



July 31, 2023

City of Reno
Attn: Bryan McArdle, Revitalization Manager
1 E. First St.
Reno, NV 89501

Re: 0 Riverside Dr. Request for Proposals – Sale Conditions Resolution

Dear Mr. McArdle;

Please consider this letter a comprehensive summation of our amended offer to purchase the land at 0 Riverside Dr. (APN 010-590-01).

Below is a list of the five conditions that were included in the City Council's motion to approve the sale, and the current status/resolution of each.

1. Neighborhood Concerns and Communication

- a. On July 11, 2023 Kurt Stitser met on behalf of BUILT. with Ronda Theisen, and 2 other residents representing the HOA of 1200 Riverside Dr. We expect that additional neighborhood outreach to other properties will be required as the SPD process continues, but the major issues identified during that meeting were:
 - i. Emergency vehicle access, specifically fire department, around our building and to the backside of their East tower.
On 7/24/23 Kurt Stitser met on behalf of BUILT. with Tray Palmer and John Beck from the Reno Fire Department. We discussed revisions needed to the proposed site design for 0 Riverside, offsite access requirements addressed later in this letter, as well as options for thoroughfare widening to bring 1200 Riverside Dr. into compliance with current code.
 - ii. Flooding issues that they experience from a malfunctioning / overloaded storm sewer culvert at the end of Riverside Dr., and grading / drainage issues that result in basement flooding of their East building. BUILT. will work with them to assess grading improvement options during 0 Riverside Dr. civil engineering process, but the existing culvert needs to be addressed by the City of Reno. Bryan McArdle is also reviewing this as part of Booth Street sewer siphoning project that is planned for the future, and currently in design.
 - iii. Concern regarding the requested density. The RFP sought increased density and efficient use of the location to promote affordability by design, and use of public transit along with downtown walking and biking corridors. BUILT. will try and address their concerns thru the SPD process, but we still intend to pursue the density proposed in our RFP.
 - iv. The exacerbation of parking issues during peak usage of Idlewild Park, and an overflow of tenants in the apartment buildings at 1077 Riverside Dr. This will be a challenge that BUILT. will try and address thru the SPD

process, but we still intend to pursue a significant reduction in parking requirements.

- v. Relocation/improvement of the existing easement will require HOA approval, which BUILT. will work to achieve agreement on, but if we cannot the site plan may have to be adjusted to work around it.
- 2. Formation of a Special Planning District (SPD) to avoid "Spot Zoning"
 - a. On June 26, 2023 Kurt Stitser met on behalf of BUILT. with Angela Fuss to discuss the proposed SPD. Once we have attained a resolution here, BUILT. will engage a qualified consultant to begin drafting the necessary documents. Thru this process, required public hearings including Neighborhood Advisory Board, Planning Commission, and City Council will be held to ensure all parties with a vested interest are aware of the revised zoning and corresponding entitlements. The major points from our RFP that will be defined thru this process include:
 - i. Increased Density
 - ii. Parking Reduction
 - b. Closing of the purchase and transfer of funds, title, etc. are to be contingent upon approval and City Council adoption of the SPD.
- 3. Timeline for Permitting / Construction and Corresponding Penalties
 - a. BUILT. cannot control macro-economic factors, Federal and local governmental approval timelines, financing rates, material or labor availability. Accordingly, BUILT. cannot accept a term that mandates control of things BUILT. does not control, and results in penalties if permits aren't issued in 2.5 years, and construction isn't complete within 2.5 years thereafter.
 - b. Based on the details of BUILT.'s proposal, BUILT.'s history of taking projects from dirt to completion, and the amount of resources BUILT. has dedicated to vertical construction, there is ample evidence that BUILT. is not in the business of buying vacant land and letting it sit unimproved.
 - c. It is understood that this is an economic development project, and the City Council requires a reversion clause in the agreement. After further consideration, and in lieu of the condition proposed above, BUILT. is willing to amend the originally proposed terms in the RFP. So, if in the event significant progress cannot be shown towards commencing vertical construction within 10 years of close, BUILT. will offer the land back to the City of Reno at the cost of original price + closing costs + compounding interest equal to the CPI plus 3%.
- 4. Requirement to accept Choice Vouchers
 - a. On July 7, 2023 Clint Stitser met with Jamie Newfelt and Hilary Lopez of the Reno Housing Authority to learn about the Housing Choice Voucher Program. BUILT. acknowledges the need for more housing providers to accept Housing Choice Vouchers, and BUILT. acknowledges that the program appears to be well designed and well-staffed for sound execution. With that said, BUILT. cannot agree to encumber the property with a requirement to accept Housing Choice Vouchers for the following reasons.

- i. Based on the rents projected in the RFP, the land price and costs to develop the project, the "rent reasonable" test disqualifies this property from being a fit for the program.
 - ii. The RFP made no mention of this requirement, and since, hundreds of hours and tens of thousands of dollars have been invested to fulfill the requirements of the RFP, and this requirement is a meaningful shift.
 - iii. Further, BUILT. is not inclined to set a precedent of allowing a market rate transaction to be encumbered in this manner.
 - b. Subsequent to the meeting with the Reno Housing Authority, Clint Stitser had conversations with members of the Washoe County Trust fund and Washoe Home Consortium to discuss the potential use of project-based vouchers. The conclusion of those meetings was that the funds are mostly already allocated AND that there is only 1 case study in Northern Nevada of a blended project where there are market rate and project-based vouchers. Given the feedback from agencies familiar with that project and the current pipeline of fully subsidized projects, a blended project wouldn't work in the current environment.
 - c. Being members of this community for multiple generations, BUILT. is committed to making a positive contribution to our housing needs. Accordingly, BUILT. will continue to explore a working relationship with the RHA on this and other qualifying properties in the area on an elective basis.
5. Purchase Price
 - a. BUILT's originally proposed purchase price of \$950,000 was conditioned on the City of Reno demolishing the existing buildings prior to transacting the sale. Since that was rejected, the adjusted price of our offer was \$900,000.
 - b. The City Council countered with the average of the 2 appraisals at \$937,500 during the meeting held June 7, 2023.
 - c. Built's revised offer, as amended by the corresponding costs of the above is: \$850,000. Substantiation of this reduced price is per the costs outlined below:
 - i. Projected cost to complete the Special Planning District phase is: \$65,000
 - ii. Projected cost to complete the Reversion to Acreage is: \$22,500
6. Other terms
 - a. Earnest Money Deposit to be 3% of purchase price, or \$25,500
 - b. Closing date to be 45 days after issuance of SPD.
 - c. Simultaneous to the SPD approval, BUILT. will perform all required due diligence not related to the SPD within 150 days.
 - d. Prior to closing, City of Reno must work with Reno Fire Department to re-classify the "Unnamed Alley" along the East property line and dedicate as an Emergency Vehicle access, including installing whatever signage, striping, curbing, etc. is deemed necessary by code. As it currently stands, the alley appears to meet the minimum 20' wide threshold, but protecting from obstructions such as alley parking will be required.

Please consider this letter a comprehensive summation of our amended offer to purchase the aforementioned property. It is BUILT's desire to proceed forward with a straight



resolution to purchase the property at the above listed price. Close of escrow shall be contingent upon the pending adoption of the Special Planning District, and completion of all other entitlements, including but not limited to, the reversion of acreage.

We look forward to consummating this transaction, and will be in attendance at the August 23, 2023 meeting when this is scheduled for a second hearing.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Kurt Stitser", is written over a light blue horizontal line.

Kurt Stitser, COO
BUILT.
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