

STAFF REPORT

Date: February 26, 2025

To: Mayor and City Council

Through: Jackie Bryant, City Manager

Subject: Staff Report (For Possible Action): Presentation, discussion and potential direction regarding a spending limit of \$60,000 on the Affordable Housing Building Permit Fee Subsidy program and funding from the Building Enterprise Fund.

From: Angela Fuss, Assistant Director of Development Services

Department: Development Services

Summary:

On July 1, 2019, Senate Bill 103, codified in NRS 278.235, went into effect, giving local jurisdictions the ability to reduce or subsidize impact fees associated with affordable housing projects. Council voted to implement this into Reno Municipal Code in February of 2020. Since that time, Council has approved \$735,537.21 in building permit fee subsidies, contributing to 1,325 affordable housing units. Staff recommends Council approval of up to an additional \$60,000 in building permit fee subsidies out of the Building Enterprise Fund (BEF). There are currently no limits on how much can be spent out of the BEF to subsidize affordable housing projects, and this would put a cap on all future spending to help address budgetary projections. Additional funding could be allocated at a future time, pending changes in the Building Enterprise Fund balance and the ability to absorb the subsidy.

Alignment with Strategic Plan:

Fiscal Sustainability

Economic Opportunity, Homelessness, and Affordable Housing

Previous Council Action:

February 12, 2020 – Council adopted Bill No. 7118, an ordinance adding Chapter 1.08 to the Reno Municipal Code, to provide the City the ability to reduce or subsidize certain fees for an affordable housing project.

Background:

Senate Bill 103 passed in the 2019 legislative session, enabling local jurisdictions to reduce or

subsidize building permit fees for affordable housing projects. Shortly afterwards, the City of Reno adopted an ordinance in Chapter 1.08 of the Reno Municipal Code to effectuate the subsidy. Projects are required to meet a certain level of affordability detailed in both NRS and in RMC as follows:

- (1) Projects providing housing for families with an average total gross income not exceeding 60 percent of the area median income (AMI) for Washoe County are eligible to apply for a 75 percent reduction in the associated fee(s) for those units at or below 60 percent of the AMI.
- (2) Projects providing housing for families with an average total gross income not exceeding 50 percent of the AMI for Washoe County are eligible to apply for a 100 percent reduction in the associated fee(s) for those units at or below 60 percent of the AMI.
- (3) Projects providing housing for families with an average total gross income not exceeding 30 percent of the AMI for Washoe County or 100 percent of the units being affordable for 50 percent of the AMI for Washoe County are eligible to apply for a 100 percent reduction in the associated fees.
- (4) Projects meeting section 1.08.040 (1) are eligible to apply for an additional 10 percent reduction for the following:
 - (a) Project site is located within ¼ mile of a bus rapid transit route; or
 - (b) Project site is located within a mixed use area or within one mile of an employment area as identified within the structure plan of the City of Reno Master Plan.

Discussion:

Since adoption of the ordinance in 2020, a total of \$735,537.21 has been approved for building permit subsidies for affordable housing. This includes building permits for 1,325 new affordable apartment units, comprised of 14 different projects. No cap was ever established for the subsidy amount. Given the current budgetary constraints, staff is recommending that City Council limit the amount of available subsidy. This spending limit would be in place until such time as either market conditions improved and/or a secondary revenue source to fund the subsidy was established.

If Council moves forward with the recommended subsidy cap of \$60,000, projects would still have to submit for approval by City Council and would be based on a first come first serve basis. Prior to submitting a request for the building permit subsidy, applicants are required to first submit for a building permit and cannot reserve the building permit subsidy in advance. This process is similar to the same spending limit that City Council approved in November of 2023 for the sewer connection fee subsidy on affordable housing.

Project Name	Number of Units	Building Fee Subsidy	Council Approval Date
Marvel Way Phase 1	42	\$26,943.00	April 14, 2021
Orovada	40	\$22,316.00	March 9, 2022
Pinyon Apartments	252	\$222,667.70	July 27, 2022
Copper Mesa	290	\$241,918.08	July 27, 2022
Dick Scott Manor	12	\$14,202.00	April 26, 2023
Marvel Way Phase 2	45	\$19,785.43	August 23, 2023
Sutro Senior Sanctuary North	105	\$41,294.00	October 25, 2023
Sutro Street Senior South	65	\$23,183.00	October 25, 2023
Carville Park	208	\$25,967.00	February 28, 2024
Eddy House	36	\$17,432.00	February 28, 2024
Care Campus Phase 4	50	\$26,087.00	February 28, 2024
Orovada Senior Phase 2	34	\$24,506.00	February 28, 2024
Village at Sage	96	\$8,116.00	February 28, 2024
Line Drive Apartments	50	\$21,120.00	September 25, 2024
Approved Total	1,325 Units	\$735,537.21	

Financial Implications:

All expenditures without offsetting revenues negatively impact the Building Enterprise Fund. The spending limit of \$60,000 will be utilized until such time as a revenue source to fund the subsidy can be established.

Legal Implications:

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

Recommendation:

Staff recommends Council approve up to an additional \$60,000 spending limit for affordable housing building permit fee subsidies out of the Building Enterprise Fund.

Proposed Motion:

I move to approve staff recommendation.