

An Interview with Michelle Merced

Perspectives from the COVID-19 Pandemic: Leadership and Learning in Nevada

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Each interviewee had the opportunity to review their transcript. All measures have been taken to preserve the style and language of the interviewee. This interview features Michelle Merced, CEO of Neighborhood Housing Services of Southern Nevada, and was conducted on 4/21/22 by Kelliann Beavers. This interview covers topics including reflections on leadership, organizational challenges, and opportunities for collaboration.

Interview with Michelle Merced

Date: 4-21-22

SPEAKERS Kelliann Beavers, Michelle Merced

Kelliann [00:03]

Okay. So just to confirm, you've read the consent form and you're comfortable with us using your name, as long as you've reviewed the transcript, and you're okay with us recording the interview.

Michelle Merced [00:13]

Yes, I am.

Kelliann [00:14]

Okay, great. So we'll go ahead and get started. The first question is very general. Could you describe your position and your role in your organization?

Michelle Merced [00:28]

My name is Michelle Merced. I am the CEO for Neighborhood Housing Services of Southern Nevada. Our nonprofit has been doing everything that has to do with housing for the last 30 years since 1992. Do you want me to describe my lines of business?

Kelliann [00:47]

Sure, that would be great. And that's great to hear. I didn't realize how long the organization has been doing what it does, so that's great to know.

Michelle Merced [00:53]

Yeah. So we've been around for 30 years. We are a HUD affiliate. We're also a NeighborWorks organization. So I'll try and go through what I call the COG. We do have 10 units of what we would call – that are dedicated to the continuum of care. Of those 10 units, it's kind of our transitional housing. I've got a total of 160 units that are all affordable, so they are dedicated to low to moderate-income. All of our affordable units are scattered, so they're not in one area.

With affordable housing, we then have down payment assistance. We have the homeownership side, which is pre-purchased counseling, post counseling, foreclosure counseling, reverse mortgage counseling, financial literacy, homebuyer education, and down payment assistance. That's on the homeownership promotion preservation side.

We also have a program right now that we're running called the Flip Forward. And Flip Forward is where we acquire property, we rehab it, and then we re-sell it back to low to moderate-income homeowners.

Kelliann [02:11]

I was reading about that on your website. I remember, when I was first trying to reach out to the

other woman who you cc'd earlier before LJ told me your name. I was reading about that program and thinking, wow, what a neat and innovative thing.

Michelle Merced [02:26]

Well, we received some funding back in 2012, when we were launching one of our down payment assistance programs. And I said, "Why not take some of this administrative money and start putting it back into the community, as far as the REOs that was – it was during the height of foreclosures, and it was a different time in real estate, where everybody was bidding against everybody. Cash was king back then.

And since the nonprofits were getting a first look at single-family homes that were foreclosed, we figured, why don't we go ahead and acquire some property? We have it. And then re-sell it back to those that were even taking the education classes through *us*. Because they were just competing with everybody.

And then we also have the Blight to Bright Program, which is infill in blighted areas. So we purchased our first property in the Historic Westside. So it's a six-unit apartment complex. It's the first of many. We are considered the community building development organization for the city of Las Vegas, so we're helping them revitalize the Historic Westside based on their HUNDRED Plan. I'm not sure if you're familiar with that.

Kelliann [03:40]

Oh, yeah. I think I got an email about that.

Michelle Merced [03:41]

Okay. We also have what we call our grassroots efforts, which is community building and engagement. And we do events; probably anywhere between five to six times a year, we partner with our local nonprofits. And then we just try and identify what can we do to really uplift the space that we're in and collaborate with our partners? Somebody focuses on food, and then we focus on the housing component.

And we do that a lot. I'll give you a perfect example. We partner with about 27 to 30 different local nonprofits, so we give them a first look at our affordable housing. And we do that purposefully because we understand that all nonprofits still carry real estate. And so, while they focus on the supportive services side, we can make sure that they have a safe place to sleep. So again, everything to do with housing, that's what we do.

Kelliann [04:40]

Great. I'm so glad that I'm able to learn from you. The next question is, how do you see your role or your organization's role during the pandemic?

Michelle Merced [04:50]

So is this a past tense?

Kelliann [04:52]

I think it's intended for you to be able to tell the story about the height of the pandemic. But because the pandemic is continuing to unfold, feel free to-

Michelle Merced [05:01]

Right. So you know, we are – I had to write a whole narrative about this. We're considered – what do they call it when Governor Sisolak mandated everything closed down, we are considered – oh gosh, what's that word? Kind of like not necessarily a first responder. But I think – we're need[ed] in the community, right?

Kelliann [05:27]

Yeah.

Michelle Merced [05:28]

So we didn't close our doors. What we did was, we pivoted all of our services virtually. The pandemic – so we shifted gears. During the height of the pandemic, it was very challenging because it's not like the homeownership side was, I'm going to say, so much of a sense of urgency. It was just more of "shelter in place."

So when I say we pivoted our services, we had a contract with a national hotel and casino, and we actually funded their emergency money. And let me see here if I can pull up some statistics here. And then we also were one of the first ones that administered – just give me one second. I'm going to see if I can give you some stats. We're one of the first nonprofits that administered the CHAP money. So I can tell you-

Kelliann [06:29]

What money is that? Can you tell me what that money is for?

Michelle Merced [06:32]

Yeah. It's the CARES Housing Assistance program, which is the rental assistance.

Kelliann [06:33]

Oh, sure.

Michelle Merced [06:37]

Just give me one second...so like for example, for the National Hotel and Casino, from January during COVID, we deployed almost \$3,000,000, and we helped 1,666 people. That was the one with the Hotel Casino, and that was done nationally. And then when the CHAP money, when we received that, we deployed a total of almost \$1,000,000 and assisted about 250 more people.

So we shifted gears. Instead of doing more on the homeownership side, we pivoted our services to do more of the emergency money. I can tell you, we were completely full already, prior to the – so I always tell people, the pandemic played a role. But as far as those that carry real estate on the affordable housing side, nobody left. Were they delinquent? They could have been. But then the question is, they applied for the assistance to make sure that they *could* shelter in place. Because at the end of the day, if our rents are anywhere between \$800 to \$900 a month, where

are they going to go? Rents are high right now, so they couldn't go anywhere. But during the height of the pandemic, it really was – we had about 50% of staff working in the office, 50% working from home, so we *can* social distance. When I said, we pivoted our services, we had nothing to do with COVID pods, as far as vaccination. But we helped out the City of North Las Vegas Fire Department, as far as attending some of the COVID pods and volunteering our services, just to try and help out.

So we did everything that we possibly could – contactless. Whether it be a virtual walkthrough through the apartment or just different services that we provided during COVID. And now, I can tell you, yes, our doors are open, and we're still trying to navigate through this new world. All of our meetings are still kind of – they're still virtual. I'll be honest with you. I think the biggest challenge that we have during COVID is, we're a staff of 15. So if one person gets sick, it's – we're scared. I'll be very honest. It was difficult in the beginning. It was like, oh, my gosh. If one person gets sick, it's going to be – the floodgates will open. There's going to be more.

But what the good thing was is, we put measures in place to make sure that there were protocols if somebody did get sick. Interestingly enough, the pandemic did play a part in hiring the right people in the right seat. It's almost like folks really don't want to go back to work, and if they do, they want to work from home. So it's just a different climate that we're – and we know COVID's not going away. It's just something that we're trying to work through. Hopefully, that answered your question.

Kelliann [09:57]

Yes, it does. Thank you so much. The next question – you've spoken a little bit to this already. But just if anything else comes to mind. It's how your organization's goals may have changed to accommodate groups that were hardest hit.

Michelle Merced [10:15]

By COVID?

Kelliann [10:19]

Yes, or the recession.

Michelle Merced [10:23]

So, are we talking, which? the Great Recession or the recession today?

Kelliann [10:26]

Oh, no, no. We are going to ask a question about that later. But in this case, the COVID recession.

Michelle Merced [10:31]

I can tell you that what changed is, the demand is a lot higher. We just don't have enough units. We are in the process of developing a 60-unit senior housing complex that's dedicated to low to moderate. And when we say, "low," it's low, low income, right? Below 30% of the area is in median income. We can't build it fast enough. I think COVID played a role in that. Inflation has played a major role because – first, it's almost like we are on the forefront of every newspaper

now. Where – I'll be very honest with you – affordable housing is not sexy. It's not the easiest thing to sell to a funder to say, "Hey, fund us," right? I mean you talk about the "bleeding heart." Is it going to be cancer or is it going to be affordable housing?

We're still fighting the fight in regards to educating and advocating in regards to what affordable housing really is. Because to the community – and you know, my husband kind of makes fun of it – in their eyes it's, "Oh, my gosh, it's that Section 8 person," or "It's the slumlords." Where we're trying to say, we need it as quickly as we can. Because we really do have a pandemic, and it's not COVID. We just don't have enough housing stock in the valley. They're talking about, for every 116 people, there's one unit.

So we had a problem. And when I say, "We have a problem," even before COVID, this was happening, right? I mean, our staff is well-prepared to say, "Okay. During the summer, we're going to get some homeless people who are going to come in. They're going to ask for a cup of water. We're going to let them come in. And then, they're going to fall down, and then we're going to have to call 911. Because we know they're going to say, 'This is good because now, firemen can come pick me up, and I have a place to sleep. I have a warm bed and I have somewhere to eat.'" Is that the only outcome? It shouldn't be, right?

So I think, if anything, what happened with COVID, it's only heightened the fact that we are in a serious situation in which we need to figure out how to build faster, how to acquire faster. And not just cater to seniors. It's across the board. Families right now are doing the "sandwich families" because it's so expensive. So you've got grandma, mom, and daughter living all in one house. And I'm sorry, I totally forgot. What was the question? I'm rambling on and on.

Kelliann [13:04]

That's fine. I appreciate what you're sharing, and it doesn't matter what the question was. And what has come to my mind, though, as you're speaking, that I do want to ask about is, okay. So, a long time ago, I worked for a nonprofit, when I was really young in Austin, called Foundation Communities. And they have supportive services and affordable housing in one complex, which I recognize is extremely hard to do. And since then, they've become extremely good at the few properties that they run. And I wonder – I'm interested to learn from you both, any – I don't know, like conversations that might be emerging around that here, or how you envision that. And not necessarily just for those who are incapable of living on their own, right? Although that's one thing. But more like, supportive services to support families in becoming more independent.

Michelle Merced [14:00]

So, are you from the UNLV team?

Kelliann [14:04]

I am, yeah.

Michelle Merced [14:05]

So, okay. We used to have a collaboration called CPOD. Have you ever heard of that?

Kelliann [14:11]

Uh-uh. It's CPOD, you said?

Michelle Merced [14:12]

Okay. CPOD. It's called Community Partnership for Opening Doors. This was formed around 2012, and really, UNLV was involved at one point. And what it is, we are part of a collaboration with about 30 different nonprofits. And we all don't do the same thing, or we may, but it's in the space of how does – it really was formed between Neighborhood Housing Services and Family Promise. So when you asked a question about supportive services, while I would say, "Okay, yeah. That's something we can do." The cost to hire somebody from a capacity standpoint is really challenging.

So what we tried to do is make sure that, like Family Promise, they focus on the supportive services side, and then we focus on the real estate. Now what's interesting is, Family Promise, they sublease about four units from us. They get federal dollars, they pay for their rent, and they focus – it's kind of like a gradual step. They enter these people into the program, and they work with them as far as workforce training, trying to get all their paperwork identified. Really, setting them up for success.

The challenge is certain municipalities won't allow some of the federal dollars to be placed into allowing them to sublease units. Which makes it even more challenging because it's like, well, where are we going to dump these dollars? When really, all we want is to have a place for these folks to lay their head at night. And I always tell people, if you don't know about affordable housing, it really is the start and the beginning for a lot of people – and it's working-class people. It's not the slumlord, you know, I've heard it all. It's the ghetto. It's Section 8. And then we just have to go back to educating them and saying, "I think you've got it twisted." But yeah, it's just – I can tell you, from a capacity standpoint, it's going to be really difficult for a nonprofit who focuses on housing to do both areas.

Kelliann [16:26]

Right, yeah.

Michelle Merced [16:28]

That's a lot of money.

Kelliann [16:29]

Yeah, no doubt. And it's complicated to even get your head around. So I was just wondering if there are conversations about that kind of thing. The next question-

Michelle Merced [16:38]

We just know who to partner with. How's that?

Kelliann [16:42]

Yeah. And that's the beginning, right, and that's really important. And that creates a system – a continuum of care, right, which is really important.

Michelle Merced [16:48]

Exactly.

Kelliann [16:50]

The next question is, what do you wish the different levels of government would have done or could do differently in response to the COVID recession or after the COVID recession?

Michelle Merced [17:04]

I'm going to say, try and get us to be part of the process – would be really nice. There are a lot of key players, especially in real estate. So it's almost like, who are the key players in real estate? Who are the key players in supportive services? Who's the key players in food? All of these components have to work together in order for – because if you think about it, at the end of the day, what's the product? Product is the community, right? That's what we do.

So based on the product, how do we make sure that the plan is targeted for the success of the product? A perfect example is, a year and a half ago, we were awarded funding from the City of Henderson, and it's COVID-related, and it's utility assistance. We cannot spend the money to save our life. And really, what it is, how do you connect the dots for folks that have been COVID impacted? And we knew this when we were administering the rental assistance when it first came out, the CARES money. It's like we were getting calls from folks that were like, "Well, I was laid up last year." And we had to say, "Okay, this is pre-COVID." "Yes, but I'm currently still not working." "Okay, so you weren't impacted by COVID. You were impacted prior to COVID."

And so, those discussions need to happen. Because at the end of the day, any type of federal money that comes down, the nonprofit, from a capacity standpoint, has to upfront the dollars. And then, once we upfront it to the product, we then submit that paperwork to the counties, and the counties have to pay us back. So it's a long, drawn-out process, and sometimes I wish it was "Okay, counties. Bring us to the table so we can tell you some of the challenges so that you know what's going on." And that's just from me to one-on-one with somebody that's behind on rent or behind on their utilities.

From a development standpoint, I'll be very honest with you. Our senior project, pre-COVID, cost us \$12,000,000. After COVID, \$20,000,000. Our general contractor had to procure and purchase material last year just to make sure that the cost would not go up – because that's what we're dealing with right now. And/or, it's not just cost – would it *be* here? (laughs) That's a whole other thing. Can it be delivered on time? Because everybody's dealing with the same challenges.

Kelliann [19:53]

Yeah, that's intense. And so what you do in terms of when you're saying your "general contractor" – because I don't know that before we started this conversation I completely understood that you guys were actively also developing affordable housing in addition to working-

Michelle Merced [20:09]

So, on top of us holding – so we own and manage 160 units. On top of that, we are developing – we did break ground on our first senior project called The Golden Rule. It's going to be 60 units,

a total of 120. We're in our first phase. We also will be developing single-family homes to sell back to low to moderate-income households. And they're all affordable, it's really just trying to figure out – again, we're working through the application process for the counties, the state money. It's very interesting to see where they have placed the money. We'll see.

Kelliann [20:49]

Yeah, absolutely. It's been exciting and scary to see these big numbers in the news that are going to go toward affordable housing. Because you just go, how and where, and exactly when?

Michelle Merced [21:06]

Well, they did give us some ideas, as far as – actually, I have the application right here, and it's interesting. Can you give me one minute? I'm sorry.

Kelliann [21:17]

Of course. No worries.

Michelle Merced [21:39]

Okay. So I got the pre application for the Home Means Nevada and I've been meaning to go over it. And they did give us areas – so \$300,000,000 is going to go towards Multi Family Development. \$130 M is going to go to housing preservation. \$30,000,000 is going to go to homeownership opportunities and rehabilitation, and then \$40,000,000 is going to go to land acquisition.

Kelliann [22:05]

Does "housing preservation" mean keeping people in their homes?

Michelle Merced [22:09]

Housing preservation, I mean – well, it could. I have yet to read the definition.

Kelliann [22:13]

Okay. [cross talking] You were about to say something.

Michelle Merced [22:17]

No. It says here, it really is – so for example, I carry units that were built in 1963. Instead of the organization deferring maintenance, what we can do is apply for some of this money to help not defer maintenance, and you know, plumbing that's really old, abatement, anything that has to do with lead and asbestos. But it really is – it looks like it's tax credit money. So this is what's interesting is, this is state money, and again, it's financed. So this is not a true grant. We would have to actually pay for it. And its projects could preserve up to 1,800 affordable apartments – so whatever we have on our portfolio, we can apply for this chunk of money to help in rehabilitation. So that way, God forbid, something doesn't break down, we'll pay for it through this funding.

Kelliann [23:17]

Is all of it not true grants, or just that part?

Michelle Merced [23:21]

Well, this one right here, it's interesting. This is actually LIHTC, which is Low Income Housing Tax Credit. That's actually a loan. I have not read through this. I'm hoping, I'll be honest. I am hoping it's more a grant than it is loan.

Kelliann [23:37]

Yeah.

Michelle Merced [23:38]

And the reason [cross talking] Again, I have to work through this. I wish – I'll be honest, I wish they made it a lot easier. It was something that we were speaking about. We just had a roundtable with Senator Jacky Rosen, and me and another partner basically said the same thing: the application process cannot be this convoluted. It cannot be this difficult. We've said it in the past; it's almost like it's written for a specific nonprofit or a specific developer. And that's fine, as long as the mission is intact, right? As long as it's going towards what it's supposed to be going to. So we'll go through the application, and we'll see how quickly, one, we can apply. It's actually due by May 15th, the pre-app. And then – oh, yeah, mm-hmm.

Kelliann [24:32]

Wow.

Michelle Merced [24:33]

Yeah. And they're not easy, I will tell you.

Kelliann [24:35]

Oh, I can't imagine. It will probably take like a month to fill that thing out.

Michelle Merced [24:40]

Well, it's a pre-app. And then, as a nonprofit that's in housing, we've got to determine – okay, so I want to go ahead and apply. I'll give you an example. I want to apply for homeownership opportunities, right? And this is down payment assistance – what does that look like? How much do I want, and how many people will I serve? I mean, if the median home price is \$460,000, and I'm only going to go up to 80% of the area median income, what's that going to do? They're still not going to be able to afford the house.

Kelliann [25:10]

(Nods in agreement)

Michelle Merced [25:12]

So it will be interesting to see, and I don't know if the municipalities are looking for us to write how we're going to spend the money. But yeah. So this is interesting. "The pre-application period is available until May 15th at 5 p.m.," and that's very important. "Awarded funds must be obligated during December 31st, 2024 and must be fully spent by December of 2026."

So, I'll be honest. If it's COVID-related, that's really difficult. Because to tie in that COVID – I'll give you an example. If a senior citizen – no income has changed, and they got sick, but they're not dead, how is it COVID-related? Their income didn't change.

Kelliann [26:11]

It's unfortunate that we can't just apply it to the larger overall issue of housing affordability that has now worsened, and is definitely related to COVID, and just call it that.

Michelle Merced [26:21]

Yes. Everybody has been impacted by COVID.

Kelliann [26:22]

Right.

Michelle Merced [26:24]

It's not just job – and it's funny. I speak to my doctor about it; because now I go to my mom's doctor, for no other reason, to keep an eye on her. But my father passed away during COVID – not from COVID but during COVID. And my doctor – which is my mom's doctor, she said, "It doesn't matter anymore if a family member has died of COVID or didn't. You feel the effects of COVID regardless." And I said, "What do you mean?" and she goes, "You watched your father pass away through Zoom. It's a whole new world."

And so that's what people don't understand. Everybody's been impacted by this pandemic, in one shape or form, whether it be a family member that may have passed away – but to tie it to a monetary value is very difficult. So if I'm a two-person household, and my husband passed away, but he wasn't – he didn't make any money, me saying "he passed away" didn't affect your income. So you're not necessarily COVID impact, right? So how am I to provide you assistance? If you didn't contribute prior *to*, and it didn't change your income, or your hardship, it may have affected you emotionally, but it didn't affect you on paper. You can't provide a paper trail. You didn't file for unemployment. You didn't lose your job. I don't have any paperwork stating that you've been laid off. How do you tie it to COVID?

I wish it was this easy as just saying, "You know what? During this time, let's try and spend the money – and again, I'm a big believer in taking these dollars and being the best steward of them, but to do it as quickly as we can. If not, I'm assuming we have to give it back. And that's usually how it works: if you don't expend the money, you've got to give it back. And then what they'll do is, they'll deploy it to other projects.

But I'm confident that, at least, we can do the brunt of the affordable housing side. Either develop or acquire. I need BLM to really slant – I don't know how many times all of us CEOs say, "The Bureau of Land Management, if they release some land, and allow us to acquire and develop-

Kelliann [28:51]

Oh, you mean the parcels that are available through BLM, you need more of them to be available for what you need.

Michelle Merced [28:55]

Exactly. We need more. We need them to be more available. Because right now, my senior project, it was a very viable project prior to COVID and today because we owned the three acres. So if I'm a nonprofit that has absolutely no land, but I want to develop, now I've got to figure out, where am I going to acquire it. How much is it going to cost? And it's not just purchasing the land, it's developing on the land. And how long is it going to take? Because like I said, the pandemic is – we don't have control over COVID anymore. It's here. But we do have, somewhat, control over the lack of affordable housing. So what are we going to do to bring solutions to the table, and make sure to bring those key people to the table so we can discuss it?

Kelliann [29:43]

Is what you're saying about the BLM releasing parcels, does that mean that – because once when I had an internship, I looked at some maps of the parcels that were available, that are available for affordable housing. My question is, is what you're saying, that there are other infill parcels that are not available for that? But they're not like way out in the periphery?

Michelle Merced [30:03]

That's the thing. We don't know. I mean, even for us to get ahold of somebody at BLM is very, very difficult right now. And that also has played a factor with COVID, for us to get ahold of our HUD representative. Because everybody's working from home, we don't know who's back to work. It's very, very challenging today than it was before. And the shortage of staff has impacted everywhere. You just have to go to your local restaurant, and you can see that it's very difficult right now to hire.

Kelliann [30:37]

It seems like there should be some responsibility that lies with the state or the federal government, to own land, and then make it available to someone like you. Maybe they can't do the developing of affordable housing and providing themselves, but-

Michelle Merced [30:50]

I'm not – and we talked about this before with our municipalities. And it's always a discussion, right? So we partner with the City of North Las Vegas all the time, and it's like, "Hey if you guys have any properties that you're willing to get rid of and donate, give it to us and we'll make it beautiful. We'll do whatever we can, so we can add some more units to the Valley. We're not there yet. But I will tell you that, for example, in North Las Vegas, two tranches of money, we received \$2,000,000 to acquire rehab and rent to larger families, which does help. We went from – and these are true grants, which is awesome. Because what it did was allow us to acquire property, and then have two to three bedrooms available. And I'm sorry. I've got to answer this.

Kelliann [31:40]

Of course. Don't worry.

Michelle Merced [31:42]

(takes phone call)

[32:18] I'm so sorry. We had a death in the family. And so my son's back and forth to LA. It's my mother-in-law, so it's just been one thing after the other.

Kelliann [32:24]

Oh, I'm so sorry.

Michelle Merced [32:26]

That's okay. It's – that's okay. Don't worry about it. Everybody's good. Thank you, though.

Kelliann [32:35]

I'm just learning so much from you. I feel like I could ask you all kinds of questions that I'm just interested in, personally.

Michelle Merced [32:42]

No, you can ask away – I'll be honest. I'm open, I'm freed up. I don't have anything else going on. So, you can ask, and I'll be very transparent with you.

Kelliann [32:54]

The next question, I know that your organization existed and because you said this. But I'm not sure what role you were in. It is about whether you felt there were more effective policies or programs in place to deal with the COVID recession, relative to the Great Recession, and why?

Michelle Merced [33:12]

You cannot compare both. You can't. We talked about this in our last strategic plan. Nobody – and we were talking about this yesterday or two days ago. Nobody would have predicted a global pandemic. It's like the zombie apocalypse. Nor did any of us think it was going to take two years, you know? We're like, "Okay. We're going to get back to work. It's good." Who would have known that the Strip would have closed down?

And there are so many different factors, right? So during the height of the Great Recession, we could kind of predict where real estate was going. Not the greatest lending practices. The banks were unfortunately not educating people enough, or guiding them on the path to get back on track, right? And there's really no control. That's real estate – either real estate's good or real estate's bad. And unfortunately, during that time, depending on which side you're on, it could be good or bad. An investor, it's a dream during the Great Recession, right? You just pick up property. But for homeowners, they dumped a whole bunch of money in there, or may not have, but they lost. Meaning they purchased a house at \$500,000 and now it's \$250,000. So they lost.

Now, did it affect them emotionally? I'm going to tell you because we were doing foreclosure counseling, it did. But to the degree of COVID, absolutely not. And the reason being is because we just don't – one, we don't know when it's going to end. And then you couple that with the political climate, and it's a crazy time. So you've got the political climate, you've got the overall pandemic, and then you've got the divide. And when I say, "divide," it's – and as a nonprofit, we are one – we don't side. But you can see it, as simple as going to "The Hill," where one staffer has got Fox News on, and another staffer has got CNN, and you can see it.

So this is on a whole other level of, we cannot predict what's to come. And it's interesting; my husband is an agent, and we're helping somebody that is trying to purchase a house for over \$1,000,000. Even in the million-dollar category houses, cash is not king anymore. Back then it was, cash is king, you know. I'm going to throw money and you quick-close. Today, no. Sellers are sitting on their housing, I'm just going to wait for the highest and best offer. Because they know that inventory is so small, and there's not very much to choose from.

Now we're going through different territories because the interest rates going up. So very little inventory. Interest rates are going up. Those that wanted to purchase at that high market can't necessarily purchase because that buying power is not as much as it used to be because the interest rate's gone up. So it will be interesting to see where the market shifts. Will the sellers start dropping prices – because some of these prices are over – we looked at one house, and I was like, "There's not one property in this footprint that is selling over \$850,000. But this seller was selling it at 1.3." At one point, that house was selling at \$200,000 – I know, exactly! Can you imagine? So it sold at one point for \$200,000. Today it costs probably about \$850,000, and this seller is at 1.3. The highest that anybody has seen. And it was interesting because the agent that's selling it has two to three other properties in that neighborhood. So it would have been advantageous for him too. He would have been like, "Cool, there goes my equity on my house."

So it kind of like, okay, are we going to see the bubble? But at the end of the day, we don't know. We have no idea. And then you couple with, who's to the rescue? Because then there's a lot of money for mortgage assistance. So, people that are in forbearance, that can't get caught up, a lot of this federal money may pay for what's in arrears to get them caught up. So they'll stay in their house, not allowing for that inventory to go back on the market. You can't even compare what happened back then to today. It's very – I couldn't, I'll be honest with you.

Kelliann [37:59]

Yeah. That's interesting what you shared though. And I think that the observation that you're making about how impossible it is to foresee what is next-

Michelle Merced [38:06]

(laughs)

Kelliann [38:07]

-is very accurate. Let's see. Let me make sure I ask some of these – yeah. This is just a general question about, if there's anything else, that you would personally like to share, that might help us understand how policies could help create a robust economy, or better alleviate housing shortages, including the home prices and credit issues. Anything that comes to mind that you want to share related to those topics?

Michelle Merced [38:49]

Hmm...

Kelliann [38:51]

Because our goal is to ultimately make some policy recommendations from what we learn from people who are actually working in these fields. And we're talking to people in all kinds of areas,

not just housing. But the best way that we can make any policy recommendations is to learn from people who are actually out there living the challenge.

Michelle Merced [39:13]

You know what? It's funny; because we've deployed almost \$13 million in down payment assistance since I've been with the organization, and I'm going on 15 years now. And there's one thing I never understood. So an FHA loan, which is federally backed by HUD, HUD requires a homebuyer education for a first-time homebuyer. My question would be, why won't they require that for anybody that's taking advantage of an FHA loan? We don't understand it. We cannot connect the dots. They suggest it but they don't require it.

And our side, we're looking on both ends, right? We're trying to figure out, how do we make sure that we're responsible enough, so that way, we don't see what we saw back in the Great Recession. And then now, we've got to figure out how we can develop fast enough to help those that are renters. So I don't know what policy changes may be to incentivize homeowners, and I don't know if it's even possible. But maybe incentivize homeowners to give first look to first-time homebuyers. I don't know what that looks like.

But if I'm a seller – and again it's hard, right? You own a home; you bought it for \$500,000. Of course, you're going to want to max out on your investment. But how do we change it to incentivize the current seller, to maybe give a first look to a first-time homebuyer? The market is – you can ask any real estate professional. And hopefully, you guys do speak to some brokers because it's really interesting to see their perspectives.

For us, with boots on the ground, it's so different. When we launched the Golden Rule and we had a groundbreaking ceremony, our owner's rep for construction, Grand Canyon Development, the owner called me and he said, "Hey Michelle. It looks like the news launched that we're part of this senior housing complex," and I said, "Oh, yeah." And he goes, "Well, the problem is, they're calling our office. These seniors are calling our office, and you guys made my admin cry." And I said, "What are you talking about?" He goes, "These are horrible stories. They're crying over the phone," and I said, "Look, they're our world." And that's kind of what I tell people. If you ever want to walk a day in our life, just listen to our voicemails. People are desperate. A doublewide right now, doublewide is costing about \$300,000. That used to be the affordable housing.

So what do we have right now? Because we're full. So how do we build faster? How do we acquire faster? How do we not make it so convoluted? So that way, the nonprofit can do what they need to do. And then I would say, can't base it on – and really, they have to do their due diligence. Base it on, as a nonprofit, collecting our audits. Identify those key players that have clean audits, that have filed their taxes, and that are up to date. Because I believe that's key, so the government actually understands that okay, now we're working with a nonprofit that is good stewards with the funding because that's always a concern, right? Okay, we're going to give money to this organization; what are they going to do with it?

Kelliann [42:41]

Yeah.

Michelle Merced [42:43]

And then you hear the stories of "they used restricted money towards something that wasn't supposed to be." I'm always like, how come they just don't look at the production? Pull the audits. Identify where they're at with the taxes. Identify what they have in their bank accounts. You know that some of the nonprofits that are doing the work are responsible with the money. My audits are clean, knock on wood. I've been with the organization, and I just finished our four audits all at one time.

But I think from a policy standpoint just simplify things. The old, antiquated way of doing things. And then, on the HUD side, they just need to update stuff. Stuff hasn't been updated, some of it, since 2007. Times have changed, and we all have to keep up with it. So that's what my recommendation would be.

Kelliann [43:38]

When you say, "to update things," do you mean update the limitations on the way that you go about getting- [cross talking]

Michelle Merced [43:45]

Guidelines.

Kelliann [43:46]

What did you say?

Michelle Merced [43:48]

The guidelines, the limitations.

Kelliann [43:49]

Yeah.

Michelle Merced [43:51]

Absolutely. For example, there are home funds, and then there are CDBG funds, right? These funds from HUD, we have to upfront it. So we're doing the work, and then we have to hope that our municipalities pay us back in a quick time frame. Municipalities can take up to two years to pay back the nonprofit.

Kelliann [44:10]

That's insane. I didn't know any of this, and it is so upsetting. So they get the money from the federal government?

Michelle Merced [44:17]

Yep.

Kelliann [44:18]

They pay you back for it. But in the meantime, do you have a contract that they will pay you back for? And plus-

Michelle Merced [44:23]

We do.

Kelliann [44:25]

-it's just crazy, to begin with.

Michelle Merced [44:26]

Nope, we do. We have a contract with them. And it still takes anywhere between – it has, at one point, when we were doing down payment assistance – and I never want to muddy the water, you know. We are very appreciative of being awarded these funds.

Kelliann [44:43]

Yes, I understand.

Michelle Merced [44:44]

Do you know what I mean?

Kelliann [44:45]

I'm not trying to quote things that sound detrimental in any way.

Michelle Merced [44:47]

It's okay. Every nonprofit understands this. But for us to fork up the money and be out – at one point, our organization was out almost \$170,000 for 24 months. And I had to have a very strong conversation to say, so if I was a contractor, would you do that to the contractor? Because my part is just as good or better as that contractor. My product is the community. I shouldn't have to be fighting for our money. We're a legitimate business. Nonprofit doesn't mean no profit. Our product is just the community. And that is a daunting task to try and educate people. Because I don't know how many times people are like, "Oh, I'm so sorry." What are you sorry about? "Oh, it's a nonprofit organization." And I have to stop them and say, "Yo! This is a tax model. This is not me not getting paid." I say, "I still have to keep the lights on." [cross talking]

Kelliann [45:39]

Like you would do what you do as a volunteer?!

Michelle Merced [45:43]

And you know what? That's funny because you say that. We actually do. I mandate my staff, once or twice a year, to give back to another nonprofit- [cross talking]

Kelliann [45:54]

Oh, I'm sure you volunteer. I didn't mean to- [cross talking]

Michelle Merced [45:57]

Right? Oh, no, no, no.

Kelliann [45:58]

I just mean, as hard as your job is, you- [cross talking]

Michelle Merced [45:59]

Right.

Kelliann [46:00]

I doubt that you would do it for free.

Michelle Merced [46:03]

And back to education; it's kind of like the policies have to change. Where they have to understand that nonprofits can't carry the capacity. This is what I will tell you: on the Eastern project, my GCs had to pay 1.4 million for material last year. They were already paid for. So we have to do the draw and we have to draw from them. One pot of Money said, "You have to come up with that 1.4 million dollars," and me and my CFO were like, "How do you guys expect us to do this? They've already spent it. Why don't you just send that money, since you've awarded us, directly to the general contractor? We don't even have to have anything to do with it. Just send the money. They can send you the backup saying that they've spent it for this project because legitimately, it's going to the project." And they said, "We're sorry, but the agreement's with you. So you guys have to fork up the money, and you have to provide the invoices from the contractor to you, and then, from us to the municipality in order for us to get paid back."

Kelliann [47:14]

That's just – it seems like there's so much room for corruption in that. It makes me very upset. I recognize that may not be all it is, but that's a mess.

I want to be respectful of your time. And there's one thing you did say that I want to be sure that I follow up on, or you can follow up with me via email on it. Which is, we always ask at the end, if there's anyone else you think we should talk to that we should interview generally. But you mentioned something about how you thought it would be smart for us to talk to brokers. If there's anyone in that arena that you think- [cross talking] to us

Michelle Merced [47:47]

Oh, wow.

Kelliann [47:48]

-or not. It can be anyone at all that you think might be open. And we can figure out who is in that arena on our own. But-

Michelle Merced [47:55]

I can reach out to them first to see if they'd be willing to talk.

Kelliann [47:59]

Sure, yeah.

Michelle Merced [48:00]

Because that's the hard part, it's almost like they're in a different space, right? But let me see if I can reach out to some brokers, so that way, they can help advocate on – well, not even advocate – they'll pretty much tell their story on where they're at right now in the market.

Kelliann [48:18]

Yeah.

Michelle Merced [48:19]

Because I think they're going to echo the same thing: we just don't have enough inventory. We've got a crapload of buyers that are moving from California and everywhere else. We just don't have enough housing.

Kelliann [48:28]

Yeah. Any of those perspectives would be really meaningful. And if it is someone that you think would be incentivized by feeling like it could be – without their name ever being quoted, that would be fine. It would still be helpful to learn about it.

Michelle Merced [48:41]

And that's fine. I'll write that down and see if I can reach out to a couple of different partners.

Kelliann [48:47]

Other than that, thank you so much. This has been so meaningful. I feel like I could talk to you all day. And I've learned so much, and have even greater respect than I already did, which was enormous, for what you do because I know it's so challenging.

Michelle Merced [48:59]

Thank you. Yeah, for sure. And you've got my email – if you ever need me, just email me. And then, I'll circle back and see if I can find a couple of different professionals. Do you know who you could speak to? Do you know Home Aid of Southern Nevada?

Kelliann [49:16]

The name of the org, yeah. But I haven't spoken to anyone there.

Michelle Merced [49:19]

So they are the nonprofit arm of the Homebuilders Association.

Kelliann [49:22]

Oh, okay.

Michelle Merced [49:23]

So, of the Homebuilders Association, you've got like KB Homes, America West Homes. So they are the nonprofit arm. I would probably speak to their Executive Director.

Kelliann [49:35]

Sure, yeah.

Michelle Merced [49:36]

Because you're going to hear different perspectives in regards to affordable housing, and COVID-related, and policy from different circles in the space.

Kelliann [49:46]

Okay. Thanks. That's really meaningful in and of itself. We'll definitely do that.

Michelle Merced [49:50]

All right. I will-

Kelliann [49:50]

Well, have a-

Michelle Merced [49:51]

I hope I was helpful.

Kelliann [49:54]

Yes, it definitely was.

Michelle Merced [49:55]

Thank you so much.

Kelliann [49:56]

And it's nice to "virtually" meet you.

Michelle Merced [49:57]

Nice to virtually meet you too. Take care.

Kelliann [49:58]

You too.

Michelle Merced [49:59]

Bye.

Kelliann [50:00]

Bye.

End of Audio 50:00