

## STAFF REPORT

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**Date:** June 12, 2024

**To:** Mayor and City Council

**Through:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Public Hearing regarding the 2024 to 2025 U.S. Department of Housing and Urban Development (HUD) Annual Action Plan (AAP) for allocating grants from the federal Community Development Block Grant (CDBG) Program in the amount of \$1,988,436; HOME Investment Partnerships Program (HOME) in the amount of \$1,330,958; and Emergency Solutions Grant Program (ESG) in the amount of \$176,716.

**From:** Jayna Litz, Housing Manager

**Department:** City Manager's Office – Housing & Neighborhood Development

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**Summary:**

As an entitlement jurisdiction, the City of Reno receives an annual allocation of Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) funds from the U.S. Department of Housing and Urban Development (HUD). Funding from the HOME Investment Partnerships Program (HOME) is also received annually by the City as the lead agency of the Washoe County HOME Consortium (WCHC). These funds are combined with other financial and human resources to support various community development and housing activities that benefit low- to moderate-income households. The Annual Action Plan (AAP) outlines activities to be undertaken during the program year using available resources. The proposed uses must be in line with HUD program goals and the goals established by the City and WCHC, as defined in the 2020 to 2024 Five-Year Consolidated Plan submitted to Council and HUD in June 2020. Once the AAP is approved by HUD, the City and the WCHC will receive their grant awards for 2024 to 2025.

**Alignment with Strategic Plan:**

Economic Opportunity, Homelessness, and Affordable Housing  
Economic and Community Development

**Previous Council Action:**

There is no recent Council action relevant to this item.

**Background:**

Each year the City and the WCHC, of which the City is the lead entity, receive funding from HUD for community development, affordable housing, and the prevention of homelessness. The funds come from the CDBG, HOME, and ESG programs.

The City is required to prepare an AAP for HUD setting out how the funds will be used. The AAP designates how the City of Reno and the WCHC propose to spend CDBG, HOME, and ESG funds in the upcoming program year (July 1 to June 30). The goals for the HUD-funded programs covered in the 2020 to 2024 Five-Year Consolidated Plan are:

1. Support quality living environments of low- and moderate-income households and persons with disabilities;
2. Expand and preserve affordable and mixed-income housing opportunities;
3. Support organizations that provide supportive services to low-income, homeless, and special needs residents;
4. Assist persons who are homeless or at risk of homelessness to obtain housing; and
5. Increase economic opportunities for area residents and businesses.

**Discussion:**

On May 7, 2024, HUD released the City's entitlement award amounts, identified below:

- CDBG - \$1,988,436
- HOME - \$1,330,958
- ESG - \$176,716

The three grant programs (CDBG, HOME, and ESG) have different allocation processes that are outlined below.

**A. CDBG**

The current allocation process began in winter 2023 with the CDBG Subcommittee identifying uses and priorities for the funds. Staff solicited interest for possible internal public facilities and infrastructure (PFI) projects. Between December 2023 and April 2024, staff vetted the proposed projects through the CDBG Subcommittee, staff overseeing the Capital Improvement Program (CIP), and the City Manager to identify recommended allocations for inclusion in the AAP.

Table 1: Final recommendation for allocation of CDBG funds: Program Year 2024 to 2025.

Funding	
2024 CDBG allocation from HUD	\$1,988,436.00

Prior year reallocated funds	\$603,197.70
Total	\$2,591,633.70
<b>Uses</b>	
Public facilities and infrastructure projects	\$2,193,946.50
1. Wilkinson Park Playground - \$660,000	
2. Wilkinson Park Dog Park - \$330,000	
3. Canyon Creek Park Pathway - \$165,000	
4. Americans with Disabilities Act (ADA) Pedestrian Ramps - \$100,000	
5. ADA Audible Pedestrian Signals - \$100,000	
6. School Zone Flashing Beacon Signals - \$688,946.50	
7. California Building Kitchen/ADA Imp. - \$150,000	
Grant Administration (20% of 2024 allocation)	\$397,687.20
Total	\$2,591,633.70

## B. HOME

The process for allocating HOME dollars began in November 2023 with the publication of an extensive application form. City staff received applications for 2024 HOME funds in January 2024. These were reviewed and presented to the WCHC Technical Review Committee (TRC) in February, March, and April 2024. The recommendation by the TRC was presented and approved by the WCHC directors on April 17, 2024, and will be presented to the Regional Planning Governing Board (RPGb) on June 13, 2024, for final ratification. The available funds and proposed uses are set out in the following table:

Table 2: Final recommendation for allocation of HOME funds by the WCHC: Program Year 2024 to 2025

<b>Funding</b>	
2024 HOME allocation from HUD	\$1,330,958.00
Nevada State HOME allocation	\$261,093.00
Program income	\$603,634.00
Federal HOME rollover from prior year	\$1,381.972.00
Total	\$3,577,657.00
<b>Uses</b>	
Arrowleaf on Harvard	\$574,474.20
Hawk View Apartments	\$468,498.83

Sutro Street Senior Sanctuary	\$1,264,946.83
The Empowerment Center II	\$936,997.65
CHDO Set-aside (15%)	\$199,643.70
Grant Administration (10%)	\$133,095.80
Total	\$3,577,657.00

**Arrowleaf on Harvard:**

New construction of 168 low-income affordable multifamily units. There will be 11 HOME units at 40% Area Median Income (AMI) and a 30-year affordability period.

**Hawk View Apartments:**

A redevelopment project that entails the acquisition, demolition, and redevelopment of an existing 100-unit multifamily development into a 199-unit multifamily development. There will be 12 HOME units at 50% AMI and a 30-year affordability period.

**Sutro Street Senior Sanctuary:**

New construction of 170 low-income apartment units. There will be 14 designated HOME units at 50% AMI and a 30-year affordability period.

**The Empowerment Center Phase II:**

New construction transitional housing development of 43 low-income units which will all be studio apartments for households that are on the path to recovery from substance use disorder (SUD). There will be seven designated HOME units at 30% AMI and a 30-year affordability period.

**C. ESG**

In the program year 2024 to 2025, the City expects to receive \$176,716 in ESG funds from HUD. Of that, \$163,462.30 will provide rental assistance to eligible households under the homeless prevention category, and \$13,253.70 (7.5%) is allocated to grant administration.

**Financial Implications:**

There are no financial implications to the General Fund. The award of a total of \$3,496,110 in 2024 to 2025 grant funds is conditional upon submission of the 2024 AAP by July 6, 2024, and subsequent acceptance and approval by HUD.

**Legal Implications:**

Legal review completed for compliance with City procedures and Nevada law. As a grant recipient and lead agent for the Washoe County HOME Consortium, the City of Reno has a statutory obligation to prepare and submit the Annual Action Plan.

**Recommendation:**

Staff recommends Council approve the 2024 to 2025 Annual Action Plan and related materials as submitted.

**Proposed Motion:**

I move to approve staff recommendation.

**Attachments:**

Draft Annual Action Plan