City, Nevada (the “City”), the amount of \$2,852,311.73 in tax-exempt private activity bond volume cap for year 2017 (the “2017 Bond Cap”); and

WHEREAS, the Nevada Rural Housing Authority (the “NRHA”), has requested that the City transfer its 2017 Bond Cap to the NRHA for the purpose of providing a means of financing the costs of single family residential housing that will provide decent, safe and sanitary dwellings at affordable prices for persons of low and moderate income (“Single Family Programs”); and

WHEREAS, the City is a local government as defined by NAC 348A.070; and

WHEREAS, Section 348A.180 of the NAC provides a procedure whereby the City may, by resolution, transfer to any other local government located within the same county, all or any portion of its 2017 Bond Cap; and

WHEREAS, pursuant to NRS 315.983(1)(a), the NRHA is an instrumentality, local government and political subdivision of the State of Nevada (the “State”); and

WHEREAS, the NRHA is located within Carson City, pursuant to NRS 315.963, which defines the NRHA's area of operation as “any area of the State which is not included within the corporate limits of a city or town having a population of 150,000 or more.”

NOW, THEREFORE, the Board of Supervisors of the City does hereby find, resolve, determine and order as follows:

Section 1. Recitals. The recitals set forth herein above are true and correct in all respects.

Section 2. Transfer of Private Activity Bond Volume Cap. Pursuant to NAC 348A.180, the City hereby transfers 2017 Bond Cap in the amount of \$2,852,311.73 to the NRHA for its Single Family Programs.

Section 3. Use of 2017 Bond Cap. The NRHA will use the 2017 Bond Cap for single family purposes in calendar year 2017, or carry forward any remaining amount according to the Internal Revenue Code of 1986, as amended, for such purposes.

Section 4. Representative of City. Pursuant to NAC 348A.180(1), the Director may contact Nick Marano, regarding this Resolution at (775) 887-2100 or in writing at 201 N. Carson Street, Suite 2, Carson City, NV 89701.

Section 5. Additional Action. The Mayor and City Manager are hereby authorized and directed to take all actions as necessary to effectuate the transfer of the 2017 Bond Cap, and carry out the duties of the City hereunder, including the execution of all certificates pertaining to the transfer as required by NAC 348A.

Section 6. Direction to the NRHA. The NRHA shall notify the Director in writing as soon as practicable of the occurrence or nonoccurrence of any term or condition that would affect the disposition of the 2017 Bond Cap.

Section 7. Representative of the NRHA. Pursuant to NAC 348A.180(3), the Director may contact Diane Arvizo, Director of Homebuyer Services of the NRHA regarding this Resolution at (775) 886-7900 or in writing at Nevada Rural Housing Authority, 3695 Desatoya Drive, Suite 105, Carson City, Nevada 89701.

Section 8. Obligation of the City. This Resolution is not to be construed as a pledge of the faith and credit of or by the City, or of any agency, instrumentality, or subdivision of the City. Nothing in this Resolution obligates or authorizes the City to issue bonds for any project or to grant approvals for a project or constitutes a representation that such bonds will be issued.

Section 9. Enforceability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution. This Resolution shall go into effect immediately upon its passage.

ADOPTED, SIGNED AND APPROVED this ____ day of _____, 2017.

CARSON CITY, NEVADA

By _____
Robert Crowell, Mayor

ATTEST:

By _____
Susan Merriwether, Carson City Clerk

CERTIFICATE OF TRANSFER OF VOLUME CAP

I, Susan Merriwether, am the duly chosen and qualified Clerk of Carson City, Nevada (the “City”) and in the performance of my duties as Clerk of Carson City do hereby certify to the Office of Business Finance and Planning in accordance with Section 348A.260 of the Nevada Administrative Code (“NAC”), that the 2017 private activity bond volume cap allocated to Carson City in the amount of \$2,852,311.73 has been transferred as follows:

\$2,852,311.73 has been transferred pursuant to NAC 348A.180 from the City, a local government, located in the State of Nevada to the Nevada Rural Housing Authority, a local government, located within the City for the purpose of providing a means of financing the costs of single family residential housing that will provide decent, safe and sanitary dwellings at affordable prices for persons of low and moderate income.

This certificate is being filed within five (5) days of the transfer being made in accordance with NAC 348.260.

CARSON CITY, NEVADA

By _____
Susan Merriwether, Carson City Clerk

cc: Diane Arvizo, Nevada Rural Housing Authority



May 19, 2017

The Honorable Robert Crowell
Mayor of Carson City
201 N. Carson St. Ste. 2
Carson City, NV 89701

Dear Mayor Crowell:

Because of your long-standing partnership with the Nevada Rural Housing Authority (NRHA), **\$90.7 million** has been invested in your community, assisting **551 families** obtain their dream of affordable homeownership. *This accomplishment would not have been possible without you!* Our ability to continue to serve your community with our rural homebuyer programs is predicated on receiving a transfer from your Private Activity Bond Cap (PABC).

As Nevada experiences a long-hoped-for economic recovery, more and more families are seeking our help. NRHA is helping families overcome barriers to homeownership through our flagship Home At Last™ programs - the Mortgage Credit Certificate (MCC) and the Down Payment Assistance Access program. Recognized as national award-winning programs, NRHA continuously strives to meet our mission to promote, provide and finance affordable housing opportunities for all rural Nevadans. As a result, our programs provide unprecedented access to credit, resulting in doors being opened so that rural Nevadans can afford to own a home of their own. Stable homeownership, as you know, is one of the cornerstones for building healthy communities.

To expedite the transfer of your PABC allocation to NRHA, we simply need a board resolution and a transfer certificate, a template for both forms are attached. Please kindly schedule this action item for your **June 1, 2017 Board of Supervisors** meeting, then submit the transfer documents to the Department of Business & Industry within the required 5-day period, and email a copy to NRHA at diane@nvrural.org. Upon receiving your transfer, we will immediately combine it with transfers from other cities and counties to fund the continued operation of the NRHA rural MCC program.

Please note that the transfer of your bond cap does not obligate Carson City in any way. If you have any questions about the transfer, your counsel or NRHA's tax counsel, Richard Jost at (702) 692-8008 can provide assistance.

We look forward to our continued partnership and to helping more Nevadans into homes. I look forward to speaking with you in the next few days to answer any questions you might have.

Sincerely,

D. Gary Longaker
Executive Director

Enclosures: 2
Attachment 1: 2017 Distribution of PABC
Attachment 2: Resolution and Transfer Certificate



3695 Desatoya Drive Carson City, NV 89701 • p: 775-887-1796 • f: 775-887-1798
TDD: 800-545-1833 ext. 545 • nvrural.org • diane@nvrural.org
Nevada Rural Housing Authority is an equal opportunity provider and employer.





A Program of
Nevada Rural
Housing Authority

NRHA's mission to promote, provide and finance affordable housing opportunities for all rural Nevadans is truly at the epicenter of building thriving rural communities. Home At Last™ is an integral part of expanding and ensuring homeownership opportunities in rural Nevada which is a key component to successful economic development throughout the state.

In 2016, NRHA received the distinguished Single Family Housing Excellence Award from the National Association of Local Housing Finance Agencies (NALHFA) for the transformation of the Mortgage Credit Certificate (MCC) and Down Payment Assistance (DPA) programs in Nevada.

The housing industry as a whole has benefited economically as our Home At Last™ programs catapulted homeownership to new heights. As a result of our innovation, our residents and communities in the Silver State have seen a positive impact: home purchases, economic recovery and neighborhood stabilization.

Innovation requires commitment, dedication and determination which in turn produce synergy that captures all parties involved and drives change. We take pride in opening doors so that every rural Nevadan has a home they can afford, which is the cornerstone for building healthy communities. **Our motto of "Getting You Home" expands vastly beyond geographical boundaries of rural Nevada.** We are excited when other housing agencies can replicate our revolutionized programs into their market.

Pursuant to NRS 315.977, NRHA operates under the oversight of a board of commissioners consisting of five commissioners appointed by the Nevada League of Cities & Municipalities and Nevada Association of Counties. NRS 315.983 defines that NRHA is deemed to be a public body corporate and politic, and an instrumentality, local government and political subdivision of the State, exercising public and essential governmental functions, and having all the powers necessary or convenient to carry out the purposes and provisions of NRS 315.961 to 315.99874, inclusive.

NRHA's area of operation is defined per NRS 315.9835, as follows: The State Authority may operate in any area of the State which is not included within the corporate limits of a city or town having a population of 150,000 or more.

In 2016, the NRHA MCC program experienced exponential growth in the first half of the year as a direct result of the significant improvements made to the program. Although NRHA requested an emergency allocation from the Director's office in April to meet the increased demand, we were instructed to obtain volume cap locally instead. While NRHA successfully obtained more than \$38 million locally, it was not enough to meet all the demand, nor was it enough to offer additional tax credit options to homebuyers.

In July, we saw volume return to pre-2016 levels after the Nevada Housing Division (NHD) assumed administration of their own MCC program and began to market their homebuyer program statewide. Additional volume cap funding is needed now for NRHA to successfully fulfill its mission to serve rural Nevadans, and to continue providing rural homebuyers financing options specifically designed to meet their unique needs.

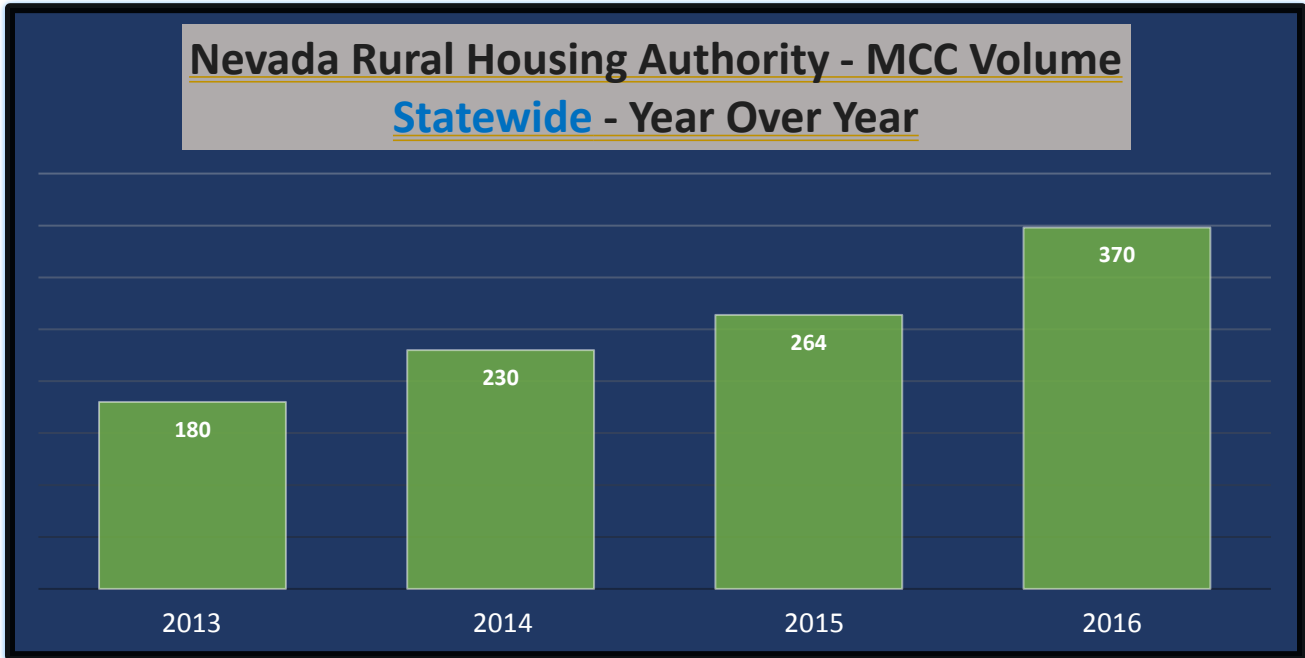


Total Program Performance (since the launch of Home At Last™ in 2006):

\$1.1 BILLION in mortgages provided
6,080 FAMILIES assisted with MCC and/or Down Payment Assistance (DPA)
\$22.5 MILLION in tax savings-reinvested into local communities
\$45.4 MILLION in down payment assistance

**Down Payment Assistance and Mortgage Credit Certificate
(Carson City)**

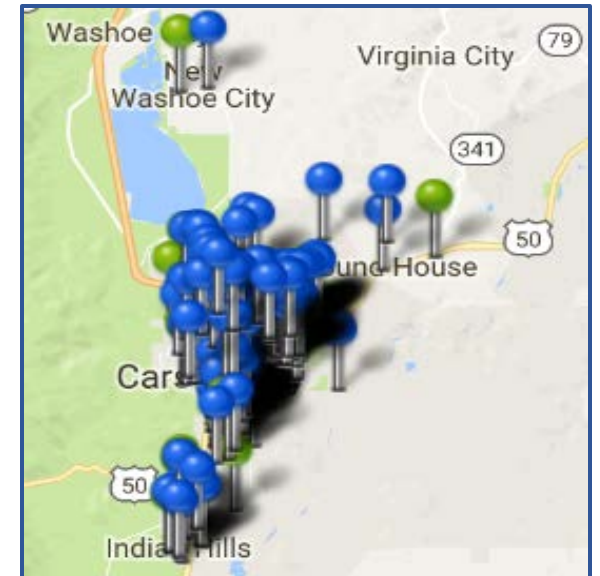
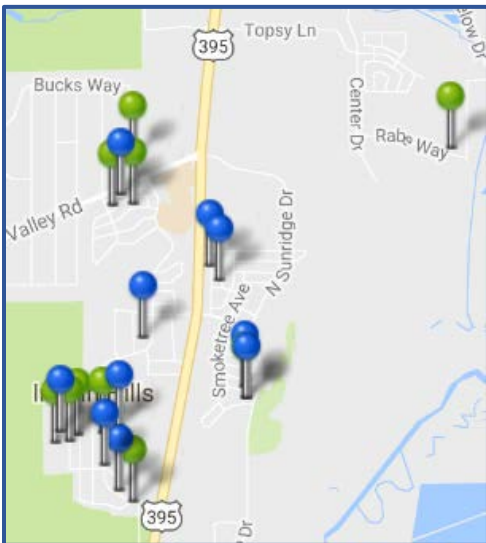
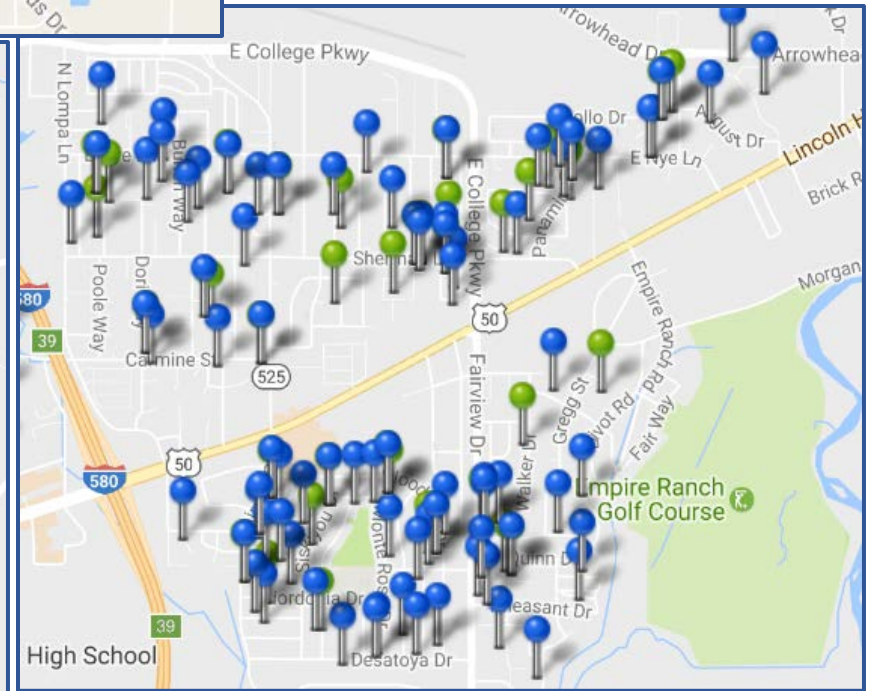
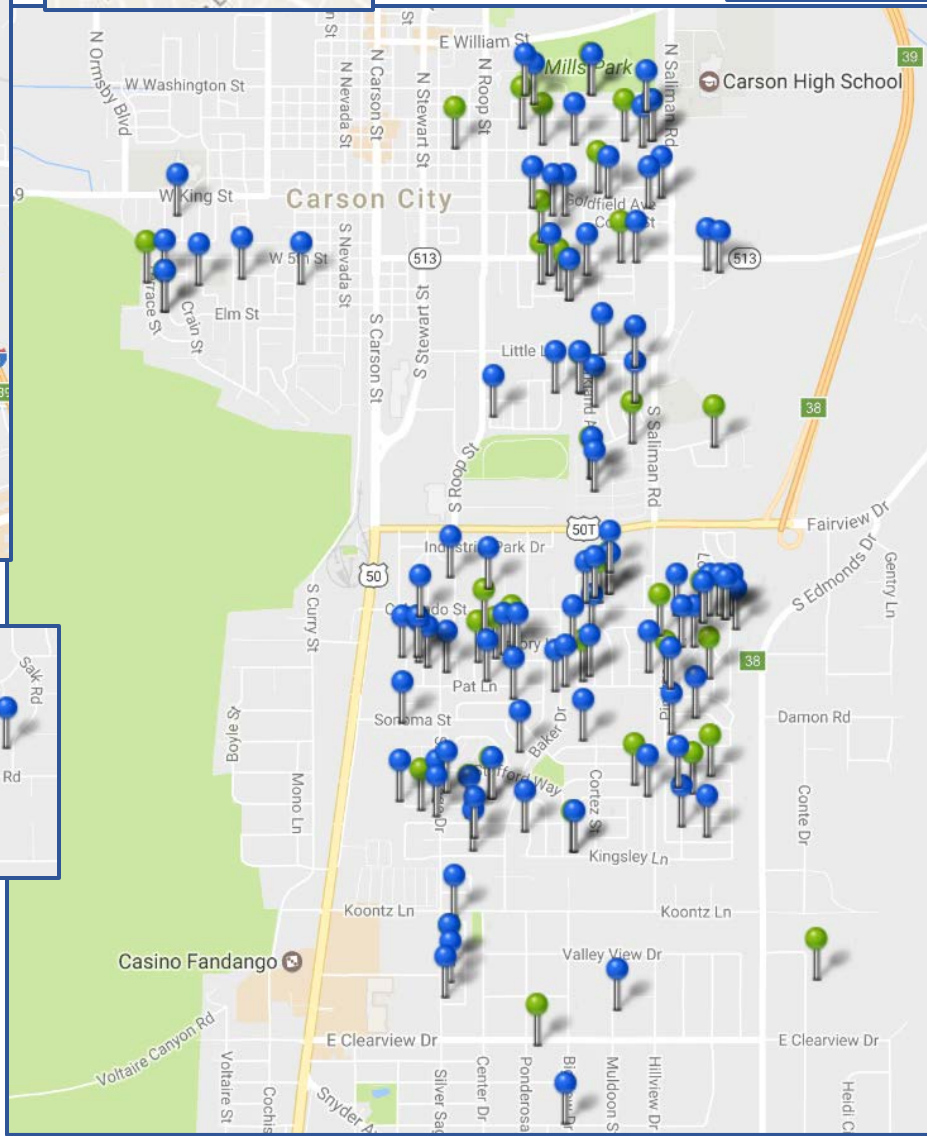
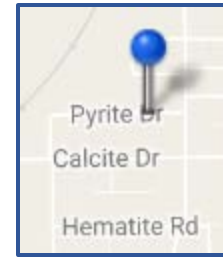
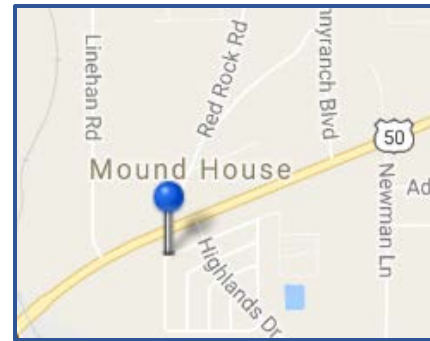
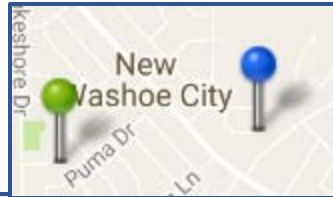
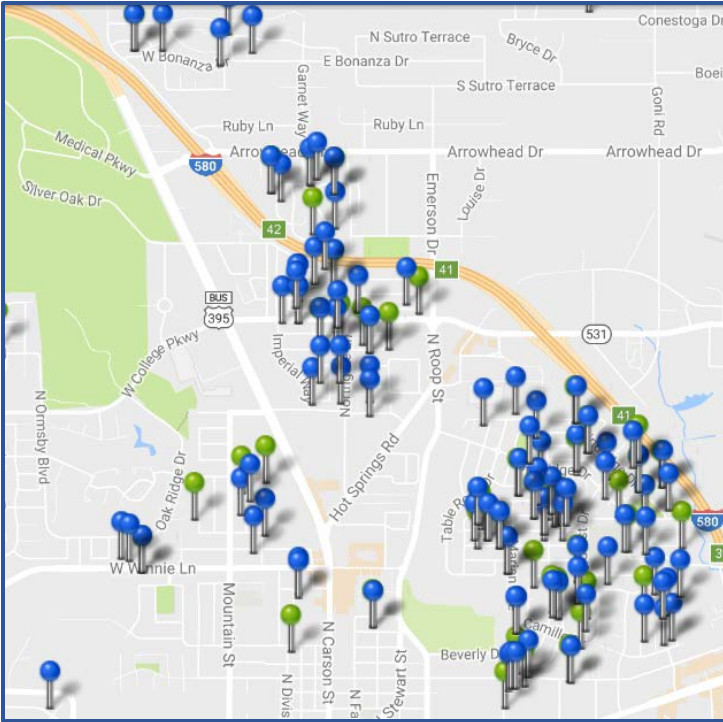
<i>Program Used</i>	<i>Loan Volume</i>	<i># of Loans</i>
Mortgage credit Certificate (MCC)	\$24,642,726	150
Down Payment Assistance Loans	\$66,010,790	401
Total	\$90,653,516	551



Carson City – NRHA Single Family Program Volume - Since 2006

Green: Mortgage Credit Certificates

Blue: Down Payment Assistance Loans





State of Nevada Department of Business and Industry

Preliminary Application Form for Bond Financing Requests

Industrial Development • Qualified Energy Conservation Projects • Export Financing
• Venture Capital • Water, Sewer & Utility Infrastructure Projects

General Overview of Nevada's Private Activity/Industrial Revenue Bond Program

The Director of the Department of Business and Industry is authorized by law to issue bonds within the State of Nevada for the purposes of industrial development; export financing; venture capital; water, sewer and utility infrastructure projects; and qualified energy conservation projects. This Preliminary Application Form is intended to assist the Director in quickly determining a proposed project's viability; a prospective applicant's ability to repay debt funding, if or when authorized; the degree to which a proposed project may contribute to policy objectives of the State of Nevada; and whether the proposed project and financing is likely to conform to applicable state and federal laws, including requirements of the U.S. Internal Revenue Code.

The form must be completed in its entirety before the Director of the Department of Business and Industry will consider it. Review of the form and a subsequent favorable disposition may result in an official Letter of Inducement from the Director, which, in conjunction with the payment of applicable fees by the applicant, would initiate the formal application requirements and financing development process required by law.

The bonds encompassed by this form are not direct obligations of the State of Nevada. The entity on whose behalf they are issued is legally obligated to repay them. The state has no obligation to repay the bondholders and does not guarantee the bonds. Bonds issued by state and local governments for the benefit of private firms are defined by the federal government as private activity bonds. The issuance of tax-exempt private activity bonds is governed by the U.S. Internal Revenue Code of 1986, as amended. There are a number of restrictions on tax-exempt bonds and, if the restrictions are violated, the bonds may lose their tax-exempt status. Both tax exempt and non-tax exempt bonds are possible; however, there is a cap on tax-exempt bonds of \$10,000,000.

To make sure your project qualifies for tax exempt bonds, prospective applicants are expected to consult with appropriate legal, bond and tax counsel prior to submission of the form and pursuing any request for tax-exempt financing. The State of Nevada is not responsible for any failure on the part of an applicant or its agents to understand the many requirements, costs or potential consequences of the bond financing process.

To this end, the applicant must certify in writing as part of the Preliminary Application Form that it has read and understands the respective Nevada statute(s), Nevada administrative code(s), as well as any applicable federal laws, regulations and/or Internal Revenue Code requirements, governing the particular financing that is sought. In addition, any material misrepresentation of fact within the form (or subsequent financing process, if induced) shall be grounds for the Director of the Department of Business and Industry to deny or withdraw project eligibility at any time, and to recover from applicant the Department's costs for the financing process up to that point.

The goal of the Department of Business and Industry is to assist individuals, businesses, other governmental units and non-profits in financing projects that promote industry, employment, education and trade in areas of interest to Nevada. The Director of the Department of Business and Industry is committed to making that assistance available in an expeditious manner, while meeting all necessary statutory and administrative requirements. *Providing a complete and accurate Preliminary Assessment Form will assist us in meeting that goal.*

Keep a copy of the completed form for your records. Submit the original with required attachments to the State of Nevada Department of Business and Industry, Office of the Director, 1830 College Parkway, Suite 100, Carson City, NV 89706. Phone (775) 684-2999 and Fax (775) 684-2998

Fees

An applicant is responsible for paying costs incurred by the Department of Business and Industry in connection with the bond financing process, whether bonds are issued or not. Specific public fees outlined in statute or administrative code are described below. In addition, financial institutions and other parties involved in the issuance and purchase of bonds may charge a variety of private fees, depending on what services are rendered. This can include underwriting fees, placement fees, letter of credit fees, remarketing fees, rating agency fees (if the bonds will be rated) and transfer agent fees. These fees are in addition to other private fees typically charged for commercial loans and property transactions such as appraisals, survey, permits, filings, recordings and title insurance. Lastly, issuance of bonds requires considerable time and effort by a bond counsel who must be compensated by the applicant or obligor. At this time, bond counsel fees are negotiated between the applicant/obligor and the bond counsel with no state involvement. The State will retain its own bond counsel.

Preliminary Application Form. There is an Application Fee charged for review of the Preliminary Application Form. If a Letter of Inducement results from the Director's review of the form, then the full Deposit Fee outlined below must be paid to the Department as part of the formal application and financing development process.

Application Fee. Nevada law (NAC 349.040) requires a nonrefundable application fee of \$500 for industrial revenue bond requests of \$5,000,000 or less, and \$1,250 for requests over \$5,000,000. For water project bond requests, Nevada law (NAC 349.290) requires a nonrefundable application fee of \$2,000 or 0.25 percent of the principal amount of the total financing for the water project, whichever is less.

Deposit Fee. Per NAC 349.040, if the Director issues a Letter of Inducement, the applicant must deposit \$75,000 with the Department of Business and Industry prior to the initiation of the formal finance development process to help pay the Department's costs for processing an application and financing the project. Any excess of the initial deposit over the Department's final costs will be refunded to the applicant. Any amount of the Department's final costs above the initial deposit must be paid by the applicant before or at the time of bond issuance.

Extension Fee. If an applicant does not exercise financing within one year of approval, the applicant may request an extension for an additional \$1,250 fee (NAC 349.040).

Formal Volume Cap Allocation and Fees. In the case of a request for formal allocation of a portion of the state's available volume cap for a prospective revenue bond financing application, Nevada law (NAC 348A.300) requires an applicant to pay the Department of Business and Industry a nonrefundable fee of \$600 per \$1,000,000 increment of prospective bond issuance, prorated for any portion above or below \$1,000,000 increment. At the discretion of the Director, this allocation fee may be paid at the time of formal transfer or assignment of volume cap, at the time an allocation certificate is issued, or at the time bonds are issued. In the absence of a formal Allocation Certificate, an approved revenue bond financing application provides no guarantee that the requested amount of revenue bond financing will be available, even if all other requirements of the review and financing development process have been met.

Annual Inspection and Compliance. The Department may also establish an annual inspection and compliance fee to be charged to the obligor for the financing. This fee will be based upon the percentage of bonds outstanding at the end of each year and adjusted, if appropriate, in accordance with the terms of the financing agreement.

Final Step in the State Process. Once the Department feels that the requirements have been met and that all questions have been answered, a TEFR hearing must be held in the project area, and then the Department will place an item in front of the State Board of Finance. The Board of Finance has final approval before bond financing may be issued. The Department and the applicant are expected to appear and answer any and all questions of the Board of Finance.