

SENATE BILL NO. 28—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE CITY OF LAS VEGAS)

PREFILED NOVEMBER 13, 2024

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to municipalities. (BDR 22-411)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact. Effect on the State: Yes.

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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 municipalities; revising requirements relating to a reduction or subsidization of certain fees for a project for affordable housing; establishing requirements for a tax increment area for certain projects relating to transportation or affordable housing; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law requires the governing body of certain cities and counties to adopt
2 at least 6 of 12 specified measures in implementing a plan for maintaining and
3 developing affordable housing, which may include a measure to reduce or subsidize
4 impact fees, fees for the issuance of building permits and fees imposed for the
5 purpose for which an enterprise fund was created to assist in maintaining or
6 developing a project for affordable housing. The use of this measure is subject to
7 certain requirements, including that, when the incomes of all residents of the
8 project are averaged, the housing would be affordable on average for a family with
9 a total gross income that does not exceed 60 percent of the median gross income for
10 the county based upon certain estimates of the most current median gross family
11 income for the county. (NRS 278.235) **Section 1** of this bill increases this threshold
12 from 60 percent to 120 percent.

13 Existing law authorizes the governing body of a municipality to designate a tax
14 increment area for the purpose of creating a special account for the payment of
15 bonds or other securities to defray the cost of certain undertakings, which is defined
16 to include various projects based on the mechanism used to create the tax increment
17 area, including a drainage and flood control project, an overpass project, a sewerage
18 project, a street project, an underpass project, a water project, a natural resources
19 project or a rail project. The designation of a tax increment area provides for the
20 allocation of a portion of the taxes levied upon taxable property in the tax



21 increment area each year to pay the bond requirements of loans, money advanced to
22 or indebtedness incurred by the municipality to finance or refinance the
23 undertaking. (NRS 278C.140, 278C.150, 278C.250) **Section 13** of this bill revises
24 the definition of undertaking to include: (1) an affordable housing project; (2) a
25 fixed guideway project; (3) a high-capacity transit project; (4) a multi-family
26 housing project; (5) a transit-oriented development; and (6) a transportation project.
27 **Sections 3-11** of this bill define these projects and certain terms relating to these
28 projects.

29 **Section 12** of this bill establishes requirements for a governing body of a
30 municipality to order one of these undertakings, including that the tax increment
31 area be located: (1) in an area designated for transit-oriented development or
32 another land use specified in the master plan adopted by the governing body; and
33 (2) not more than one-half mile from certain structures for a fixed guideway or
34 high-capacity transit project. **Section 12** also requires the governing body to ensure
35 that the area chosen for the tax increment area meets certain other requirements.
36 **Section 12** further requires that if a governing body adopts an ordinance
37 designating the tax increment area and ordering one of these undertakings: (1) the
38 ordinance may include additional requirements for the tax increment area and
39 undertaking; and (2) the governing body must file an exhibit with the ordinance that
40 addresses the determination of the governing body that the area chosen for the tax
41 increment area meets these requirements.

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

1 **Section 1.** NRS 278.235 is hereby amended to read as follows:
2 278.235 1. If the governing body of a city or county is
3 required to include the housing element in its master plan pursuant
4 to NRS 278.150, the governing body, in carrying out the plan for
5 maintaining and developing affordable housing to meet the housing
6 needs of the community, which is required to be included in the
7 housing element pursuant to subparagraph (8) of paragraph (c) of
8 subsection 1 of NRS 278.160, shall adopt at least six of the
9 following measures:

10 (a) Reducing or subsidizing in whole or in part impact fees, fees
11 for the issuance of building permits collected pursuant to NRS
12 278.580 and fees imposed for the purpose for which an enterprise
13 fund was created.

14 (b) Selling land owned by the city or county, as applicable, to
15 developers exclusively for the development of affordable housing at
16 not more than 10 percent of the appraised value of the land, and
17 requiring that any such savings, subsidy or reduction in price be
18 passed on to the purchaser of housing in such a development.
19 Nothing in this paragraph authorizes a city or county to obtain land
20 pursuant to the power of eminent domain for the purposes set forth
21 in this paragraph.

22 (c) Donating land owned by the city or county to a nonprofit
23 organization to be used for affordable housing.



1 (d) Leasing land by the city or county to be used for affordable
2 housing.

3 (e) Requesting to purchase land owned by the Federal
4 Government at a discounted price for the creation of affordable
5 housing pursuant to the provisions of section 7(b) of the Southern
6 Nevada Public Land Management Act of 1998, Public Law
7 105-263.

8 (f) Establishing a trust fund for affordable housing that must be
9 used for the acquisition, construction or rehabilitation of affordable
10 housing.

11 (g) Establishing a process that expedites the approval of plans
12 and specifications relating to maintaining and developing affordable
13 housing.

14 (h) Providing money, support or density bonuses for affordable
15 housing developments that are financed, wholly or in part, with low-
16 income housing tax credits, private activity bonds or money from a
17 governmental entity for affordable housing, including, without
18 limitation, money received pursuant to 12 U.S.C. § 1701q and 42
19 U.S.C. § 8013.

20 (i) Providing financial incentives or density bonuses to promote
21 appropriate transit-oriented or multi-story housing developments
22 that would include an affordable housing component.

23 (j) Offering density bonuses or other incentives to encourage the
24 development of affordable housing.

25 (k) Providing direct financial assistance to qualified applicants
26 for the purchase or rental of affordable housing.

27 (l) Providing money for supportive services necessary to enable
28 persons with supportive housing needs to reside in affordable
29 housing in accordance with a need for supportive housing identified
30 in the 5-year consolidated plan adopted by the United States
31 Department of Housing and Urban Development for the city or
32 county pursuant to 42 U.S.C. § 12705 and described in 24 C.F.R.
33 Part 91.

34 2. A governing body may reduce or subsidize impact fees, fees
35 for the issuance of building permits or fees imposed for the purpose
36 for which an enterprise fund was created to assist in maintaining or
37 developing a project for affordable housing, pursuant to paragraph
38 (a) of subsection 1, only if:

39 (a) When the incomes of all the residents of the project for
40 affordable housing are averaged, the housing would be affordable
41 on average for a family with a total gross income that does not
42 exceed ~~60~~ 120 percent of the median gross income for the county
43 concerned based upon the estimates of the United States Department
44 of Housing and Urban Development of the most current median
45 gross family income for the county.



1 (b) The governing body has adopted an ordinance that
2 establishes the criteria that a project for affordable housing must
3 satisfy to receive assistance in maintaining or developing the project
4 for affordable housing. Such criteria must be designed to put into
5 effect all relevant elements of the master plan adopted by the
6 governing body pursuant to NRS 278.150.

7 (c) The project for affordable housing satisfies the criteria set
8 forth in the ordinance adopted pursuant to paragraph (b).

9 (d) The governing body makes a determination that reducing or
10 subsidizing such fees will not impair adversely the ability of the
11 governing body to pay, when due, all interest and principal on any
12 outstanding bonds or any other obligations for which revenue from
13 such fees was pledged.

14 (e) The governing body holds a public hearing concerning the
15 effect of the reduction or subsidization of such fees on the economic
16 viability of the general fund of the city or county, as applicable, and,
17 if applicable, the economic viability of any affected enterprise fund.

18 3. On or before July 15 of each year, the governing body shall
19 submit to the Housing Division of the Department of Business and
20 Industry a report, in the form prescribed by the Housing Division, of
21 how the measures adopted pursuant to subsection 1 assisted the city
22 or county in maintaining and developing affordable housing to meet
23 the needs of the community for the preceding year. The report must
24 include an analysis of the need for affordable housing within the city
25 or county that exists at the end of the reporting period. The
26 governing body shall cooperate with the Housing Division to ensure
27 that the information contained in the report is appropriate for
28 inclusion in, and can be effectively incorporated into, the statewide
29 low-income housing database created pursuant to NRS 319.143.

30 4. On or before August 15 of each year, the Housing Division
31 shall compile the reports submitted pursuant to subsection 3 and
32 post the compilation on the Internet website of the Housing
33 Division.

34 **Sec. 2.** Chapter 278C of NRS is hereby amended by adding
35 thereto the provisions set forth as sections 3 to 12, inclusive, of this
36 act.

37 **Sec. 3.** *“Affordable housing” has the meaning ascribed to it*
38 *in NRS 278.0105.*

39 **Sec. 4.** *“Affordable housing project” means any land,*
40 *building or other improvement and all real and personal*
41 *properties necessary in connection therewith, whether or not in*
42 *existence, suitable for affordable housing.*

43 **Sec. 5.** *“Fixed guideway” has the meaning ascribed to it in*
44 *NRS 277A.080.*



1 **Sec. 6.** *“Fixed guideway project” means any project to*
2 *design, build, equip, improve or operate and maintain a fixed*
3 *guideway or any portion of a fixed guideway and all*
4 *appurtenances and incidentals related thereto. For the purposes of*
5 *this section, “project” has the meaning ascribed to it in*
6 *NRS 277A.100.*

7 **Sec. 7.** *“High-capacity transit” has the meaning ascribed to*
8 *it in NRS 277A.400.*

9 **Sec. 8.** *“High-capacity transit project” means any project to*
10 *design, build, equip, improve or operate and maintain high-*
11 *capacity transit or any portion of high-capacity transit and all*
12 *appurtenances and incidentals related thereto. For the purposes of*
13 *this section, “project” has the meaning ascribed to it in*
14 *NRS 277A.100.*

15 **Sec. 9.** *“Multi-family housing project” means any land,*
16 *building or other improvement and all real and personal*
17 *properties necessary in connection therewith, whether or not in*
18 *existence, suitable for a land use or zone that contains a*
19 *residential building containing five or more individual dwelling*
20 *units.*

21 **Sec. 10.** *“Transit-oriented development” means a land use or*
22 *zone that includes a mix of integrated residential or commercial*
23 *use types located in proximity to a fixed guideway or high-capacity*
24 *transit.*

25 **Sec. 11.** *“Transportation project” means any facilities for a*
26 *municipal system of public transportation, including, without*
27 *limitation, facilities for a fixed guideway, facilities for high-*
28 *capacity transit, a passenger terminal, a parking facility and such*
29 *other buildings, structures, improvements, furnishings and*
30 *equipment related thereto.*

31 **Sec. 12.** 1. *A tax increment area comprising a specially*
32 *benefited zone designated pursuant to NRS 278C.150 that is*
33 *ordered for an undertaking described in subsection 5 of NRS*
34 *278C.140, must be located:*

35 *(a) In an area designated for transit-oriented development or*
36 *other land use specified in the land use element of the master plan*
37 *adopted by the governing body pursuant to NRS 278.150; and*

38 *(b) Not more than one-half mile from a planned or constructed*
39 *station, terminal or parking facility for a fixed guideway or high-*
40 *capacity transit project.*

41 2. *In addition to the requirements of subsection 1, if a*
42 *governing body of a municipality orders an undertaking described*
43 *in subsection 5 of NRS 278C.140, the governing body must ensure*
44 *that the area chosen for the tax increment area comprising the*
45 *specially benefited zone:*



1 (a) *Addresses all relevant elements of the master plan adopted*
2 *by the governing body pursuant to NRS 278.150;*

3 (b) *Encourages transit-oriented development, redevelopment*
4 *and infill development and multi-family or affordable housing*
5 *projects;*

6 (c) *Encourages collaboration between the municipality, other*
7 *municipalities and public agencies of this State;*

8 (d) *Promotes the growth and use of public transportation; and*

9 (e) *Increases access to employment or educational*
10 *opportunities, or both.*

11 3. *If the governing body adopts an ordinance pursuant to*
12 *NRS 278C.220 to create the tax increment area and tax increment*
13 *account pertaining thereto for an undertaking described in*
14 *subsection 5 of NRS 278C.140:*

15 (a) *The ordinance may, if necessary, prescribe additional or*
16 *conforming policies, regulations, restrictions or requirements*
17 *relating to the tax increment area and undertaking, including,*
18 *without limitation, any zoning regulations adopted pursuant to*
19 *NRS 278.250; and*

20 (b) *The governing body shall file with the ordinance an exhibit*
21 *that addresses the determination of the governing body that the*
22 *location of the tax increment area meets the requirements of*
23 *subsections 1 and 2.*

24 **Sec. 13.** NRS 278C.140 is hereby amended to read as follows:

25 278C.140 "Undertaking" means any enterprise to acquire,
26 improve or equip, or any combination thereof:

27 1. In the case of counties:

28 (a) A drainage and flood control project, as defined in
29 NRS 244A.027;

30 (b) An overpass project, as defined in NRS 244A.037;

31 (c) A sewerage project, as defined in NRS 244A.0505;

32 (d) A street project, as defined in NRS 244A.053;

33 (e) An underpass project, as defined in NRS 244A.055; or

34 (f) A water project, as defined in NRS 244A.056.

35 2. In the case of cities:

36 (a) A drainage project or flood control project, as defined in
37 NRS 268.682;

38 (b) An overpass project, as defined in NRS 268.700;

39 (c) A sewerage project, as defined in NRS 268.714;

40 (d) A street project, as defined in NRS 268.722;

41 (e) An underpass project, as defined in NRS 268.726; or

42 (f) A water project, as defined in NRS 268.728.

43 3. In the case of a city with respect to any tax increment area
44 created pursuant to a cooperative agreement between the city and



1 the Nevada System of Higher Education pursuant to NRS 278C.155,
2 in addition to the projects described in subsection 2:

3 (a) A project for any other infrastructure necessary or desirable
4 for the principal campus of the Nevada State University that is
5 approved by the Board of Regents of the University of Nevada; or

6 (b) An educational facility or other capital project for the
7 principal campus of the Nevada State University that is owned by
8 the Nevada System of Higher Education and approved by the Board
9 of Regents of the University of Nevada.

10 4. In the case of a county or city with respect to any tax
11 increment area created by an ordinance adopted pursuant to NRS
12 278C.157, in addition to the projects described in subsections 1 and
13 2:

14 (a) A natural resources project; or

15 (b) A rail project.

16 5. *In the case of a county or city with respect to any tax*
17 *increment area created in accordance with the requirements set*
18 *forth in section 12 of this act, in addition to the projects described*
19 *in subsections 1 and 2:*

20 (a) *An affordable housing project;*

21 (b) *A fixed guideway project;*

22 (c) *A high-capacity transit project;*

23 (d) *A multi-family housing project;*

24 (e) *A transit-oriented development; or*

25 (f) *A transportation project.*

26 **Sec. 14.** This act becomes effective on July 1, 2025.



