

STAFF REPORT

Date: September 25, 2024

To: Mayor and City Council

Through: Jackie Bryant, Interim City Manager

Subject: Staff Report (For Possible Action): Review, discussion, and potential approval of request for an affordable housing fee reduction in accordance with Reno Municipal Code 1.08, consisting of up to \$21,120 in building permit fees and up to \$451,186 in sewer connection fees for the Line Drive Apartments located at 700 Line Drive, Reno.

From: Elaine Wiseman, Housing Manager

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

Summary:

Reno Municipal Code (RMC) Chapter 1.08 provides a process for affordable housing projects to request a reduction or subsidization of building permit fees and sewer connection fees, if they meet certain affordability criteria, and subject to Council approval. Line Drive Apartments is an affordable project which proposes to serve veterans, persons experiencing homelessness or at risk of homelessness, and extremely and very low-income adults with physical and/or cognitive disabilities. The location of the project, located at 700 Line Drive, will provide 50 units of affordable housing. All 50 resident units at the subject property will be restricted to individuals earning at or below 30% of area median income (AMI). The affordable housing project is eligible for the 100 percent fee reduction and is requesting a reduction of both building permit fees and sewer connection fees. Staff recommends Council approve the request for a subsidization of up to \$21,120 in building permit fees and \$451,186 in sewer connection fees, in accordance with RMC Chapter 1.08.

Alignment with Strategic Plan:

Economic Opportunity, Homelessness, and Affordable Housing

Previous Council Action:

February 28, 2024- Council approved Village on Sage 2.0 request for subsidization of \$313,507 in sewer connection fees, and \$8,116 in building permit fees.

February 28, 2024- Council approved Washoe County's Supportive Housing request for

subsidization of \$433,782 in sewer connection fees, and \$26,087 in building permit fees.

February 28, 2024- Council approved Eddy House's request for subsidization of \$316,412 in sewer connection fees, and \$17,432 in building permit fees.

February 28, 2024- Council approved Carville Park Apartment's request for subsidization of \$714,246 in sewer connection fees, and \$25,967 in building permit fees.

February 28, 2024- Council approved Orovada Street Senior's request for subsidization of \$305,808 in sewer connection fees, and \$24,506 in building permit fees.

October 25, 2023- Council approved Sutro Street Senior North's request for subsidization of \$910,529 in sewer connection fees, and \$41,294 in building permit fees.

October 25, 2023- Council approved Sutro Street Senior South's request for subsidization of \$538,161 in sewer connection fees, and \$28,183 in building permit fees.

August 23, 2023- Council approved Marvel Way Apartments II request for subsidization of \$245,025 in sewer connection fees, and \$19,785.43 in building permit fees.

June 14, 2023- Council approved Vintage at Redfield request for subsidization of \$1,032,099 in sewer connection fees.

April 26, 2023- Council approved Dick Scott Manor Apartments request for subsidization of \$65,340 in sewer connection fees, and \$14,202 in building permit fees.

August 24, 2022- Council approved Pinyon Apartments request for subsidization of \$1,166,319 in sewer connection fees, and \$222,667 in building permit fees.

July 27, 2022- Council approved Copper Mesa Apartments request for subsidization of \$1,342,492 in sewer connection fees, and \$241,918 in building permit fees.

March 9, 2022 – Council approved the Vintage at Washington Street Apartments request for subsidization of \$837,168.75 in sewer connection fees.

March 9, 2022 – Council approved the Orovada Street Senior Apartments request for subsidization of \$22,316 in building permit fees and \$217,800 in sewer connection fees.

April 14, 2021 – Council approved the Marvel Way Empowerment Center Apartments request for a subsidization of \$26,943 in building permit fees and \$228,690 in sewer connection fees.

April 14, 2021 – Council approved the Springview by Vintage Apartments request for a subsidization of \$735,075 in sewer connection fees.

February 12, 2020 - Council adopted RMC Chapter 1.08 establishing the criteria that a project for affordable housing must satisfy to qualify for the fee reduction. here is no recent Council action relevant to this item.

Background:

State Law was passed in the 2019 Legislative Session enabling local governments to reduce or subsidize impact fees, building permit fees and sewer connection fees to assist in maintaining or developing affordable housing. Criteria and overall parameters for the fee reduction/wavier were later established through an ordinance and adopted by City Council in February of 2020. Affordable housing projects must meet the following standards and criteria in order to be eligible:

RMC 1.08.040. - Standards and criteria.

(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 RMC 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.

The 50 housing units meet the criteria established under item 3, as 100 percent of the units will be income restricted to at or below 30 percent AMI and are eligible for a 100 percent reduction in fees.

Discussion:

On November 1, 2023, Council approved an additional \$4,000,000 for sewer connection fee reductions out of the sewer fund through the end of FY25. As a result of this action, the total amount of sewer connection fee subsidies was capped at \$11,318,399 through June 30, 2025. The total amount approved by Council to date is \$9,402,153, leaving \$1,916,246 for the current projects being considered. Approval of this request in full will leave a remaining amount of \$1,465,059 to fund another project.

Staff is recommending that Council approve this request for the full amount, as this project is deeply subsidized, providing all units for those at or below 30% AMI, and serving veterans, and those experiencing homelessness.

Approval of the request will provide for 50 affordable housing units, all of which will be provided at or below 30 percent AMI. All of the units will be income restricted for a minimum of 20 years, as required. The applicant is requesting 100 percent of the fee reduction, resulting in an impact of up to \$21,120 in building permit fees and \$451,186 in sewer connection fees. In order to approve the reduction or subsidization, Council must make a determination that reducing or subsidizing the fees will not adversely impair the ability of the city to pay, when due,

all interest and principal on any outstanding bonds or any other obligations for which revenue from such fees was pledged must be made.

The income restriction must remain in effect for a minimum of 20 years or the fees will be reinstated and assessed on the property by recordation of a lien. A deed restriction or similar property restriction must also be recorded against the property.

Financial Implications:

The applicant is eligible and requesting 100 percent fee subsidization consisting of up to \$21,120 in building permit fees (Building Enterprise Fund) and \$451,186 in sewer connection fees (Sewer Enterprise Fund).

Legal Implications:

In the 2019 Legislative Session, NRS 278.235(1)(a) and (2) was implemented to enable local governments to reduce or subsidize in whole or in part impact fees, fees for the issuance of building permits collected pursuant to NRS 278.580, and fees imposed for the purpose for which an enterprise fund was created to assist in maintaining or developing a project for affordable housing only when the project would be affordable on average for a family with a total gross income that does not exceed 60 percent of the median gross income for Washoe County.

Pursuant to State Law and RMC 1.08, the City is required to determine how the criteria are met and determine that reducing or subsidizing such fees will not adversely impair the ability of the City to pay, when due, all interest and principal on any outstanding bonds or any other obligations for which revenue from such enterprise fees was pledged. In order to approve the reduction or subsidization, Council must determine through a public hearing the effect of the reduction or subsidization of such fees on the economic viability of the general fund and the affected enterprise fund.



Recommendation:

Staff recommends Council approve the request for a subsidization of up to \$21,120 in building permit fees and \$451,186 in sewer connection fees for Line Drive Apartments, in accordance with RMC Chapter 1.08; and, make the determination the criteria are met and reducing or subsidizing such fees will not adversely impair the ability of the City to pay, when due, all interest and principal on any outstanding bonds or any other obligations for which revenue from such enterprise fees was pledged nor affect the economic viability of the general fund and the affected enterprise fund.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

Line Drive Sewer Fee Application

Line Drive Vicinity Map