

APPLICATION OVERVIEW:

1. Applicant: The Nevada Housing Division of the the Department of Business and Industry for the State of Nevada (NHD) formally submits this proposal for allocation of funds provided by the American Reinvestment and Recovery Act of 2009, referred to as NSP2, for the purpose of redeveloping abandoned and foreclosed homes under the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes heading of Title III of the Housing and Economic Recovery Act of 2008. Congress has allocated additional funds for NSP2 to be considered a component of the Community Development Block Grant (CDBG) program.

2. Amount: Nevada Housing Division is submitting this request for \$20,199,600 for use in target geography listed below (see Factor 1).

3. Eligible Use of Funds: Funds will be used in 3 scenarios: (1) home acquisition, rehabilitation, and resale; (2) home acquisition, rehabilitation, and rental; (3) and down-payment assistance.

4. Income Targeting/Benefit: The Nevada Housing Division's intentions are to structure the NSP2 plan in a way that the principles of the CDBG are retained: community development activities which will arrest the decline of neighborhoods and simultaneously revitalize them, stimulate economic activity, and provide improved community facilities and services. Counties with the target geography have participated in developing funding priorities to improve the lives of their citizens with incomes between 50% and 120% of the target area's median income. In accordance with this initiative, 25% of the NSP2 funds will address the housing needs of citizens whose incomes do **not** exceed 50% area median income.

Target census tracks are located within four (4) rural Nevada counties: Lyon, Douglas, Nye, and Carson City.

HUD data is as follows:

County	Pre-Foreclosure Homes	Trustee Sale Homes	Bank-Owned Homes	Population
Carson City	175	101	119	57,723
Douglas	229	113	185	52,386
Lyon	441	14	789	55,903
Nye	357	232	523	46,308

5. Citizen Participation: Citizen participation was carried out via posting of the NSP2 proposal document, including maps of the census tracks addressed, at nvhousing.state.nv.us and published in the coordinating areas' newspapers: The Nevada Appeal notifying Carson City, Dayton, and Silver City (Lyon County); the Lahonton Valley News notifying Fernley (Lyon County); The Record Currier notifying Douglas

County county; and The Pahrump Valley Times notifying Nye County. The mandatory 10-day posting was from July 2, 2009 through July 13, 2009.

6. Definitions Please see Appendix 1 of the Application package

NARRATIVE STATEMENTS

Factor 1 – Need and Market Conditions

a. Target Geography

The following are the targeted, eligible census tracts for this program:

County, Censust Tract, Score

NYE: 9804.05	17
NYE: 9804.02	17
NYE 9804.06	20
NYE 9804.04	20
NYE 9804.01	19
NYE 9804.03	18
NYE 9803.00	18
NYE 9802.00	18

LYON	9608.00	18
LYON	9601.00	20
LYON	9602.00	19
LYON:	9607	16
LYON	9603.00	20

CARSON	0010.00	18
CARSON	0005.00	18
CARSON	0007.00	18

DOUGLAS	0005.01	19
DOUGLAS	0002.00	18

"During much of the past decade, Nevada has enjoyed the status of being the fastest growing state in the nation with economic activity that has generally outpaced the national average. During 2004 and 2005, Nevada's total employment grew four to five times faster than national employment, and similarly, wages grew at twice the rate of national wage growth." (State of Nevada Economic Forum, December 1, 2008) Given the state's rapid population growth, much of the success in the Nevada economy over the

past decade has been attributed to the phenomenal growth associated with residential and non-residential construction that averaged between five and six percent during the 2000-2005 (State of Nevada Economic Forum, December 1, 2008).

The target geographical areas of Lyon, Douglas, and Nye counties as well as the independent municipality of Carson City, the capitol of Nevada, are the support labor force for the larger areas of Reno-Sparks, Lake Tahoe, and Las Vegas, respectively.

TARGET AREA	POPULATION	CONSTRUCTION	GAMING	UNIQUE TO AREA
Carson City	57,600	6,230	3,960	6,080 Government
Douglas	52,131	2,500	7,910	2,150 Manufacturing
Lyon	55,820	2,950	1,780	1,890 Manufacturing
Nye	38,882	1,280	2,020	1,040 Mining

While the employment needs of each of these target geographical areas is slightly different, all of the towns within the target areas are "bedroom communities" within commuting distance of these regional centers.

This created a high demand for single-family homes, many of whom were first-time home buyers who utilized adjustable rate mortgages (ARM's) and low-to-no downpayments to buy their homes. In 2004, new single mortgage loans saw a whopping 28.7% increase from 2003 (State of Nevada Economic Forum, December 1, 2008).

Unfortunately, when economic conditions began to deteriorate with the collapse of the housing market, Nevada became one of the hardest hit states in the country in terms of the loss of jobs in the construction and all real estate related sectors (State of Nevada Economic Forum, December 1, 2008). Parallel to the rest of the country, but at much larger impacts, the housing costs rose to unsustainable levels, and the ARM's adjusted to unreasonable interest rates, whereby homeowners were unable to make the payments. Home values in these four areas then dropped by as much as 40% making sales of the homes a useless effort on the homeowner's part. Furthermore, Nevada was one of four states that were designated as a declining market, and as a result, mortgage credit criteria became more difficult with some banks reporting that they are unable to meet the extensive list of criteria for new purchases or refinancing. The result was that many homeowners simply abandoned their homes and mortgage lenders foreclosed.

According to the national real estate firm RealtyTrac, foreclosure filings were reported on 24,657 Nevada properties during the quarter, up 26 percent from the previous quarter and

up 147 percent from the first quarter of 2007. Further, Nevada led the nation in the number of foreclosures for the 22nd consecutive month in October 2008, with one filing for every 74 homes in the state. Headlines detailing the rising tide and devastating personal impacts of foreclosure are in the Reno Gazette Journal and Las Vegas Sun on almost a daily basis. These articles chronicle the rising number of foreclosures and their impact on neighborhoods, displaced homeowners and renters, and government services. While the media has largely focused on the substantial foreclosure problem in southern Nevada, specifically Clark County, other areas of the State have also been impacted by this crisis.

The Nevada Housing Division examined foreclosure rates in the rural communities. Three counties, Lyon, Douglas, and Nye, and the independent municipality of Carson City had substantially higher foreclosures rates as compared to the other 13 counties in the rural area. The number of homes in foreclosure, number of subprime loans, and HUD risk scores for future foreclosure or abandonment of residential property for these three counties are as follows:

TARGET CENSUS	#FORECLOSURES	HIGH COST LOANS	HUD RISK SCORES	PRE-FORECLOSURES
Carson City	417			175
Douglas County	351	1,036	5	154
Lyon County	769	2,420	6, 7-8	396
Nye County	393	1,261	7	148

A score closer to 10 in the HUD Risk scores for areas within individual counties with high concentrations of foreclosures indicates a higher likelihood of future foreclosure and/or abandonment of property. (HUD NSP Data, RealtyTrac pre-foreclosures). Review of this data from the three counties, Douglas, Lyon, and Nye indicate scores at 5 or above, indicating strong risk factors for future foreclosures and/or abandonment of property. While there is no HUD-risk score data for the independent municipality of Carson City, the similarities in foreclosures and pre-foreclosure data between all 4 geographical areas indicate that Carson City is in second only to Lyon County in terms of risk factors.

For the most part, Nevada's tourism sector and the overall economy has shown considerable resiliency to previous downturns in the national economy, but the state's ability to overcome the additional negative effects of the struggling state economy is proving to be a more difficult challenge. Below we detail specifics on each of the target geographical area, highlighting at a finer level the specific nature and extent of need for neighborhood stabilization. It is these rural areas, these "Main Streets," that the Housing Division proposes to revitalize with this program.

a. CARSON CITY:

The Consolidated Municipality of Carson City is Nevada's capital. The population was 52,457 at the 2000 census. Carson City, formerly of Ormsby County, is now an independent city and is its own Metropolitan Statistical Area, the smallest of the 363 Metropolitan Statistical Areas as designated by the United States Census Bureau as of July 1, 2007. Carson City is one of only two capital cities in the United States that borders another state--in this case, California. The particular geography of this small capital is that it is centrally located for working commuters to several areas: the largest nearby city to Carson City is Reno, about 30 miles to the north, and it is just 25 miles to beautiful Lake Tahoe's Stateline and North Shore casino and tourism areas.

It is also very diverse in its the industry: the Nevada State government is the largest employer in Carson City with 6,080 employees, 3960 casino and tourism workers, followed by 3,380 in retail, 3,210 employees in the city's manufacturing sector, 1,340 in health care, primarily at the large, three year-old Carson Tahoe Medical Center. <http://www.regionaldatacenter.com/RDC/CarsonCity/labor.aspx> While this diversity in employers has provided some stability for the workforce, the over-valued, over-built, easy-to-buy housing market still caused an enormous number of foreclosures.

b. DOUGLAS COUNTY:

Douglas County is located in the northwestern part of Nevada bordered by California to the west and contains half of Lake Tahoe with the rich, abundant Stateline, Nevada casino industry. The county has a population of 52,131 and contains two contiguous towns: Gardnerville and Minden, the county seat. Two eligible (HUD) census tracts are located in the southern part of Minden, containing "The Ranchos," which is a census-designated place (CDP). As of the 2000 census, the CDP population was 11,054 (<http://en.wikipedia.org/wiki/GardnervilleRanchos,Nevada>). This area houses many families who comprise the workforce primarily for the casinos at Stateline, as well as the Starbucks Roasting Plant, G.E/Bently Nevada, and Patmont Motor Works, the major non-gaming industries in the county. (http://en.widipedia.org/wiki/Douglas_County,_Nevada, June 10, 2009)

As in the other eligible tracts within the state, the gaming industry's layoffs effected this Nevada county, as well. Stateline, Nevada, located on the shores of Lake Tahoe, has been effected heavily by national economics. "Many of the layoffs in the Stateline casino corridor have not been publicly released by companies; however, there have been enormous layoffs at hotels and restaurants, according to people who have contacted the Tahoe Daily Tribune." Unemployment during the characteristically slow gaming period of January 2009 was 11.9%.

(<http://www.tahodailytribune.com/article/20081224/NEWS/812246542/1056&title=%20Douglas,%20Tahoe%20unemployment%20surpasses%208%20percent>, June 15, 2009)

c. NYE COUNTY:

The federal government owns 92% of the land in Nye County, Nevada, whereupon the Nevada Test Site (NTS) and the proposed nuclear waste repository, Yucca Mountain, are located in the southwestern part of the county. At 18,159 total square miles, Nye is the third largest county in terms of area in the U.S.; originally a mining area, the county withered to a population of about 3,000 in 1950. It wasn't until development of Yucca Mountain, NTS, and gaming began to "boom" that the county began to grow again in the 90's. (<http://recenter.tamu.edu/data/popcd/pc32023.htm>)

The total population of the county is 46,308, and while Tonopah is the county seat, Pahrump is the largest town in the county with a population of 38,251--a 43.16% growth since the 2000 census. (<http://factfinder.census.gov>, 2009). Located just 60 miles north of metropolitan Las Vegas and within two census tracts designated by HUD, Pahrump offers a quiet life style with 2 beautiful golf courses, minimal crime, small schools with 18 students per teacher, and a cost of living which is .59% higher than the U.S. average, but 18% lower than the cost of living in Las Vegas. Many Pahrump residents commute 60 miles each way to Las Vegas via State Route 160, which for much of its length is a four-lane, divided highway. Its commuters to Las Vegas boast that it takes less time to drive to work than it takes to drive across Las Vegas; hence, its a great way to have the amenities of the big city, but live in a small town. (<http://www.bestplaces.net>).

Residents enjoyed this life style while employed at Las Vegas casinos, the Yucca Mountain Project, and the NTS, 60, miles, 67 miles and 60 miles from town, respectively (googlemaps.com). Now unemployment rate is 12.90 percent; job growth has decreased by 6.70 percent. (citation)

d. LYON COUNTY:

The county having the most devastating statistics among the target areas is Lyon County, which once led fast-growing Nevada in the rate of its population increase, but now leads the state in home foreclosure rate (<http://www.nmbw.bix/ArticleRead.aspx?storyID=12153>, June 2009). The county is located just east of the cities of Carson City and Reno-Sparks. Four census tracts are eligible in the county which contain three townships within a 40-mile radius: Fernley, Dayton, and Silver Springs. Fernley, the two most populated area with a population of 55,820 (realestate.aol.com, 2008), is located just 38 miles east of the Reno-Sparks area, the second largest employment center in the state; and Dayton and Silver Springs with a combined population of 19,609, are 20 miles from Carson City, the state capitol.

The Nevada Cement Company built a new plant on the north side of town back in 1965. Other than the railroad, that was the first non-agricultural business to set up shop in Fernley. After that, the population of Fernley began making a changeover from ranching and farming to industry and commuting (to Reno-Sparks). Then in 1999, Amazon.com built a 750,000-square-foot warehouse and an order fulfillment center on the northeast side of Fernley in the industrial park. Since then Sherwin Williams Paint, Trex Inc.,

Quebecor Printing, MSC Industrial Supply, Johns Manville, Allied Signal, ARE Campers, Lowe's, Wal-Mart, Feldmeir Corporation and UPS Worldwide Logistics have also opened new facilities in the industrial park. (rgj.com, 2008)

The county is the second largest supplier of incommuters for both Carson City and Reno-Sparks, making it the "bedroom community" for the two. (*Lyon Population Distribution, 2007*, Part of the Lyon County Comprehensive Master Plan. <http://www.lyon-county.org/index.asp?nid=637>). Lyon County's close proximity to these areas provided a comparative advantage in jobs and overall economic growth when the "booming" economy of 2005 peaked. Workers could easily enjoy the advantages of a rural life style, yet work in the city with an easy commute on beautiful, well-maintained 4-lane highways.

b. Market Conditions and Demand Factors

(1) Absorption of abandoned and foreclosed properties. Absorption rates for the 4 target geographical areas are listed below. These were calculated from county recorder filings and realtytrack.com.

TARGET AREA	ABSORPTION RATES
Carson City	17.3 months
Douglas	19.2 months
Lyon	24.5 months
Nye	26.4 months

To accelerate these absorption rates, a major focus of the Nevada Economic Development Commission is the recruitment of new businesses to Nevada, especially businesses that are primary employers. These businesses are less effected by regional and local economies. Another tactic is the development of Nevada's abundant resources, both in terms of renewable energy power generation companies and renewable energy equipment manufacturers. (personal communication, Bob Shriver, consultant and ex-Economic Development Director, June 10, 2009). Furthermore, a partnership has been developed between the Economic Development Commission and the Department of Education, Training, and Rehabilitation to ensure that that workforce training is closely linked with business development in the state (personal communication, Larry Mosley, Director of DETR, June 30, 2009). This includes working agreements under development with the community colleges, state college, and various workforce training programs to create nimble, flexible, and integrated workforce training programs that are closely linked with job creation in the state (personal communication, Jill Derby, Educational Consultant, June 20, 2009). The goal of this approach is to create new jobs that will diversify the work force in the target areas. The impact will be a growth in jobs and assoicated workforce training that will increase the housing demands.

(2) Critical factor of over-building, overvaluation, and employment. As stated in the opening paragraph of this narrative, Nevada's rapidly expanding economy in the mid

2000's was attributed to the phenomenal growth associated with residential and non-residential construction (State of Nevada Economic Forum, December 1, 2008). The result was a over-building and over-valuation of housing.

Township	Existing Homes	New Homes	Foreclosures	Ave. Est. Value	Depreciation
Carson City	244	0	281	199,833	-13.8
Minden/Gardnerville (Douglas)	661	0	405	296,859	-15.4%
Pahrump (Nye)	7456	0	1,237	\$146,877	-15.4%
Fernley (Lyon)	315	0	907	\$134,514	-20.45
Silver Springs (Lyon)	162	0	171	\$90,202	-20.45
Dayton (Lyon)	290	0	515	175,792	-20.45

<http://realestate.aol.com>

Since the target geographical areas of Lyon, Douglas, and Nye counties as well as the independent municipality of Carson City, the capitol of Nevada, are "bedroom communities" within commuting distance of Reno-Sparks, Lake Tahoe, and Las Vegas, respectively, their growth was directly linked to the economic expansion in these larger cities (State of Nevada Economic Forum, December 1, 2008). The engine behind Nevada's phenomenal growth prior to the economic downturn, consisted of a number of factors. In addition to increases in tourism and gambling visitation rates and revenues, factors included an expansion of existing businesses, a strong migration of new businesses from California to tap into the business friendly environment of Nevada, a migration of retirees to Nevada, the presence of relatively inexpensive land in the targeted geograhoical areas, and a housing market that focused on the rapid sale and resale of homes (Bob Shriver, consultant and ex-Director of Nevada Economic Development Commission, June 15, 2009). The result was a high demand for single-family homes in these bedroom communities, resulting in over-building and over-valuation of housing in the tagerted geographical areas.

With the phenomenal growth associated with residential and non-residential construction, the greatest employer in the state was the construction industry. In the targeted areas, construction employment was followed by governmental, gaming, and manufacturing (www.nevadaworkforce.com/cgi/dataanalysis/oeswagesselecion/.asp?menuchoice=oeswages, June 17, 2009). In all cases, the economic engine of these industries as siezed up during the most recent economic downturn. For instance, the Real Gross Domestic

Product underwent a 2.4% decrease nationally, with greater decreases in Nevada (State of Nevada Economic Forum, December 1, 2008).

(3) Income characteristics of households in target areas

Less than 50 % of HUD Average Median Income					
County	1 Person household	2 Person HH	3 Person HH	4 Person HH	6 Person HH
Douglas	\$ 25,850	\$ 29,500	\$ 33,200	\$ 36,900	\$ 42,800
Lyon	\$ 22,350	\$ 25,500	\$ 28,700	\$ 31,900	\$ 37,000
Nye	\$ 22,350	\$ 25,500	\$ 28,700	\$ 31,900	\$ 37,000
Carson City	\$ 22,500	\$ 25,700	\$ 28,950	\$ 32,150	\$ 37,300
Less than 120 % of HUD Average Median Income					
County	1 Person household	2 Person HH	3 Person HH	4 Person HH	6 Person HH
Douglas	\$ 62,000	\$ 70,850	\$ 79,700	\$ 88,550	\$ 102,750
Lyon	\$ 53,600	\$ 61,250	\$ 68,900	\$ 76,550	\$ 88,800
Nye	\$ 53,600	\$ 61,250	\$ 68,900	\$ 76,550	\$ 88,800
Carson City	\$ 54,000	\$ 61,750	\$ 69,450	\$ 77,150	\$ 89,500

Source: www.huduser

(4) Social, Governmental, Educational, and Economic Factors to neighborhood decline and instability. An important impact on Nevada's housing market has been the sharp decline in the growth rate of visitors to ski resorts and casinos, which fell from 5.1 percent in 2004 to just 0.7 percent in 2007. In addition, to the economic downturn, Indian gaming has had a compounding impact as well. The affluent gaming areas of Reno-Sparks, Lake Tahoe, and Las Vegas have garnered most of the national spotlight with regard to their economic plight. The media has reported over and over the decline of Las Vegas, Reno-Sparks, and Lake Tahoe with their 27% drop in casino visitors and 10-25% less hotel occupancy and business travel because of high fuel costs for both air travelers and automobile trips. (<http://www.casinocitytimes.com/news/article.cfm?contentId=174398>, 2008)

This decline in the growth rate of visitors to casinos has significantly impacted the targeted geographical areas. Since Lyon, Douglas, and Nye counties as well as Carson City, support the larger, more affluent gaming and tourism areas of Reno-Sparks, Lake Tahoe, and Las Vegas, respectively, the decline of gaming and tourism has not only led to reduction of the take-home pay of hourly workers, but to enormous staff reduction. As the homeowners began to flounder, so did the small businesses within the towns. Karen Duran, owner of Makin' Coffee LLC, located on U.S. Highway 50 East of Dayton stated that her business is down 40%. "Some customers lost homes and left; some come by just to talk, but can't afford to buy anything." (<http://www.casinocitytimes.com/news/article.cfm?contentId=174398>, 2008)

Additionally, the downsizing and proposed closure of Yucca Mountain and decreased activity at the military test sites, has had impacts in Nye county.

Nevada has been further impacted by the listing of the state as a declining market at the same time that the federal mortgage assistance programs are undergoing major revisions. The result has been precipitous decrease in lending in the state for lower income home buyers.

Educationally, the state workforce training programs have not collaborated as effectively as they could have to ensure that training programs were better linked to business needs for a trained workforce. They result was that many companies have left the state for employee pools that can meet their needs.

(5) Stabilization of the target geographies. The state is employing a number of strategies to stabilize the housing market in the target geographies. This includes the diversification of industries in the state with a strong focus on primary employers. Making sure that counties on the California border have workers who can meet these employer needs. The Department of Employment, Training, and Dehabilitation has developed a number of innovative, new strategies for retraining of the workforce. Road construction projects are scheduled for these targeted geographies. The state is also looking for new ways to use aging military testing sites in new innovative ways and new renewable energy projects are under development in all of the target geographies.

Below, we detail specifics on each of the target geographical areas, highlighting the specific market conditions and demand factors.

a. CARSON CITY:

Unemployment is currently 10.8 in Carson Area, a slight improvement since January 2009 when it was 11.2%. Unlike the other three target areas, there is not just one area of their economy which points to the housing collapse in the eligible tracts just blocks from the State Capital. The primary industries in Carson City second to tourism, are manufacturing, health care. However, these two small 2 tracts within a radius of just 7 miles report 281 foreclosed homes and 244 homes for sale

([http://realestate.aol.com/Carson City-NV-real-estate](http://realestate.aol.com/Carson%20City-NV-real-estate), June 15, 2009).

As residents worked in the area casinos and commuted to outlying areas, the layoffs began. Fortunately, the state government reduced its workforce by 9, plus approximately 230 through attrition. Instead, everyone, including the Governor, took a 6% pay reduction. Finally, in the Spril of 2009 Gannett Newspapers closed the capitol's newspaper, the Carson Times, where 35 people found themselves unemployed. <http://www.lasvegasnow.com/Global/story.asp?S=10153869>(<http://www.lasvegasnow.com/Global/story.asp?S=10153869>, June 10, 2009). The cuts are in addition to the elimination of 61 positions since December, 2008.

An important economic factor in Carson City revolves around snow skiing resorts and associated gambling, which are just trying to make it through the economic downturn without going bust. (<http://www.housingpredictor.com/nevada.html>). In addition, the city itself reports a 27.4 drop in revenues during 2008 (<http://www.carsoncityecondev.com/>, June 10, 2009).

b. DOUGLAS COUNTY:

In addition to the national economics, Douglas County has found itself competing with the Northern California's Indian casinos, leaving the largest and most established casino, The Horizon Hotel and Casino, at Stateline contemplating turning the casino into a condominium complex. It can be summarized by the gaming report in October 2008 stating the Stateline casinos took in 23.28 percent less than the year before (<http://www.tahodailytribune.com/article/20081224/NEWS/812246542/1056&title=%20Douglas,%20Tahoe%20unemployment%20surpasses%208%20percent>, June 10, 2009).

If assistance is not given to this area to "jumpstart" this small community, the logical conclusion is that the existing 405 foreclosed homes and the 661 homes will perhaps remain abandoned; the area will only become more run down. The Housing Division, instead, proposes to assist with DPA for 30 homes within "The Ranchos" to stimulate interest in the community again.

The good news for "The Ranchos" is that the Starbucks Roasting Plant, employing 300; G.E./Bently Nevada, employing 800; and Patmont Motor Company with 200 employees have not had any noticeable layoffs (<http://www.regionaldatacenter.com/RDC/DouglasCounty/busoverview.aspx>, June 10, 2009). If it is assumed that this area has "reached the bottom" with its unemployment gradually decreasing from 11.4% in January 2009 to 10.9% in May 2009 (<http://www.recordcourier.com/apps/pbcs.dll/search>, June 10, 2009).

Furthermore, Douglas County has launched an aggressive campaign to diversify its industry, as reviewed in its 2008 Annual Master Plan Review (<http://www.douglascountynv.gov/sites/main/pdf/MasterPlanAnnualReview.PDF>, June 10, 2009). For example, Alimex Precision in Aluminum Inc. plans to launch a manufacturing operation in Douglas County in the fall of 2009. Initially, the pay will be an average of \$28.90 an hour for 20 employees the company said last week as it applied to the Nevada Commission on Economic Developments for tax abatements for 20 employees. Alimex, a German-based company, manufacturers semi-finished aluminum products for the aircraft industry and other applications. (Northern Nevada Business Weekly, May 2009) As the aircraft industry improves, they anticipate growing along with it.

This Western Nevada area also has the advantage of being next door to California and Douglas County intends to capitalize on its location to further fuel its diversity. "The key to Nevada's success with manufacturing is California, clear and simple. California is one of the top business markets in the country and being located right next door puts us in

line for success. It just does.” So says Ray Bacon, the longtime executive director of the Nevada Manufacturers Association. “The reason companies are here,” he says, “Is because it’s so damn difficult to do business in California. There are the taxes, the environmental regulations and the governmental demands. There are literally dozens of reasons companies don’t want to be in California. But it’s certainly logical to be right next door.” (<http://www.nevadabusinessreport.com/stories/html/2006/07/06/94.php>, June 10, 2009).

Donna Crooks of the Economic Development Authority of Western Nevada agrees that California is, and will continue to be, a factor in Nevada’s success. “We have led the country in manufacturing job growth for the past five years,” Crooks says, citing EDAWN’s recently released Business Builders survey that tracked 67 regional manufacturing companies. “Our tax structure, the fact that we are so business-friendly and our location will most certainly help us continue this trend.” She adds: “Plus we have a great quality of life.”

(<http://www.nevadabusinessreport.com/stories/html/2006/07/06/94.php>, June 10, 2009)

c. NYE COUNTY:

In 2007 the average value of the 7,456 homes in Pahrump was as high as \$290,000. Those same homes are now valued at \$146,877, and there are 1,237 foreclosures and abandoned homes with 631 listed for sale (<http://realestate.aol.com/Pahrump-NV-real-estate>, 2009).

The economic downturn results directly in the loss of jobs in gaming and the halt of the Yucca Mountain Project.

(<http://www.sierrasun.com/article/20090112/NEWS/901129993/-1/rss02>, June 15, 2009)

Also, a recent report from the Nevada State Gaming Control Board shows the Las Vegas area gaming revenues reduced by 19.9% from 2007 to 2009 for the same time period of January through June in their "Gaming Revenue Report Index" ([gaming_revenue_rpt.htm](http://www.sierrasun.com/article/20090112/NEWS/901129993/-1/rss02), 2009) “It’s the economy, the big decline in the stock market and people tightening up on their spending,” said Control Board analyst Frank Streshley. The state is having a difficult time with (tourist) visitation and the amount of money being spent by those who do come.” (<http://www.sierrasun.com/article/20090112/NEWS/901129993/-1/rss02>, May 2009.) Taxes based on the casino wins, a major revenue source for the state, were down 27 percent compared with the same month in 2007 ([gaming_revenue_rpt.htm](http://www.sierrasun.com/article/20090112/NEWS/901129993/-1/rss02), 2009), which of course permeates the entire state's economy.

As gaming revenues dropped and layoffs ensued, the Yucca Mountain Project was closed in January 2008 due to lack of federal funding. Only 15 "caretaking" employees remain of the 2,400 employees who were mostly Pahrump residents. (<http://www.sfgate.com>) and <http://www.pahrumpvalleytimes.com/2008/Feb-01-Fri-2008/news/19444735.html> , June 10, 2009).

On the other hand, a number of positive considerations are on the economic horizon for Pahrump. Nevada Senators Ensign and Reid are exploring legislation that would encourage broader use of the Nevada Test Site (NTS) programs that could create engineering and other technical jobs. The Test Site hosts programs for anti-terrorism training, nuclear weapons maintenance, low-level nuclear waste disposal and an area on Frenchman Flat 75 miles northwest of Las Vegas called the Nonproliferation Test and Evaluation Complex. Federal and commercial agencies use it to research toxics, develop sensors, and train first responders. Formerly known as the Hazmat Spill Center, it is the world's largest complex for field testing releases of toxic chemicals and biological material and has employed as many as 10,000 people. <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2001/10/22/MN57448.DTL>. As a result of this new diversity, the test complex is booked through the end of the fiscal year in September 2009; it currently employs 2,800 workers, most of whom live in Pahrump. It is projected that this employment number could increase as federal monies increase for the expansion of these programs (<http://www.globalsecurity.org/wmd/facility/nts.htm>, June 10, 2009).

Another industry under development in Nye county is Detention Centers. The Corrections Corporation of America, a private corporation which operates 41 company-owned facilities in 19 states and the District of Columbia, is developing a contract with the U.S. Marshal Service to operate the new Nevada Southern Detention Center in Pahrump to be completed in September 2009. The center will employ 250 people from the town, further stabilizing its economy (<http://www.correctionscorp.com/newsroom/news-releases/61/>, June 10, 2009).

In addition, as the local and national economies improve, so will the gaming industry, which will assist with the renewal of this area once again (<http://www.sierrasun.com/article/20090112/NEWS/901129993/-1/rss02>, June 10, 2009).

Furthermore, the Housing Division's plan proposes that \$810,000 be used to acquire, rehabilitate and sell 12 homes; the proceeds will be into a perpetual program to continue buying and selling homes within Pahrump. Further, \$1,200,000 is proposed for DPA for 30 homes. In keeping with the intention of this NOFA, these funds will begin and in turn perpetuate the revitalization of this once thriving town.

d. LYON COUNTY:

As overall the economy of Carson City and Reno/Tahoe industry began to plummet, so did the ability of the bedroom communities to stay in their homes. Unemployment in Lyon County as of May 2009 is 14.7--a slight improvement from the 15.1 rate in January 2009. State government employees chose to take 12% pay cuts, rather than lose their jobs. The decline of general industry and the casino industry in Reno-Sparks has resulted in hundreds of job losses, including those living in these census tracts.

There are 609 homes abandoned or foreclosed in these four census tracts--many more than are being proposed for DPA. If assistance is not given to buyers, these homes will

simply deteriorate because buyers will simply choose others. This DPA along with a small amount of renovation assistance is an incentive to purchase the designated homes that will otherwise continue to devalue neighborhoods, if not purchased. The Housing Division projects that DPA for 10% or 60 homes of the 609 homes available in the real estate inventory within the eligible census tracts will significantly improve these areas and bring additional buyers to these tracts.

There are strong indicators that the region is inching its way up the economic scale. The Regional Transportation Commission's (RTC) motor fuel tax and the \$6.5 million given to Northern Nevada for job training from the U.S. Department of Labor to retrain Northern Nevada workers for new positions. "At least 1,500 people in 13 Northern Nevada counties can be re-trained for future steady employment with federal stimulus money," said Tom Fitzgerald, CEO NevadaWorks ([Reno-Gazette Journal](#), rgj.com, June 23, 2009).

Meanwhile, workers for RTC projects are being hired to do \$80 million in road work this construction season and for years to come. The new and ongoing road construction projects that are planned with the RTC tax provisions should employ about 3,000 construction workers annually, beginning this summer. The projects the tax revenue can leverage should keep that many construction workers on the job for many years. RTC officials said. "It is mathematically correct to say that we will have 3,000 jobs that will go on theoretically forever," said Derek Morse, RTC interim executive director. ([Reno-Gazette Journal](#), rgj.com, June 23, 2009). "They are typically well-paying construction jobs," Morse said. ([Reno-Gazette Journal](#), rgj.com, June 23, 2009).

Factor 2 – Demonstrated Capacity

a. Past Experience of the applicant:

The Nevada Housing Division (NHD) was created by the Nevada Legislature in 1975 when it was recognized that a shortage of safe, decent, and sanitary housing existed throughout the State for persons and families of low and moderate income. The NHD's mission is to assist and encourage private sector and other government entities in the creation and maintenance of affordable housing throughout the State.

NHD is particularly proud of having recently been presented its second ENERGY STAR® Achievement Award for FY08. They earned the same award in FY07. Called the "ENERGY STAR for Homes Leadership in Housing," it was awarded for the Nevada Housing Division's sponsorship of 414 ENERGY STAR® qualified homes during the year. One of the Housing Division's criteria for all its bond and tax credit projects is that the builders of residential units meet the standards for energy efficiency and ENERGY STAR® guidelines.

Not only is NHD forward-thinking with regard to energy, but they are known for their efficiency and timely completion of projects. In addition, it's experience includes the completion of the following programs:

Low Income Weatherization Assistance Program, FY 2008 Program Summary

Description	Department of Energy (DOE)	Fund for Energy Assistance and Conservation (FEAC)
FUNDS AWARDED	\$719,269	\$3,511,649
# OF UNITS WEATHERIZED	1,207	1,204
OWNER OCCUPIED	56%	56%
RENTER OCCUPIED	44%	44%
SINGLE FAMILY	27%	27%
2-4 FAMILY	4%	5%
MOBILE HOME	33%	31%
5+ FAMILY	36%	37%
ELDERLY	48%	55%
DISABLED	41%	43%
FAMILIES WITH CHILDREN UNDER 6	10%	10%
NATIVE AMERICAN	7%	6%
ENERGY ASSISTANCE RECIPIENT	46%	51%
TOTAL NUMBER OF PEOPLE SERVED	2,281	2,350

(<http://www.nvhousing.state.nv.us/pr/fy2008%20report.pdf>, 2008)

First-Time Homebuyer Program:

This program offers low and moderate income first-time home buyers fixed interest rate 30-year loans with additional assistance available for down payment and closing costs. After meeting qualification guidelines and completing a 6 to 8 hour homeowner education course.

The *Emergency Shelter Grant (ESG) Program*: Established in 1989 to:

1. help improve the quality of existing emergency shelters for the homeless;
2. help make available additional emergency shelters;
3. help meet the cost of operating emergency shelters;
4. provide certain essential social services to homeless individuals so these persons have access not only to safe and sanitary shelter, but also to the supportive services and other kinds of assistance they need to improve their situations.
5. To restrict the increase of homelessness through the funding of preventive programs and activities (<http://www.nvhousing.state.nv.us/pr/fy2008%20report.pdf>, 2008)

In 2008 the *Samaritan House*, a beautiful, five-bedroom, two-story Victorian home, was the primary project for this program. It provides temporary housing for homeless families with children on the top floor and single men on the bottom floor. The purchase and rehabilitation of this older structure was made possible through financing provided in part by the NHD's Low-Income Housing Trust Fund. The NHD's Emergency Shelter Grant Program helps support the shelter's on-going operation.

(<http://www.nvhousing.state.nv.us/pr/fy2008%20report.pdf>, 2008).

Account for Low-Income Housing (Trust Fund):

NHD has administered this program for this Trust Fund which is a state-funded program for affordable housing. Funds are allocated by formula to participating jurisdictions for state and local governments to expand and improve the supply of rental housing through new construction and rehabilitation of multi-family projects. Trust Funds may also be used to provide financing for down payment assistance and homeowner rehabilitation of single family residences, and to provide emergency assistance to families who are in danger of becoming homeless. By the end of FY 2008, 260 multi-family homes and 48 multi-family rentals had been provided; \$13,300,000 has been administered. (<http://www.nvhousing.state.nv.us/pr/fy2008%20report.pdf>, 2008).

Down Payment Assistance:

The HOME and Low Income Housing Trust Fund provided funds for 66 DPA's and 58 H/O Rehabs since July 2007. Housing Division provided bond funding for down payment assistance for its first-time home buyer program. While Division staff did not underwrite the loans, as is done by their partner at Countrywide, it did provide the funding. That program provided DPA funding to over 900 clients since June 2008.

Multi-Family Project Bond Financing:

The Housing Division is the designated issuer of tax-exempt housing-revenue bonds in Nevada. Bond financing for affordable housing projects is a method of financing in which tax exempt and taxable mortgage revenue bonds are utilized to fund permanent mortgages for affordable housing projects. In FY2008, 944 multi-family units have been provided through bond financing of \$70,195,000. (<http://www.nvhousing.state.nv.us/pr/fy2008%20report.pdf>, 2008).

Teacher's First Payment Subsidy Program:

Four million dollars (\$4,000,000) to date have been provided for Nevada teachers in appreciation for the importance they play in Nevada communities. (<http://www.nvhousing.state.nv.us/pr/fy2008%20report.pdf>, 2008). Candidates are invited by their school district to qualify. Upon meeting basic qualification guidelines and pre-qualification, the teacher is assisted with below market financing and lower monthly payments with gradual payment increases during the life of the loan.

HOME Investment Partnerships Program:

NHD administers the HOME Investment Partnership Program (HOME), which is a federally funded, large-scale program for affordable housing. Funds are allocated by formula to participating jurisdictions (state and local governments who receive funds to operate HOME). HOME is designed as a partnership among the federal government, state and local governments, and those in the private sector (profit and not-for-profit) who build, own, manage, finance and support low-income housing initiatives. Under this program, 57 units have been secured for citizens of Nevada and \$1,096,473 has been administered. (<http://www.nvhousing.state.nv.us/pr/fy2008%20report.pdf>, 2008).

Low Income Housing Tax Credit Compliance:

The Low Income Housing Tax Credit Program has been the major federal program for

producing affordable rental housing since its creation as part of the Tax Reform Act of 1986. The basic premise is to offer federal tax credits to private investors in return for providing equity for the development of affordable rental housing for citizens aged 55+. For FY2008, Nevada's cap for tax credits totaled nearly \$5,700,000, allowing ten new multi-family projects to be constructed and three previously funded projects to be awarded additional credits for construction completion. (<http://www.nvhousing.state.nv.us/pr/fy2008%20report.pdf>, 2008).

Neighborhood Stabilization Program 1:

The State Housing Division received \$24,287,240.00 under NSP1. This amount was distributed by the State to Washoe, Clark, Nye, Lyon, and Douglas Counties. Activities undertaken under this grant include:

- Grant Administration - Planning, administration and on-going oversight of program activities.
- Purchase and Rehabilitation of foreclosed property for Resale (HERA 2301(c)(3)(B))
- Acquisition and Rehabilitation of housing affordable for households at or below 120% of AMI (24 CFR 570.201(a) and .202)
- Purchase and Rehabilitation of foreclosed property for Rent (HERA 2301(c)(3)(B))
- Acquisition and Rehabilitation of housing affordable for households at or below 50% of AMI (24 CFR 570.201(a) and .202)
- Financing Mechanism (HERA 2301(c)(3)(A))
- Homeownership Assistance for households at or below 120% of AMI (24 CFR 570.201(n))
- NSP Eligible Use: Establish financing mechanisms (HERA 2301(c)(3)(A))
- Eligible Activity: Direct homeownership assistance (24CFR 270.201(n))

(b) Management structure

Funding awarded to NHD under NSP2 will be passed from NHD to Lyon, Nye, Douglas, and Carson City or to their agents for the implementation of the proposed project. An organizational chart describing the names, titles, and roles of staff at Housing Division and representing the implementation process is below:

Program Organizational Chart:

Housing Division		
Name	Title, Organization	Responsibilities
Hilary Lopez, PH.D.	Chief of Federal Programs, Nevada Housing Division	<ul style="list-style-type: none"> - Substantial Amendment and program planning - Liason with HUD on program questions - Planning and administration management - Program design and staffing - Approve DRGR draws
Debbie Parra	HOME Program Manager, Nevada Housing Division	<ul style="list-style-type: none"> - Attend HOME/NSP training offered by HUD - Data Analysis - HUD quarterly and annual reporting - DRGR voucher set up - Monitor sub-recipients
Soni Bigler	Grants Analyst, Nevada Housing Division	<ul style="list-style-type: none"> - Attend HOME/NSP training offered by HUD - Data Collection - Assist with HUD quarterly reports - Verify completeness and accuracy of draw-down requests - Review sub-recipients reports
Marta Alvarez	Accountant Technician	<ul style="list-style-type: none"> - Prepare paperwork for draws to be done in State System
Lon DeWeese	Chief Financial Officer	<ul style="list-style-type: none"> - Approves draws going through the state system

	Accounting Staff or Consultant	- Review Recipient and Sub-recipient audits where applicable - Davis Bacon - Section 3 - OMB Circulars compliance Assist with monitoring sub-recipients
County Offices / Agents		
	Title, Organization	County
Josh Foli	Lyon County Comptroller	Lyon County
Lynn Gondorcin	Real Estate Director, Nevada Rural Housing Authority	Carson City
Tara Foster	Housing Assistant, Rural Nevada Development Corporation	Douglas and Nye Counties

References:

Rural Nevada Development Corporation
 Ferrel Hansen, Executive Director
 1320 East Auitman
 Ely, Nevada 89301
 775 289 8519

Lyon County Comptroller's Office
 Josh Foli, Lyon County Comptroller
 27 S. Main Street
 Yerington, NV 89447
 775 463 6510
 comptroller@lyon-county.org

Factor 3 - Soundness of Approach

a. Proposed Activities:

(1) Overall plan:

The Rural Nevada NSP2 program will address a target geography spanning four rural Nevada counties: Carson City, Douglas, Lyon and Nye County. The program will be administered by the Nevada Housing Division, Department of Business and Industry (NHD). Funds will then be passed through to counties or county agents as indicated in the organizational chart below.

NHD proposes the following activities to generate interest and capacity for individuals and families at 50%, 80%, and 120% of AMI in the target geography. Five primary activities are to be implemented: Acquisition, 24 CFR 570.201(a); Disposition 24 CFR 570.201(n); Home Ownership Assistance, 24 CFR 570.202 (a); Rehabilitation, 24CFR 570.206; General Administration.

NHD is committed to arresting the devastating effects of the housing foreclosure and abandonment in rural areas of the State. In order to do so, it will not only make a firm commitment of funds in the amount of \$321,000, it will coordinate a number of its projects with the NSP2 funds to obtain maximum benefit from the NSP2 program.

(2) Use of funds and firm commitments:

(a.) Funds Budgeted

Below is a summary of funds requested from HUD. The budget request identifies a number of homes by county, which will be targeted during the three years of the NSP2 program. Estimated home costs are based on median home values for each county with the exception of Carson. Nevada Rural Housing Authority (NHRA) estimates from past projects that their target home value for this project is \$200,000. Rehab costs are calculated based on an average cost of 20 % of the home value per project. Through program income, which is expected to cycle back into the program during the second and third years, NHD expects that additional homes will be added to the proposed number of homes purchased, rehabbed, and resold or assisted in DPA listed below.

Acquisition, Rehab, and Resale:

	Qty Homes	Median Home Value	Rehab Cost Per Home	Total AR&R Cost	Responsible Entity
Lyon	5	140,000	28,000	840,000	NHD, Lyon County Comptroller's Office
Nye	27	154,000	30,800	4,989,600	NHD, RNDC
Douglas	9	250,000	50,000	2,700,000	NHD, RNDC
Carson	18	200,000	40,000	4,320,000	NHD, NRHA

TOTAL	59			12,849,600	
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Down Payment Assistance:

	Qty Homes	DPA Per Home	Total DPA Cost	Responsible Entity
Lyon	60	40,000	2,400,000	NHD, Lyon County Comptroller's Office
Nye	63	40,000	2,520,000	NHD, RNDC
Douglas	27	40,000	1,080,000	NHD, RNDC
Carson	27	50,000	1,350,000	NHD, NRHA
TOTAL	177		7,350,000	

(b). Activities:

Acquisition, Rehab, and Resale: These activities will be carried out in Douglas and Nye Counties, and Carson City since the homes in these eligible tracts are relatively new, having been built in the late 90's. Therefore, less rehabilitation will be required, and they will be able to be placed on the market within the first 6 months of the program. Properties acquired in these neighborhoods typically range from \$140,000 to \$200,000. It is anticipated that rehabilitation required in these homes will range from \$28,000 to \$40,000 to be in compliance with local building codes.

This activity will provide funds to acquire foreclosed and abandoned homes for the purpose of rehabilitation and resale to LMMI households. Properties will be acquired through privately negotiated purchases between a recipient representative and sellers (banks holding title to foreclosed properties). All properties acquired will be utilized for the development of affordable housing to benefit LMMI households.

Acquisition funding will be available for purchase of single family residential units; town homes and condominiums may be purchased on a case-by-case basis, considering issues such as planned disposition of property and homeowner's association dues.

Purchase Price Limit will be set by the recipients. NHD will ensure that the overall program will have a cumulative 1% discount. Price for acquisition, which will be negotiated by the recipients, will take into consideration the carrying cost of the property and cost of repairs to ensure the maximum reasonable discount.

NHD will assist recipients to the best of their ability in working with realtors, staff from the assessor's office and any other entity that may be able to help in providing a list of properties eligible for the program.

Identification will be completed by recipients and sub-recipients of NSP Funds in the areas identified in the Substantial Amendment. Criteria will be developed by the recipients and sub-recipients.

The recipients may contract with real estate professionals to assist in identifying potential units for acquisition of their choice.

NHD will monitor recipients to ensure that the inspections of properties proposed for acquisition under this program are completed.

Appraisals will be monitored by NHD to ensure that the appraisal was completed by a HUD certified appraiser. Appraisals must conform with the appraisal requirements of URA at 49 CFR 24.103. An additional appraisal may be ordered after rehabilitation is complete by the first mortgage lender in accordance with standard underwriting guidelines.

All properties to be purchased, rehabilitated and sold will be subject to an environmental review in accordance with 24 CFR part 58 prior to a request of release of funds from HUD. Activities that are categorically excluded and convert to exempt, per Section 58.34 (a)(12), because they do not require any mitigation will contain the HUD approved checklist in each file. No funds will be drawn until all environmental activities have been concluded and cleared.

Down Payment Assistance: (24 CFR 570.201(n) This program (to conclude NSP eligible use and CDBG eligible activities) will assist qualified households to purchase and to provide rehabilitation, if necessary, to homes currently owned by banks as the result of foreclosure. The neighborhoods identified in Lyon County are areas significantly impacted by the incidence of foreclosures.

Counties or their agents will identify and acquire foreclosed and/or abandoned properties within their service territory. Rehabilitation and energy conservation measures will be performed as needed. They will also provide Down Payment Assistance to qualified homebuyers and refer them to a HUD approved 8-hour homebuyer counseling program.

The Financing Mechanism (HERA 2301(c)(3)(A) will be put in place.

(c) Firmly Committed Funds:

Three hundred thousand dollars (\$300,000) will be committed from the State's Low Income Housing Trust Fund. Each year, the NHD allocates approximately \$300,000 to rural areas from the State's Low Income Housing Trust Fund. It is anticipated that the majority of these funds will be targeted towards NSP2 communities for additional down payment assistance funds. Approximately 10% of the State's HOME allocation, totaling approximately \$300,000, will also be targeted to rural areas to support NSP2 and affordable housing activities.

An additional \$21,000 of in-kind NHD staff time will be allocated for the project. This number is based on 8 hours of outreach per month and 8 hours other staff time per month, or an estimated \$7,000 per year over the course of three years. Staff will conduct outreach and presentations. NHD leadership will contribute time for program set up and operation.

Other Funds:

The NHD also operates a statewide single-family mortgage program with an associated down-payment assistance program. Households purchasing foreclosed and abandoned properties within the targeted NSP2 rural areas qualify for these funds and an effort will be made to increase marketing and outreach of this program within the target communities. Further, households utilizing the single-family mortgage program can access up to an additional \$10,000 in down payment assistance (DPA). The NHD is allowing this DPA to be paired with NSP2 DPA to further subsidize and make affordable foreclosed and abandoned properties purchased by NSP2 qualified households. In fiscal year 2008, the NHD DPA assisted over 500 households to purchase homes.

Finally, the NHD will continue to include provisions in its Qualified Allocation Plan that enable staff to award up to a 30 percent basis boost for affordable housing developments located within NSP targeted communities. This will incent developers to locate additional affordable housing in the targeted rural census tracts thereby driving further economic development in those areas.

(d) *Demolition:* This project proposes no demolition.

b. Project completion schedule. (5 points)

Project Completion Schedule

YEAR ONE	Acquisition, rehab and resale	Down payment assistance
Lyon	2	20
Nye	9	21
Douglas	3	9
Carson	18	0
TOTAL	32	50

YEAR TWO	Acquisition, rehab and resale	Down payment assistance
Lyon	2	20
Nye	9	21
Douglas	3	9
Carson	0	27

TOTAL	14	77
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YEAR THREE	Acquisition, rehab and resale	Down payment assistance
Lyon	1	20
Nye	9	21
Douglas	3	9
Carson	0	27
TOTAL	13	77

Milestone Log

YEAR ONE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Funds to counties & partners												
DPA / AR&R begins												
Review county & partner progress												
Quarterly Audits												

YEAR TWO	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Meet with partners												
Review county & partner progress												
Quarterly Audits												

YEAR THREE	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Meet with partners												
Review county & partner progress												
Quarterly Audits												

c. Income Targeting for 120 Percent and 50 Percent of Median Income

NSP2 funds will provide benefit to persons whose income does not exceed 120 percent of area median income. Twenty-five percent of each grant will be used for the purchase—

through DPA or acquisition, rehab, and resale or rental—to house individuals or families whose income does not exceed 50 percent of area median income.

Vacant and foreclosed homes will be targeted that will be affordable to these income brackets. Homes within the range of \$123,000 to \$150,000 will be targeted when possible.

The affordability factor for single-family housing in the four (4) rural Nevada counties show that in Nye County a worker (at 40-hours per week) would need to make \$34,896 (Source: National Association of Realtors, 2009). This would be \$40,000 to 47,000 in Lyon County; \$51,000 in Carson City and Douglas Counties. (Source: National Association of Realtors and RealtyTrac.com).

d. Continued Affordability

NHD will ensure, to the maximum extent practicable and for the longest feasible term, that all NSP2-assisted properties will remain affordable to persons whose income does not exceed 120 % of AMI through the purchase and rehab of foreclosed homes. The foreclosure purchase prices range from the \$124,000 in Nye to the high of \$185,958 in both Carson City and Douglas counties. The Downpayment Assistance Program (DPA) will also be utilized.

The purchase, rehab and rent program will apply to the persons whose income does not exceed 50% of AMI.

(e). Consultation, Outreach, Communication

All county offices with reliable census tracts in the proposed target geography were contacted and asked if they would like to participate in the NHD grant. All four county offices expressed interest in applying through NHD. If direct, county agents were also contacted and informed about the NSP2 application. They were incorporated into the development of the NSP2 plan and budgets.

Throughout the duration of the NSP2 project, county offices will be given quarterly updates on the progress of the programs.

Articles will be published in NHD's newsletter available online. Furthermore, the NHD website will be used to keep all interested parties informed about updates to the project.

f. Performance and Monitoring:

Housing Division will follow the same successful monitoring plan proposed under its NSP1 program:

(1). Project Information

The state will request the recipients and sub-recipients to submit a set-up form to the State of Nevada to ensure that the properties selected are NSP eligible.

(2). Quarterly Monitoring

Once a quarter, the Division will do on-site visits to ensure all necessary documents are in each recipient's file(s). As part of this monitoring, the Division will ensure that each recipient is actively monitoring its sub-recipients and will review monitoring reports to determine appropriateness of activities and eligibility of reimbursements. Monitoring will begin in July, 2009 in accordance with NSP requirements.

(3). Data Base

The Division will keep a data base on properties assisted, ensuring that the program meets the minimum 15% discount on properties acquired, that 25% of the NSP funds are used for families at or below 50% of median income and that the remaining funds are used for families at or below 120% of median income.

(4). Drawdown of funds

After receipt of a request for funds, the State will execute the draw within seven working days of the request. Funds will be sent directly to the recipient or to the title company. The Division has identified one staff member responsible for creating draw requests in the DRGR system and another staff person responsible for approving draw requests. This provides a checks and balance system for drawing NSP monies.

Planning and Administrative Expenses 24CFR 570.205 and 24CFR 570.206

(1). Summary of Activity:

This activity will provide a means for the administration of all program strategies. The total amount expended for administration will not exceed 10% of the NSP allocation and 10% of program income earned and may be used for planning activities and general program administration.

(2). Planning and Administrative expenses:

Planning and Administrative expenses include but are not limited to:

- Program Planning and Environmental Expenses
- Oversight and management to ensure compliance with Federal regulations
- Legal department oversight and management of real-estate transactions
- General management, oversight and coordination
- Citizen participation compliance
- Program evaluation and monitoring
- Fair housing compliance

(3). Program Income:

All program income received under this program will be tracked and will be used to carry out eligible activities under the NSP program.

(4). Reporting Requirements:

All activities carried out with NSP funds will be reported on the Disaster Recovery Grant Reporting Program (DRGR). Staff will update information on all projects and activities as they occur, but at least on a quarterly basis, to accurately reflect program expenditures.

Data will reflect actual performance for demolition and production, expenditures and unliquidated obligations for approved activities. The Division will require NSP reporting requirements and will monitor the recipients on a quarterly basis to ensure that all reporting needs are met.

NHD Staffing:

- (1) Chief of Federal Programs-Hilary Lopez, PH.D.
 - Substantial Amendment and program planning
 - Be the liason with HUD on program questions
 - Planning and administration management
 - Program design and staffing
 - Approve DRGR draws
- (2) HOME Program Manager-Debbie Parra
 - Attend HOME/NSP training offered by HUD
 - Data Analysis
 - HUD quarterly and annual reporting
 - DRGR voucher set up
 - Monitor sub-recipients
- (3) Grants Analyst-Soni Bigler
 - Attend HOME/NSP training offered by HUD
 - Data Collection
 - Assist with HUD quarterly reports
 - Verify completeness and accuracy of draw down requests
 - Review sub-recipients reports
- (4) Marta Alvarez-Accountant Technician
 - Prepare paperwork for draws to be done in State System
- (5) Lon DeWeese-Chief Financial Officer
 - Approves draws going through the state system
- (6) Accounting Staff or Consultant
 - Review Recipient and Sub-recipient audits where applicable
 - Davis Bacon
 - Section 3
 - OMB Circulars compliance
 - Assist with monitoring sub-recipients

Factor 4 - Leveraging, Integration, Removal of Negative Effects

(a) Leveraging

Leveraging = .0159

\$300,000 will be committed from the State's Low Income Housing Trust Fund. Each year the NHD allocates approximately \$300,000 to rural areas from the State's Low Income Housing Trust Fund. It is anticipated that the majority of these funds will be targeted towards NSP2 communities for additional down payment assistance funds. Approximately 10% of the State's HOME allocation, totaling approximately \$300,000, will also be targeted to rural areas to support NSP2 and affordable housing activities.

An additional \$21,000 of in-kind NHD staff time will be allocated for the project. This number is based on 8 hours of outreach per month and 8 hours other staff time per month, or an estimated \$7,000 per year over the course of three years. Staff will conduct outreach and presentations and leadership will contribute time for program set up and operation.

(b) Removal of Negative Effects: Score = .037

Factor 5 - Energy efficiency

a. Transit accessibility.

Because this program's mission is to stabilize the rurals of Nevada, transit accessibility is not a consideration; they have no transit systems in place.

b. Energy Efficient Measures.

Environmental awareness and the reduction of greenhouse gas emission has long been an important point of concentration for the NHD. Since 2006 energy efficiency has been built into all of their programs. Hence, they have received the Energy Star award for 2007 and 2008, presented by the U.S. Department of Energy. The Weatherization Assistance Program (WAP) is referred to whenever weatherization initiatives are proposed within the state; this model will, of course, be implimented in NSP2.

The program's mission is to reduce energy usage for households. The NSP funds will compliment funding which is in place for the WAP from the Fund for Energy Assistance and Consvration in Nevada. Additional funding comes from the U.S. Department of Energy, Low-Income Home Energy Assistance Program and the Housing Division's Low-Income Housing Trust Fund. "By tackling the problem from multiple angles, we're able to make a significant difference in the energy efficiency of our residents' homes," said Charles Horsey, Director of the Housing Division.

This well established program will provide an energy audit for all homes performed by contractors who are approved energy specialists before acquisition and pre-rehabilitation using REM/Rate or an equivalent software. The audit is an in-depth analysis of a home's energy efficiency, identifying where air leaks may be occuring or which appliances are not

operating at optimal efficiency. Depending on the audit's findings, the NHD will require installation of insulation, weather-stripping, replacement of windows and doors, or caulking to increase the energy efficiency of the home or require replacement of certain appliances with more efficient, Star Energy rated units. A post-rehabilitation audit will also be performed to insure energy performance equal to or greater than the EPA Energy Star Home program.

As a follow-up, the NHD will incorporate energy efficiency into the home-owner education course (6-8 hours) which all new home owners in this program will be required to complete. The following areas will be included in the course:

- Monitoring and maintaining appliances such as the filter in heating systems for the lowest possible energy use;
- Placement of furniture to make sure heater vents aren't blocking proper circulation;
- Adjustment of thermostat to slightly lower temperatures at certain times of the day and night (programmable thermostats are required in all NRD homes);
- Passive solar and sustainable landscaping and efficient yard irrigation;
- Green activities such as recycling, gardening and use of healthy cleaning materials.

c. Re-use of cleared sites. N/A

d. Deconstruction. N/A

e. Green practices, where applicable, will be implemented, including the following:

(1) Photovoltaic-ready. Site, design and engineer wiring to accommodate installation of photovoltaic panels in the future.

(2) Sustainable landscaping: Zeroscaping, proven to be compatible with Nevada climate, will be installed and/or required of homeowners.

(3) Durable materials: Stone, brick or concrete will be used whenever possible to insure durability.

(4) Resource efficient materials: Frugal use of home building materials will be required, and materials that can be recycled from renovations will be required of contractors.

(5) Heat Absorbing Materials. Materials that retain solar heat in winter and remain cool in summer will be required.

(6) Solar-reflective Paving. When paving is installed or replaced, it will be done so with high-albedo materials and/or open-grid pavement with a minimum Solar Reflective index of 0.6.

(7) Local Source Materials. All materials will be purchased from local sources close to the job site, to save on energy, and to further assist the community's economy.

(8) Green Roofing. Energy Star-compliant and high-emissive roofing will be used when roof replacement is required.

(9) Green Label Certified Floor Covering. Where ever flooring replacement is required, hard flooring will be used; carpeting with the Carpet and Rug Institute's Green Label certified carpet and pad will be required.

(10) Healthy Flooring Materials: Alternatives. Non-vinyl floor coverings will be used where ever flooring is replaced during renovations.

(11) Healthy Flooring Materials: Reducing Dust. High efficiency particulate air filtration systems will be required in all homes.

(12) Sealing Joints. All walls, floor and joint penetrations will be sealed; corrosion proof screens will be used for large openings for pest control.

(13) Tub and Shower Enclosures. One-piece fiberglass or similar enclosures will be used when replacement is required.

(14) Green Maintenance Guide. A guide book for homeowners and renters explaining the intent, benefits, and use and maintenance of green building features and encouraging recycling, gardening, and use of healthy cleaning materials will be provided.

(15) Resident Orientation. Orientation for all new home owners will be provided.

Factor 6: Neighborhood Transformation and Economic Opportunity.

(1) The NHD certifies that the activities proposed in NSP2 will be consistent with the respective regional, county, and city master plans. In virtually all four county Master Plans, there is a commitment to affordable housing for their citizens. Carson City has an entire Appendix "B" titled the "Carson City Affordable Housing Plan" which in many ways summarizes the other three counties:

“H.6 Promote local, state and federal programs to encourage rehabilitation of existing housing stock and preservation of neighborhoods to ensure continued availability of affordable housing units.

“H.7. Enforce appropriate standards for safe and decent affordable housing in Carson City.

“H.8. Encourage and support efforts to create more affordable housing on a regional basis. Reassess regulatory policies to ensure that they allow for the development of more affordable rental and homeowner housing.

“H.9 Encourage placement of higher density residential development in proximity to major arterials and principal transportation corridors as well as areas that are near employment and service centers.

“H.10 Ensure economical and efficient processing of development applications and building permits to minimize housing development costs and the provide opportunities for workforce and affordable housing development.” www.carson-city.nv.us/Index.aspx?page=688

Lyon County emphasizes in its plan affordable housing along with preserving the existing agriculture areas. Therefore, rehabilitation of the existing “town” neighborhoods will assist them with this stated goal ([www.lyoncounty.org/LYON COUNTY COMPREHENSIVE PLAN.pdf](http://www.lyoncounty.org/LYON_COUNTY_COMPREHENSIVE_PLAN.pdf), 2008).

Douglas County, in its 2008 Updated Master Plan committed to new energy efficiency programs, as did Nye County in southern rural Nevada. NSP2 is also committed to

implementing energy efficient upgrades and promoting “green” life styles within the counties.

(2) These targeted census areas are blighted and rundown. As they exist today, they are not contributing to the overall regional plans of which they are a part. Renovating these homes and placing qualifying families in them will only enhance the plans.

The websites containing each region's master plan, as per the NSP2 NOFA, are as follows:

1. Douglas County:
[www.douglascountynv.gov/sites/Main/Master Plan Annual Review.cfm](http://www.douglascountynv.gov/sites/Main/Master_Plan_Annual_Review.cfm)
2. Lyon County: [www.lyoncounty.org/LYON COUNTY COMPREHENSIVE PLAN.pdf](http://www.lyoncounty.org/LYON_COUNTY_COMPREHENSIVE_PLAN.pdf)
3. Nye County: www.nyecounty.net/index.aspx?NID=525
4. Carson City: www.carson-city.nv.us/Index.aspx?page=688

APPENDICES

Definitions

(1) “*Blighted Structure*” is defined based on Title 18, Chapter 231, in Nevada Revised Statutes that defines a blighted urban area. Combining this definition with the definition of “structure” provides the definition of blighted structure.

A blighted structure is a structure that is used or intended to be used for residential, commercial, industrial or other purposes, or any combination thereof, which is unfit or unsafe for those purposes and is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency or crime because of one or more of the following factors:

- o Defective design and character of physical construction;
- o Faulty arrangement of the interior and spacing of buildings;
- o Overcrowding;
- o Inadequate provision for ventilation, light, sanitation, open spaces and recreational facilities;

- o Age, obsolescence, deterioration, dilapidation, mixed character or shifting of uses.

(2) “*Affordable Rents*” The local definitions for non-entitlement communities are included below. Definitions of “affordable rents” for entitlement communities are included in their Substantial Amendments.

Gross rental rates for affordable rental housing shall not exceed 30% of the adjusted

household income for households earning up to 120% of the area median income within which the housing is located as adjusted for family size. At this time, the HOME program rents as published by HUD and adjusted from time to time will be used. More restrictive local definitions of “affordable rents” may be used with State approval.

Gross rents shall include contract rent and utilities. If the tenant pays utilities, a utility allowance must be subtracted from the maximum allowable rent to determine the maximum contract amount.

“Continued affordability” shall be in accordance with the HOME program standards at 24 CFR 92.252 (a), (c), (e), and (f) for rental properties and 24 CFR 92.254 for homeownership housing.

In addition, to secure these periods of continued affordability the State will require each sub-grantee, direct sub-recipient, and homebuyer to execute a contract that identifies the period of continued affordability for the specific project and incorporates resale or recapture provisions should the government entity, organization, or individual transfer title of the property before the expiration of the continued affordability period.

For all properties acquired with NSP2 funds, the State will require the recordation of a Deed of Trust that outlines the above terms.

(3) A description of your housing rehabilitation standards *this will need to be reviewed to ensure alignment with requirements of NSP2.

Housing acquired and rehabilitated with NSP funds will be required to meet local building code standards for the jurisdiction within which it is located. In addition, each home will be evaluated for opportunities to improve the energy efficiency of the unit balancing costs of such activities with the benefit to the homeowner.

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