

STAFF REPORT

Date: January 22, 2025

To: Mayor and City Council

Through: Jackie Bryant, City Manager

Subject: Resolution No. ____ (For Possible Action): Resolution of the City Council of the City of Reno, Nevada, to be provided to the Director of the Nevada Department of Business and Industry, supporting the 136 unit affordable housing development by Ulysses Development Group at 315-335 Record Street.

From: Elaine Wiseman, Housing Manager

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

Summary:

The State of Nevada Department of Business and Industry is designated as the issuer of tax-exempt housing revenue bonds in Nevada by the Internal Revenue Service. Each year, the City of Reno is allocated a portion of the State's bond capacity, referring to this program as the Private Activity Bond Volume Cap (Volume Cap). While the City of Reno has already allocated their allotted amount of Volume Cap for this year, per Nevada Administrative Code (NAC) 319.7115, the State can issue 100 percent of the tax-exempt bonds for a housing project if the Director of the Department of Business and Industry receives a letter indicating support of a project from the local government, and the Division has sufficient Volume Cap to provide the project. Ulysses Development Group (UDG) is seeking an amount not to exceed \$26.2 million in tax-exempt bonds to finance the development of the Record Street Property, a 136-unit apartment complex for low-income individuals and families on located at 315-335 Record Street in Reno. UDG is requesting the City of Reno provide the State of Nevada a letter of support from the governing body. UDG is also requesting that the State Department of Business and Industry fully fund the Volume Cap needed for this project since the City of Reno's Volume Cap has already been allocated for the year.

Consent Review	Yes	No
1. Is this item an annual or standard item that comes before Council for regular approval?	X	
2. Is this item an agreement required based on an item previously approved by Council?		X
3. Is this item included in the current budget approved and adopted by Council?		X

Other Considerations	
What percent of the total City budget does this item represent?	N/A

Alignment with Strategic Plan:

Economic Opportunity, Homelessness, and Affordable Housing

Previous Council Action:

October 23, 2024- City of Reno and UDG entered into an exclusive negotiating agreement granting UDG the exclusive right to negotiate a Disposition and Development Agreement for the purchase and development of the Subject Property into a new affordable housing community.

Background:

Each year, the Internal Revenue Service allocates to each state the right to issue a certain amount of federally tax-exempt private activity bonds (referred to as Volume Cap), and pursuant to NRS Chapter 348A and NAC Chapter 348A, the Director of the Department of Business and Industry receives the State's Volume Cap from the IRS and allocates 50 percent to the State and 50 percent to local governments based on population.

Most of the State's portion of the Volume Cap is used by the Nevada Housing Division to issue tax exempt bonds to finance affordable housing projects, and the Housing Division usually requires that the local government contribute some of its Volume Cap to finance those projects. Although the 2024 City's Volume Cap allocation has already been distributed, per the Nevada Administrative Code (NAC 319.7115), the State can issue 100 percent of the tax-exempt bonds for a housing project if the Director receives from the local government a letter indicating support of a project, and the State has sufficient Volume Cap to provide the project.

Discussion: UDG is proposing to develop the Record Street property into a 136 unit affordable housing community consisting of residential units ranging from one to four bedrooms in size. 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.

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 4th Street Station providing residents with direct access to eight bus routes, accessing all regional destinations in the Reno metro area.

Funding the project is in conformance with the City's Industrial Development Revenue Bond program priorities, namely:

- (1) Affordable housing and manufacturing projects
- (2) Other eligible uses except for utility projects
- (3) Utility projects

Financial Implications:

None. The State of Nevada Department of Business and Industry will issue the bonds. Repayment of bond principal and interest will be the responsibility of the developer and paid through project operating income.

Legal Implications:

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

Recommendation:

Staff recommends Council

Proposed Motion:

Move to approve the Resolution supporting Ulysses Development Group's affordable housing development project located at 315-335 Record Street in Reno and providing said resolution to the Director of the Nevada Department of Business and Industry.

Attachments:

Project Description
Record Street Resolution