



**DATE:** 11/6/2024

**TO:** Elaine Wiseman, City of Reno Housing Manager

**FROM:** Ulysses Development Group

**RE:** 315 Record St – City of Reno Private Activity Bonds Resolution of Support Request

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Dear Ms. Wiseman:

Ulysses Development Group (“UDG”) is writing to the City of Reno regarding a proposed affordable housing development to be located at 315-335 Record Street, Reno, Nevada 89512. (“Subject Property”) Specifically, UDG is proposing to construct a new affordable housing community consisting of approximately 136 residential units, which will range from one to four bedrooms in size. (“Proposed Project”) On October 23, 2024, the City of Reno and UDG entered an exclusive negotiating agreement (“ENA”), granting UDG the exclusive right to negotiate a Disposition and Development Agreement (“DDA”) for the purchase and development of the Subject Property into a new affordable housing community.

One of the prerequisites for applying to the Nevada Housing Division for the final awards of federal 4% low-income housing tax credits necessary to finance the Proposed Project is receipt of either (1) a reservation of tax-exempt bond volume cap from a local jurisdiction, or (2) a resolution from the local jurisdiction expressing support for the Proposed Project in lieu of an actual reservation of bonds. Given that the City of Reno’s application for tax-exempt bond volume cap is closed currently, UDG kindly requests approval of a resolution of support for the Proposed Project to allow UDG to commence the application process with the Nevada Housing Division.

However, please note that the approval of this requested resolution of support will not preclude UDG from applying for an award of 2025 tax-exempt bond volume cap from the City of Reno at a later date; an award of tax-exempt bond volume cap from the City of Reno will be an important prerequisite to receipt of final required financing approvals from the Nevada Housing Division.

Included below are further details on the Proposed Project as well as details on UDG.

Thank you for your consideration and please do not hesitate to contact Ryan Watt with Ulysses Development Group with any follow-up questions.

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## Ulysses Development Group:

UDG's primary mission is to address the growing national shortage of affordable housing by increasing the number of high-quality housing options available to low-income individuals and families across the country. Founded in 2021 by Yoni Gruskin and Connor Larr, UDG currently employs 30 affordable housing professionals with a wide variety of backgrounds and experience ranging from development, construction, asset management, compliance, accounting, and finance.

Since its founding, UDG has closed on the construction of 1,025 units of affordable housing, deploying over \$169.2 million of low-income housing tax credit ("LIHTC") equity for the delivery of highly desirable affordable housing communities across the country. In addition to this, UDG has a current development pipeline of 1,500 affordable units and has acquired over 1,000 stabilized affordable housing units to preserve the assets as affordable for low-income families and individuals. Notably, this experience in the development of affordable housing applies to a UDG community currently under construction in Nevada.



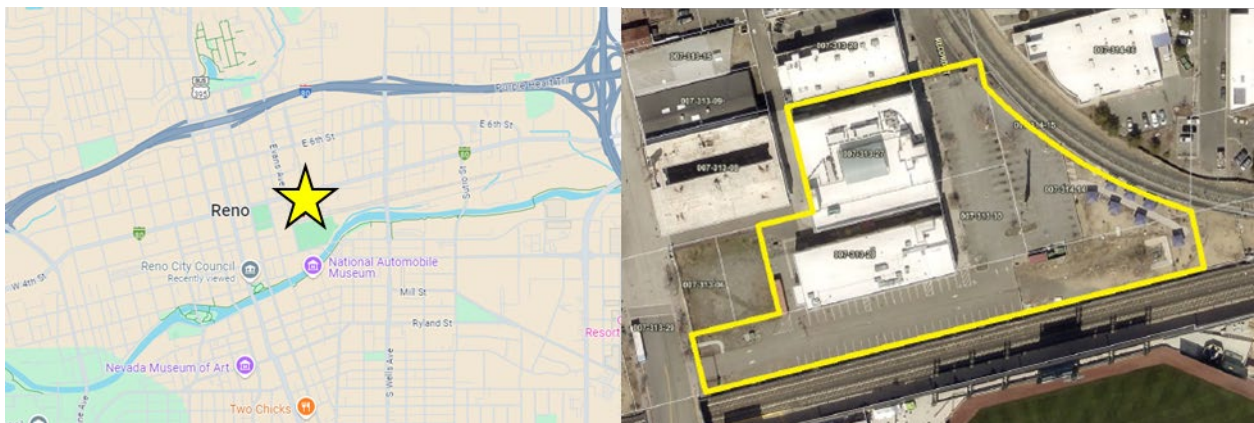
**The Ridge at Sun Valley** is a 195-unit affordable housing development located in Washoe County, just north of Reno. After breaking ground in January 2023, this development became the first affordable housing project to leverage Nevada State Tax Credits. The award of these credits helped to generate an additional \$2.610 million in tax credit equity proceeds, which helped to ensure the viability of the affordable housing community. In addition, the capital stack for the Ridge at Sun Valley included ARPA funds made available through the Home Means Nevada Initiative ("HMNI"), administered by the Nevada Housing Division. UDG received this funding award via a highly competitive selection process, which had over \$1 billion in total funding requests compared to only \$300 million of available HMNI ARPA funding for new unit construction. In addition, this affordable housing community was the first in the state of Nevada to close on an award of HMNI APRA funds. The project is expected to be completed by Summer 2025.

The preservation of existing low-income housing, as well as the creation of new units of affordable housing across the country remain central to UDG's organizational goals. By leveraging previous LIHTC development experience, and existing relationships with lenders, investors, state agencies and housing authorities nationwide, UDG hopes to continue to play an active role in addressing the need for affordable housing across the country.

## Project Narrative & Scope:



The new affordable housing development will be located on approximately 2.81-acres of land located in Downtown Reno. The Subject Property is currently owned by the City and has two existing structures that are proposed to be demolished. The Subject Property is located directly north of the Reno Aces Ballpark and adjacent to RTC's 4<sup>th</sup> Street Station providing residents with direct access to 8 bus routes, accessing all regional destinations in the Reno metro area.



The Proposed Project calls for the construction of a total of 136 affordable housing units, which equates to a density of approximately 48 units per acre across the +/- 2.81-acre Subject Property. The total number of units buildable will need to be validated by the design team during due diligence efforts. Units of the Proposed Project are to be set aside at an overall income average of 60% of the AMI with 10 units at or below 30% AMI, 16 units at 70% AMI and the remainder of units (110) set aside at 60% AMI.



PRO FORMA					
Bedrooms	Bathrooms	AMI % / Type	Mix %	Units	2024 Gross LIHTC Max
1.0	1.0	70%	1%	2	\$ 1,329
2.0	2.0	70%	4%	5	1,594
3.0	2.0	70%	6%	8	1,841
4.0	2.0	70%	1%	1	2,054
1.0	1.0	60%	19%	26	\$ 1,139
2.0	2.0	60%	40%	55	1,366
3.0	2.0	60%	18%	25	1,578
4.0	2.0	60%	3%	4	1,761
1.0	1.0	30%	1%	2	\$ 569
2.0	2.0	30%	4%	5	683
3.0	2.0	30%	1%	2	789
4.0	2.0	30%	1%	1	880
<b>Total / Weighted Avg</b>			<b>100%</b>	<b>136</b>	

The new community proposed by UDG is expected to consist of a single, five (5) story, garden style multifamily building. The building is expected to be constructed with wood framing, and residential units within the community are expected to be serviced via elevator. The architectural vision for the project is rooted in three key influences: protection from the desert sun, the allure of the Old West, and the timeless appeal of modern design. Additionally, UDG plans to design the project to fit seamlessly into the existing 4<sup>th</sup> street / brewery district. In addition to the residential units, the new proposed community will feature several common area amenities constructed for the benefit of future residents. The property is expected to feature a furnished clubroom, on-site management leasing offices, outdoor green space and seating pavilion, a rooftop amenity deck overlooking downtown Reno, and surface parking at a 1:1 parking ratio. The Proposed Project will also feature multiple safety systems, including a controlled access system, a camera monitoring system, ample site lighting, fencing and security patrols.

Residential apartment units will be constructed with spacious floor plans, numerous interior amenities, and high-quality finishes to deliver the best possible living experience to future residents. Interior unit amenities will include in-unit washers and dryers, stainless steel appliances, hard stone countertops, walk-in closets, luxury vinyl-plank flooring, dishwashers, ceiling fans, and central heat & air conditioning. In addition to the common area and unit amenity features, UDG is proposing to include a +/- 2000 SF space dedicated to a local non-profit organization active in the community. UDG has already preliminarily identified a potential partner as the Community Services Agency of Reno ("CSA") and has had initial conversations with the organization regarding different programming options that would best fit the community.

Lastly, the Proposed Project will also incorporate several green building elements, to reduce the energy consumption of the property over the long term, and thus reduce the carbon footprint of the community. Specifically, the Proposed Project will feature a solar energy system installed on the roof of the residential



building, which will assist in offsetting the electricity consumption at the property for the benefit of residents. In addition, the property will be constructed in conformance with Enterprise Green Communities and Energy Star design standards.

### Project Financing:

The financing plan for the Proposed Project includes (1) Equity proceeds generated by the sale of 4% Federal Low-Income Housing Tax Credits, (2) Tax-Exempt first mortgage financing, (3) a JPM Enhanced Direct Placement permanent first mortgage, (4) a seller note from the City of Reno and (5) a subordinate Growing Affordable Housing Program (GAHP) loan from the Nevada Housing Division, and (6) deferral of \$4,871,164 of the total developer fee owed to UDG as the developer of the project. Additionally, it is important to note that the project will require private activity bond cap in the amount of \$26.2 million which UDG expects to source from both the City of Reno and the Nevada Housing Division. The Nevada Housing Division has indicated that affordable housing developments which have received a commitment of tax-exempt bond volume cap in any amount from the local jurisdiction in which the project is located will be prioritized for approval at the state level. As such, an award of even a small token amount of tax-exempt bonds from the City of Reno will help to ensure the success of the new proposed affordable housing community on Record Street.

In addition to these funding sources, UDG will seek to apply for sewer connection and impact fee waivers from the City of Reno which is outlined in Reno's Code of Ordinances Chapter 1.08. Additionally, per State of Nevada law (NRS 361.082) the property will qualify for a property tax exemption.

Sources & Uses of Funds - 4% LIHTC		
<b>Sources of Funds:</b>	<b>Total</b>	<b>Per Unit</b>
Federal Tax Credit Equity	\$ 20,744,352	\$ 152,532
Developer Equity	100	1
GAHP Loan - Nevada Housing Division	3,000,000	22,059
Seller Note - City of Reno	2,775,000	20,404
Senior Debt - Permanent First Mortgage	18,945,693	139,307
Deferred Developer Fee	4,871,164	35,817
<b>Total Sources of Funds</b>	<b>\$ 50,336,309</b>	<b>\$ 370,120</b>
<b>Uses of Funds:</b>	<b>PERMANENT</b>	<b>PERMANENT</b>
	<b>Total</b>	<b>Per Unit</b>
Land Acquisition	\$ 3,375,000	\$ 24,816
Construction Hard Costs	34,397,566	252,923
Impact Fees	474,546	3,489
Architecture & Engineering Fees	1,367,500	10,055
Tax Credit Fees	290,990	2,140
TEB Costs of Issuance	371,142	2,729
Construction Financing Costs	2,467,146	18,141
Permanent Financing Costs	506,821	3,727
Reserves & Escrows	817,385	6,010
Soft Cost Contingency	150,000	1,103
Developer Fee	6,118,214	44,987
<b>Total Uses of Funds</b>	<b>\$ 50,336,309</b>	<b>\$ 370,120</b>