

Rent-Restricted Housing Projects Valuation Committee
Tax Commissioners Hearing Room-2nd Floor-Nebraska State Office Building
301 Centennial Mall South, Lincoln, NE

The November 8, 2018, meeting called to order at 10:03 a.m. by chair Jim Koch.

Committee members present included Jim Koch, Chair, and Lori Johnson. Members attending by telephone were Patricia Sandberg and John Wiechmann.

Others present included Blake Simpson and David Levy. Those attending by telephone included Bryan Hill, Barb Oswald, Andrew Lines and Dr. Steve Schultz, Professor from the University of Nebraska, Omaha.

Jim Koch read the open meetings law provisions and reported that they were also available in the room.

Jim asked for public comments from others in attendance, Mr. Levy reserved his comments until later in the meeting.

The minutes of the last meeting of October 23, 2018 were read. Correction was made in reference to Rob Woodling name. The motion was made by Patricia Sandberg to approve the minutes as corrected and Lori Johnson seconded the motion. All members were in favor of the motion.

Discussion was held concerning the income and expense information received for 2018. The question is does the data support 80%/20% capital stack. Discussion of the information among the committee members concluded that the capital stack does not support an 80%/20% breakdown.

The members of the committee broke down information into the following groupings. During the discussion, it was determined that Hall/Buffalo County did not differ enough from the rest of the state and would be included with the rate for the rest of the state.

Douglas/Sarpy Counties is 50%/50%

Lancaster County is 70%/30%

Rest of the State is 65%/35%

John Wiechmann made a motion to adopt the three breakdowns for the capital stack by the defined geographic locations. Lori Johnson seconded the motion, motion carried.

Comment made by Dr. Steve Schultz from the University of Nebraska, Omaha was to consider the age of the different projects, but the statute does not allow for that at this time.

The second point was to discuss the mortgage rate. Each year the mortgage rate is looked at and this year the determination was to look at the rates for the three locations.

Douglas/Sarpy is 7.5%

Lancaster is 7.6%

Rest of the State is 8.2%

Lori Johnson made the motion to adopt these mortgage rates and John Wiechmann seconded the motion, motion carried.

The equity return rate applied to the entire state and sub-markets. The rate was based on a 3 year average for 15-year after Tax –IRR. The motion was made by John Wiechman to set the rate at 5.40% and the motion was seconded by Lori Johnson, motion carried.

The time-line for publishing the cap rate will be reviewed by Blake Simpson and sent out to committee members. Mr. Levy has also requested that he be included on the distribution of the report.

Comment was made by Andrew Lines to the committee to consider the market and interest rates and the impact it has to increase or decrease the cap rate.

The next meeting is set for November 27th, 10:00 a.m. at the same location.

No further business the meeting was moved to adjourn by Lori Johnson and seconded by Patricia Sandberg. The meeting adjourned at 10:52 a.m.

Submitted by Barb Oswald