

STAFF REPORT

Date: August 28, 2024

To: Mayor and City Council

Through: Jackie Bryant, Interim City Manager

Subject: Staff Report (For Possible Action): Request for approval from Council to initiate and prosecute a quiet title action in State District Court for the parcels having Assessor's Parcel Numbers (APNs) 010-590-01 and 02, 010-591-01 and 02, 010-592-01 to 06, 010-593-01 to 06, 010-594-01 to 06, 010-595-01 to 06, 010-601-01 to 06, 010-602-01 to 04, 010-603-01-04, and 010-604-01, located to the north of the Truckee River and west of the terminus of Riverside Drive, commonly known as 0 Riverside Drive.

From: Jasmine Mehta, Deputy City Attorney III

Department: City Attorney's Office

Summary:

The City of Reno is in contract with BUIILT. Investments, LLC to sell the property to BUILT. Investments, LLC for an economic development project. However, title insurance companies refuse to provide title insurance unless the City prosecutes a quiet title action in state court to clear the many liens that remain on the title report.

Alignment with Strategic Plan:

Economic and Community Development

Previous Council Action:

August 23, 2023: Council approved a resolution establishing the fair market value of the Property and entering into an economic development agreement and purchase/sale agreement with BUILT. Investments, LLC.

June 7, 2023: Council directed staff to negotiate an economic development agreement with BUILT. Investments, LLC.

July 20, 2022: Council provided direction to staff to pay the back taxes to Washoe County to remove the open space deed restriction and direction to staff to proceed with a request for interest for the property.

December 11, 2019: Council approved disposition of the property by public auction.

September 12, 2018: Council was presented with a list of City/RDA-owned properties, including Assessor's Parcel Number (APN) 010-590-01 and 02 (0 Riverside Drive); APN 010-610-17 (265 Keystone Avenue); APN 007-292-14 (322 West Street); APN 007-214-26 (705 N. Virginia Street); APN 010-430-12 (0 Mayberry Drive); and APNs 082-290-70 and 71 (0 West Golden Valley Road/0 Yorkshire Drive), which could be transferred to the Community Housing Land Trust, or offered for sale to the highest bidder, or offered for sale through a request for proposal/qualification (RFP/RFQ) process or any combination thereof. Council approved three parcels to the Community Housing Land Trust of APN 010-430-12, 082-290-70, and 71 for affordable housing and directed staff to sell APN 010-610-17 to the highest bidder at public auction. No direction was given on the other parcels.

August 24, 2016: Council approved and authorized staff to expend funds to undertake an appraisal on the property as a possible precursor to selling the property.

Background:

The property was acquired from the delinquent tax roll of the Washoe County Treasurer under Nevada Revised Statutes (NRS) 361.603, which allows for acquisition by local government of property held in trust, to be used for public purpose as open space, without paying the delinquent taxes. Washoe County quitclaimed the property to the City of Reno on April 1, 2011, as reflected in Document No. 3989067 recorded in the Washoe County Recorder's Office. The quitclaim deed included a restriction to use the property for open space. In 2022, the City requested Washoe County to remove the deed restriction for open space upon payment of the back taxes in the amount of \$104,086.91. The Washoe County Board of County Commissioners approved the request on September 13, 2022, and the parties recorded a Declaration of Removal of Open Space Deed Restriction on December 14, 2022.

Pursuant to the City's issuance of an RFP regarding the Property, the City voted to enter into an economic development agreement with BUILT. Investments, LLC on August 23, 2023. The City of Reno is now in contract with BUILT. Investments, LLC to sell the property for an economic development agreement, but numerous title insurance companies have stated that they will not insure the title to the property unless the City prosecutes a quiet title action in state court to clear several liens that remain on the title report.

Discussion:

NRS 361.590 provides that a deed to the County Treasurer after the right of redemption period has expired is a conclusive presumption of the regularity of all proceedings from the assessment to the execution of the deed, and conveys the property free of all encumbrances except certain easements. Nonetheless, numerous title companies have declined to insure this property unless the City

prosecutes a quiet title action to clear the liens that remain on the title report. In an effort to avoid a quiet title action, the City worked with Tax Title Services, a company specializing in tax lien foreclosures, which reviewed the foreclosure process and certified that it was done properly and that the period of redemption had long passed. Despite such certification, the title companies still refuse to insure the property unless a judicial order quieting title to the property is issued. As a result, the City Attorney's Office is seeking Council's approval to initiate and prosecute a quiet title action in state court.

Financial Implications:

None.

Legal Implications:

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

Recommendation:

Staff recommends Council approve initiating and prosecuting a quiet title action regarding 0 Riverside Drive and direct the City Attorney's Office to do so.

Proposed Motion:

I move to approve the City Attorney Office's request to initiate and prosecute a quiet title action regarding 0 Riverside Drive.

Attachments: