
SENATE BILL NO. 12—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE ADVISORY COMMITTEE ON HOUSING)

PREFILED NOVEMBER 18, 2020

Referred to Committee on Government Affairs

SUMMARY—Requires certain notices before the termination of a restriction relating to the affordability of certain housing. (BDR 25-372)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to housing; requiring an owner of certain housing that is financed by tax credits or other money provided by a government agency to provide certain notices before terminating a restriction relating to the affordability of the housing; setting forth requirements for such notice; authorizing the Housing Division of the Department of Business and Industry to impose an administrative fine upon an owner who fails to provide such notice; authorizing the Division to prohibit an owner who terminates an affordability restriction from applying for certain tax credits; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing federal law establishes a federal income tax credit in an amount equal
2 to a certain percentage of the costs of constructing a low-income housing project.
3 Under existing federal law, to be eligible for this credit, a certain percentage of the
4 residential units in the project are required to be subject to certain affordability
5 restrictions that set a limit on the income level of occupants of the units and restrict
6 the amount of rent that may be charged to such occupants. An owner of property
7 that is part of the low-income housing project that wishes to receive the federal
8 low-income housing tax credit is required to enter into an agreement with a housing
9 credit agency in which the owner commits to maintain the affordability restrictions
10 on the property for a compliance period of 15 years and an additional period of time
11 of at least 15 years following the compliance period. However, existing federal law
12 authorizes an owner, after the 14th year of the compliance period, to request that



13 the housing credit agency find a buyer to purchase the property. The housing credit
14 agency then has 1 year to find a buyer for the property that will maintain the
15 affordability restrictions. If the housing credit agency does not present the owner
16 with a qualified contract for the acquisition of the property within the 1-year period,
17 the affordability restrictions on the property terminate, subject to a 3-year period in
18 which the owner is generally prohibited from raising certain rents and evicting
19 existing tenants. (26 U.S.C. § 42) Existing state law designates the Housing
20 Division of the Department of Business and Industry as the housing credit agency
21 for the State that allocates and distributes the federal low-income housing credit.
22 (NRS 319.145)

23 This bill requires the owner of any housing which has been financed by the
24 federal low-income housing tax credit or any other money provided by a
25 governmental agency and that is subject to affordability restrictions similar to those
26 required for eligibility for the federal low-income housing tax credit to provide
27 written notice before terminating an affordability restriction. This bill sets forth
28 the contents for such a notice and requires the notice to be provided to each tenant,
29 the Division and certain other persons not less than: (1) twelve months before the
30 owner submits a request to the Division for a qualified contract; or (2) if such a
31 request is not applicable, 12 months before the date upon which the affordability
32 restriction will terminate. Under the provisions of this bill, an owner who fails to
33 provide the required notice is required to extend the affordability restrictions until
34 12 months following the date upon which the owner does provide such notice.
35 Additionally, this bill authorizes the Division to: (1) impose an administrative
36 penalty upon an owner who fails to provide the required notice; and (2) prohibit an
37 owner who terminates an affordability restriction from applying to the Division for
38 an allocation of federal low-income housing tax credits for a period not to exceed 5
39 years.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 319 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *1. An owner who intends to terminate an affordability*
4 *restriction on a project shall provide written notice to:*

5 *(a) The governing body of each local government within which*
6 *some or all of the project is located;*

7 *(b) The Division;*

8 *(c) Each owner who has an ownership interest in a qualified*
9 *low-income housing project in this State; and*

10 *(d) Each tenant of the affected project.*

11 *2. The written notice required pursuant to subsection 1 must*
12 *be provided:*

13 *(a) If the owner intends to submit a request to the Division to*
14 *obtain a qualified contract for the acquisition of the project, not*
15 *less than 12 months before the owner submits such a request; or*

16 *(b) If paragraph (a) is not applicable, not less than 12 months*
17 *before the date upon which the affordability restriction will be*
18 *terminated, whether accomplished by the expiration of any*



1 *contract or other agreement with a governmental agency or*
2 *otherwise.*

3 3. *The written notice required to be provided to a tenant of*
4 *the affected project pursuant to paragraph (d) of subsection 1*
5 *must include, without limitation:*

6 (a) *The program pursuant to which the owner is terminating*
7 *the affordability restriction;*

8 (b) *The number of dwelling units affected by the termination;*

9 (c) *The anticipated date of the termination;*

10 (d) *A statement that the written notice is not a notice to vacate*
11 *the dwelling unit and that the tenant is not required to vacate the*
12 *dwelling unit;*

13 (e) *A description of the effects of the termination on the lease*
14 *and future rent of the tenant;*

15 (f) *A description of the protections for tenants and resources*
16 *for relocation set forth in the program pursuant to which the*
17 *affordability restriction is being terminated;*

18 (g) *A description of the protections for tenants and the*
19 *resources for relocation set forth in chapters 118, 118A and 118B*
20 *of NRS;*

21 (h) *A description of the resources for relocation in the local*
22 *community; and*

23 (i) *The contact information of the owner of the project.*

24 4. *The written notice required to be provided to a governing*
25 *body of a local government, the Division and an owner who has*
26 *an ownership interest in a qualified low-income housing project*
27 *pursuant to paragraphs (a), (b), and (c), respectively, of subsection*
28 *1 must include, without limitation:*

29 (a) *The program pursuant to which the owner is terminating*
30 *the affordability restriction;*

31 (b) *The number of dwelling units that will be affected by the*
32 *termination;*

33 (c) *The anticipated date of the termination;*

34 (d) *Information regarding the disposition of the project after*
35 *the termination of the affordability restriction, including, without*
36 *limitation:*

37 (1) *Whether the project is required to be made available for*
38 *purchase;*

39 (2) *If the project is not required to be made available for*
40 *purchase, whether the owner intends to make the project available*
41 *for purchase; and*

42 (3) *If applicable, the time frame for the submission of*
43 *offers to purchase the project;*

44 (e) *An identification of whether the owner receives a property*
45 *tax exemption for the project pursuant to NRS 361.082 and*



1 *whether the owner intends to maintain the exemption after the*
2 *termination of the affordability restriction; and*

3 *(f) The contact information of the owner of the project.*

4 *5. After providing the written notice required pursuant to*
5 *subsection 1, an owner who intends to terminate an affordability*
6 *restriction shall hold at least one meeting for tenants of the*
7 *affected project to discuss the information contained in the written*
8 *notice and answer any questions regarding the written notice.*
9 *Notice of such meeting must be provided to each tenant of the*
10 *affected project not less than 5 business days before the meeting.*

11 *6. An owner who fails to provide the written notice required*
12 *pursuant to subsection 1 within the time specified in subsection 2*
13 *shall extend the affordability restrictions on the project until 12*
14 *months following the date upon which the owner ultimately*
15 *provides such notice.*

16 *7. The Division may:*

17 *(a) Prohibit an owner who has terminated an affordability*
18 *restriction from applying to the Division to obtain an allocation of*
19 *federal low-income housing tax credits for a period not to exceed 5*
20 *years.*

21 *(b) Impose an administrative fine of not more than \$10,000*
22 *upon an owner who fails to provide the written notice required*
23 *pursuant to subsection 1. The Division may use not more than*
24 *\$500 of the money collected from the imposition of the fine to*
25 *cover the costs of collecting the fine.*

26 *8. The Division may adopt regulations to carry out the*
27 *provisions of this section.*

28 *9. As used in this section:*

29 *(a) "Affordability restriction" means a limit on rent that an*
30 *owner may charge for occupancy of a dwelling unit in a project or*
31 *a limit on the income of tenants for persons or families seeking to*
32 *qualify as tenants in a project.*

33 *(b) "Federal low-income housing tax credit" has the meaning*
34 *ascribed to it in NRS 360.863.*

35 *(c) "Owner" means a person who has an ownership interest in*
36 *a project.*

37 *(d) "Project" means a housing facility for residential use*
38 *consisting of one or more dwelling units that:*

39 *(1) Has been financed in whole or in part by tax credits*
40 *relating to low-income housing, including, without limitation, the*
41 *federal low-income housing tax credit, or any other money*
42 *provided by a governmental agency; and*

43 *(2) Is subject to an affordability restriction.*

44 *(e) "Qualified contract" has the meaning ascribed to it in 26*
45 *U.S.C. § 42.*



1 (f) *“Qualified low-income housing project” has the meaning*
2 *ascribed to it in 26 U.S.C. § 42.*

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