

STAFF REPORT

Date: January 22, 2025

To: Mayor and City Council

Through: Jackie Bryant, City Manager

Subject: **Staff Report (For Possible Action): Approval of the Agreement for Economic Development and Purchase/Sale of Real Property between the City of Reno and Ulysses Development Group, LLC, regarding the sale and development of properties located at 315 and 355 Record Street, Assessor's Parcel Numbers (APNs) 007-313-27, 007-313-28, 007-313-30, 007-314-14, 008-350-10 [Portion], & Portion of Record Street to be abandoned [No Parcel Number], totaling approximately 2.4± acres, with terms allowing City-funded demolition of the facility to be reimbursed by Ulysses Development at escrow close, with future Council review of the final demolition contract.**

From: Bryan McArdle, Revitalization Manager

Department: City Manager's Office

Summary:

Staff recommends that the Council approve the Agreement for Economic Development and Purchase/ Sale of Real Property with Ulysses Development Group, LLC, for the sale and development of the properties at 315 and 355 Record Street. The buyer, selected through a Request for Proposal (RFP) process, intends to develop 136 units of affordable housing on the site. The DDA includes terms allowing the City to proceed with the demolition of existing structures on the properties, with Ulysses Development agreeing to reimburse the City for all demolition costs upon the close of escrow. The costs to demolish this property will be covered by the general fund, utilizing proceeds from other property sales, and these funds will be reimbursed to the general fund at close of escrow.

Alignment with Strategic Plan:

Economic and Community Development

Previous Council Action:

- September 25, 2024 – Council adopted a resolution authorizing the sale of the properties to Ulysses Development Group for the purpose of affordable housing development.
- August 14, 2024 – Council reviewed development proposals from the RFP process and

directed staff to enter into an exclusive negotiation agreement with Ulysses Development Group for a 136-unit affordable housing project. The proposed offer involved a 15-year seller-financed note valued at \$3,400,000.

- April 4, 2023 – Council instructed staff to obtain appraisals and issue an RFP after reviewing a Letter of Interest from Bash Capital, LLC.

Background:

In late 2003, Council identified Record Street for the co-location and expansion of homeless services. The Men’s Drop-in Center, Reno-Sparks Gospel Mission, and St. Vincent’s Dining Facility were relocated, and a new women's shelter, family shelter, triage center, and community resource center were built circa 2008. The city-owned buildings are generally known as the CAC, which consists of two buildings, one being 47,992 square feet in size and the other 21,937 square feet. The general area is over 2.2 acres and will require an additional portion of Record Street to be abandoned. The construction costs for both buildings exceeded \$20,000,000 with approximately \$3,000,000 in Community Development Block Grant (CDBG) funds used to cover the construction costs and bond debt. As the Nevada Cares Campus was completed in the Spring of 2021, and operations ceased at the City-owned properties located at Record Street, the City no longer has a public need for the facilities and chose to entertain proposals to develop the property. In September 2024, the City Council passed a resolution to sell the property to Ulysses Development Group for a proposed 136 affordable housing project.

Discussion:

The DDA sets forth the terms of sale and development of the properties at 315 and 355 Record Street to Ulysses Development Group. Under this agreement, the City will initiate demolition of the existing structures, with costs covered by the general fund from proceeds of other property sales. Ulysses Development Group has agreed to reimburse the City for all demolition-related costs at the close of sale.

Ulysses Development Group has proposed a purchase price of \$3,400,000, financed through a 15-year seller note. This project aligns with the City's economic and community development goals and will contribute to Reno’s affordable housing inventory.

Financial Implications:

The 15-year seller note places the City in a subordinate position, meaning repayment is subject to the project's financial stability. This proposed development is a CBDG eligible project and does not require repayment or reallocation of CBDG funding. However, there will be costs related to the oversight of the affordable housing project by the Housing and Neighborhood Development Department. Demolition costs will initially be funded by the general fund, using proceeds from other property sales, and will be reimbursed to the general fund at the close of escrow.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law.

Recommendation:

Staff recommends that Council approve the Agreement for Economic Development and Purchase/ Sale of Real Property with Ulysses Development Group, LLC.

Proposed Motion:

I move to approve the Agreement for Economic Development and Purchase/ Sale of Real Property with Ulysses Development Group, LLC, as recommended.

Attachments:

315/355 Record Street - Agreement for Economic Development and Purchase/ Sale of Real Property with Ulysses Development Group