

STAFF REPORT

Date: September 25, 2024

To: Mayor and City Council

Through: Jackie Bryant, Interim City Manager

Subject: Staff Report (For Possible Action): Approval of an Exclusive Negotiating Agreement with Ulysses Acquisition LLC for the sale of properties located at 315 and 335 Record Street for \$3,375,000 for an affordable housing development.

From: Bryan McArdle, Revitalization Manager

Department: City Manager's Office

Summary:

The Exclusive Negotiating Agreement (ENA) with Ulysses Acquisition LLC outlines the terms that would be included in a Disposition of Development Agreement (DDA) for the sale of properties located at 315 and 335 Record Street, formerly the Community Assistance Center (CAC), Assessor's Parcel Numbers (APNs) 007-313-27, 007-313-28, 007-313-30, 007-314-14, 008-350-10 [Portion], & Portion of Record Street to be abandoned [No Parcel Number], which consists of five parcels totaling approximately 2.4± acres. The purchase price of the properties is \$3,375,000, which will be financed by a seller note with 2% interest annually for a term of 15-years. Based on the summarized terms and conditions, and without any material changes to the terms, staff recommends Council authorize the City Manager and Mayor execute all documents.

Alignment with Strategic Plan:

Economic and Community Development

Previous Council Action:

August 14, 2024-Council was presented with the development proposals and presentation pursued through the Request for Proposals (RFP) process. Council directed staff to enter into an exclusive negotiation agreement with Ulysses Acquisition LLC (UAL)-136-unit affordable housing development. Offer price: 15-yr seller note for \$3.4M. April 4, 2023- Council was presented with a Letter of Interest and presentation from Bash Capital, LLC to purchase the CAC. Council directed staff to pursue proposals through a Request for Proposal (RFP) process in lieu of a sale to Bash Capital LLC.

Background:

In late 2003, Council identified Record Street for the co-location and expansion of homeless services. The Men's Drop-in Center, Reno-Sparks Gospel Mission, and St. Vincent's Dining

Facility were relocated, and a new women's shelter, family shelter, triage center, and community resource center were built circa 2008. The construction costs for both buildings exceeded \$20,000,000 with approximately \$3,000,000 in Community Development Block Grant (CDBG) funds used to cover the construction costs and bond debt. As the Nevada Cares Campus was completed in the Spring of 2021, and operations ceased at the City-owned properties located at Record Street, the City no longer has a public need for the facilities and the City could dispose of these properties. The city-owned buildings are generally known as the CAC, which consists of two buildings, one being 47,992 square feet in size and the other 21,937 square feet. The general area is over 2.2 acres and will require an additional portion of Record Street to be abandoned.

Discussion:

The City of Reno Law Department has drafted an Exclusive Negotiating Agreement (ENA) attached for your review and consideration. The duration of the ENA shall be ninety (90) days from the effective date and may be extended for an additional thirty (30) days to negotiate and prepare a Disposition and Development Agreement (DDA). The duration of the DDA shall be one hundred twenty (120) days. Any extension of time may be granted by the Reno City Manager, or their duly authorized representative.

Terms of the UAL Proposal:

- Fee simple acquisition. Offer price: 15 yr. seller note for \$3.375M at 2% interest with annual payments. Interest will begin accruing 30 days after completion of construction with payment commencing the first day of the calendar year after completion of construction.
- \$25,000 earnest money, 75,000 in escrow at Close of Escrow, \$600,000 at Closing.
- Close of Escrow December 31, 2025.
- Demolition within 6 months of Close of Escrow.
- Closing December 31, 2026.
- Construction completed within five (5) years of the Close of Escrow evidenced by a Certificate(s) of Occupancy for the Project.

Based on the terms outlined in the ENA staff will draft a Disposition and Development Agreement (DDA). After due diligence and discussion with the purchaser, it may need some adjustment to details, but without any material changes staff recommends authorization for the Reno City Manager, or their authorized representative, and the Mayor to execute all documents.

Financial Implications:

Community Development Block Grant (CDBG) funds were utilized in the construction of the CAC in 2008. The construction costs of both facilities exceeded \$20,000,000 with approximately \$3,000,000 in CBDG funds used to cover the construction costs and bond debt. This proposal is a CBDG eligible project and does not require repayment or reallocation of funding. However, sale proceeds shall be retained as program income for the City to use on other eligible projects.

Legal Implications:

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

Recommendation:

Staff recommends Council approve the ENA with UAL and based on the summary of terms and conditions, authorize the City Manager to finalize a DDA and for the City Manager and Mayor to execute all documents to complete the disposition of property.

Proposed Motion:

I move to approve staff recommendations.

Attachments:

Exclusive Negotiating Agreement with Ulysses Acquisition, LLC