

STAFF REPORT

Date: April 10, 2024

To: Mayor and City Council

Through: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Approval of an agreement between the City of Reno and the Community Foundation of Northern Nevada (CFNN) to manage the City of Reno's Affordable Housing Charitable Donation Fund.

From: Monica Kirch, Director of Housing and Neighborhood Development

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

Summary:

Council has conditioned six projects to pay an affordable housing charitable donation. The projects range in size, as well as the required per-door donation amount. The conditioning language dictates that the funds be donated at the time of building permit issuance on each unit. While each development has a different construction schedule, some funds are expected to start coming in within the next 12 to 24 months, while others have a ten-year build-out. While the City is unable to accept donations, the intent of the affordable housing charitable donation by developers was to create a fund for affordable housing initiatives, while affording the developers a charitable donation option.

The Community Foundation of Northern Nevada (CFNN) has supported our community philanthropically for 25 years and has a long history of managing public/private partnership funds for charitable purposes. CFNN is a 501(c)(3) not-for-profit organization that is designed to accept a wide range of donations. Utilizing CFNN to set up and manage the affordable housing charitable donation fund will ensure a smooth operation and flexibility as it can accept different types of donations, and offers options for fund management, allowing the City to maintain maximum control of the funds. Staff is recommending Council approve the agreement with CFNN for the management of the Affordable Housing Charitable Donation Fund.

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?	.0000004%	

Alignment with Strategic Plan:

Economic Opportunity, Homelessness, and Affordable Housing

Previous Council Action:

November 8, 2023 - Council authorized staff to negotiate an agreement with CFNN to manage the City of Reno's Affordable Housing Charitable Donation Fund.

Background:

Recognizing the dire need for affordable housing, Council started conditioning new housing projects to pay a per-door affordable housing charitable donation. To date, Council has conditioned five projects to make the donations.

Project Name	Council Approval Date	Estimated Development Timeline	Number of Units	Dollar per Door	Fee Contribution
Tallus PUD (Daybreak)	July 2020	10-15 year buildout (starting 2024)	3,995	\$500.00	\$1,997,500.00
6000 Plumas Street Redevelopment	April 28, 2021	2024-2027	314	\$1,000.00	\$314,000.00
Santerra	March 24, 2021	10-15 year buildout (starting 2025-2027)	1125	\$1000.00	\$1,225,000.00
Stan Lucas	January 27, 2022	10 year buildout (starting 2025-2027)	632	\$1,000	\$632,000.00
Canyons PUD	June 15, 2022	10-15 year buildout (starting 2025-2027)	91	\$500.00	\$45,500.00
				Total Fee Contribution	\$4,214,000.00

While the projected timeframe for receiving these funds is spread out over the next one to ten years, it is imperative that the City establish a vehicle by which developers can make a charitable donation. CFNN currently manages several large government funds and has worked closely with the City on other affordable housing projects and programs.

Discussion:

CFNN has supported our community philanthropically for 25 years and has a long history of managing public/private partnership funds for charitable purposes. CFNN is a 501(c)(3) not-for-profit organization that is designed to accept a wide range of donations. Utilizing CFNN to set up and manage the affordable housing charitable donation fund will ensure a smooth operation and flexibility as it can accept different types of donations and offers options for fund management, allowing the City to maintain maximum control of the funds.

After reviewing different available options, staff recommends that the City retains maximum control of the fund management. This includes City Council/staff approving all fund activities, as well as the City choosing the projects funded and directing any spending of funds for affordable housing. Allowing the City to maintain autonomy in the management of funds allows a greater ability to provide the desired projects/programs of Council and strategic priorities.

CFNN shall hold, manage, invest, and reinvest the assets of the Fund (including principal, interest, dividends, capital appreciation, and any undistributed income) as part of the Foundation's investment portfolio consistent with the Foundation's investment policy. Once the fund balance reaches \$4,000,000 or a time that Council deems distribution is imperative, CFNN and the City of Reno will work together to develop a distribution strategy to be approved by Council.

Financial Implications:

An administrative fee of \$400 annually, or 1% of the average daily balance of the fund, whichever is more. If the fund balance reaches or exceeds \$1,000,000 the fee shall be reduced to 0.75% while the fund balance remains at \$1,000,000 or more.

Legal Implications:

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

Recommendation:

Staff recommends Council approve the agreement between the City of Reno and the Community Foundation of Northern Nevada to manage the City of Reno's Affordable Housing Charitable Donation Fund.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

Agreement between the City of Reno and CFNN