

## STAFF REPORT

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**Date:** May 10, 2023

**To:** Mayor and City Council

**Thru:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Public Hearing regarding the 2023-24 HUD Annual Action Plan for allocating grants from the federal Community Development Block Grant Program (CDBG) in the amount of \$2,010,659, HOME Investment Partnerships Program in the amount of \$1,627,662, and Emergency Solutions Grant Program (ESG) in the amount of \$181,952.

**From:** Jayna Litz, Management Analyst

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

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### **Summary:**

As an entitlement jurisdiction, the City of Reno receives an annual allocation of Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) funds from the U.S. Department of Housing and Urban Development (HUD). Funding from the Home Investment Partnerships Act (HOME) is also received annually by the City as the lead agency of the Washoe County HOME Consortium (WCHC). These funds are combined with other financial and human resources to support various community development and housing activities that benefit low- to moderate-income households. The Annual Action Plan (AAP) outlines activities to be undertaken during the program year using available resources. The proposed uses must be in line with HUD program goals and the goals established by the City and WCHC, as defined in the 2020-24 Five Year Consolidated Plan submitted to Council and HUD in June 2020. Once the AAP is approved by HUD, the City and the WCHC will receive their grant awards for 2023-2024.

### **Alignment with Strategic Plan:**

Economic Opportunity, Homelessness, and Affordable Housing  
Economic and Community Development

### **Previous Council Action:**

There is no recent Council action relevant to this item.

### **Background:**

Each year the City and the Washoe County HOME Consortium, which the City is the lead entity, receive funding from the U.S. Department of Housing and Urban Development (HUD) for community development, affordable housing, and the prevention of homelessness. The funds come from the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program (HOME), and the Emergency Solutions Grant (ESG).

The City is required to prepare an Annual Action Plan (AAP) for HUD setting out how the funds will be used. The Annual Action Plan designates how the City of Reno and the Washoe County HOME Consortium propose to spend CDBG, HOME, and ESG funds in the upcoming program year (July 1 to June 30).

The goals for the HUD-funded programs covered in the 2020-24 Five Year Consolidated Plan are:

1. Support quality living environments of low and moderate income households and persons with disabilities;
2. Expand and preserve affordable and mixed-income housing opportunities;
3. Support organizations that provide supportive services to low income, homeless and special needs residents;
4. Assist persons who are homeless or at-risk of homelessness obtain housing;
5. Increase economic opportunities for area residents and businesses.

#### **Discussion:**

On February 27, 2023, HUD released award amounts, identified below:

- CDBG- \$2,020,659
- HOME- \$1,627,662 (Projects are based on allocation from PY 22/23.)
- ESG- \$181,952

The three grant programs (CDBG, HOME, and ESG), have different allocation processes that are outlined below.

#### **A. Community Development Block Grant Program (CDBG)**

The current allocation process began in October 2022 with the CDBG Subcommittee identifying uses and priorities for the funds. In fall 2022, the HAND division solicited interest for possible internal projects. Between December 2022 and May 2023, staff vetted the proposed projects through the CDBG Subcommittee, CIP, and City Manager to identify recommended allocations for inclusion in the Annual Action Plan.

Table 1: Final recommendation for allocation of CDBG funds: Program Year 2023-2024.

<b>Revenue</b>
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2023 CDBG allocation from HUD	\$2,010,659
Total	\$2,010,659
<b>Uses</b>	
Internal Public Facilities Projects (50%)	\$1,005,330
Workforce Housing Initiatives (30%)	\$603,198
Grant Administration (20%)	\$402,131
Total	\$2,010,659

## **B. HOME Investment Partnerships Program (HOME)**

The process for allocating HOME dollars began in November with the publication of an extensive application form. City staff received applications for 2023 HOME funds in January, 2023. These were reviewed and presented to the Washoe County HOME Consortium (WCHC) Technical Review Committee (TRC) in February, March, and April 2023. This recommendation by the TRC was presented and approved by the WCHC Directors on April 19, 2023, and will be presented to the Regional Planning Governing Board on June 9, 2023 for final ratification. The available funds and proposed uses are set out in the following table:

Table 2: Proposed Allocation of HOME Funds by the WCHC: Program Year 2023-2024

<b>Revenue</b>	
2023 HOME allocation from HUD	\$1,627,662
Nevada State HOME allocation	\$256,748
Estimated program income	\$451,060
Federal HOME rollover from prior year	\$443,408
Total	\$2,778,878
<b>Uses</b>	
Carville Park Apartments	\$50,000
Copper Ranch Apartments	\$50,000
Orovada Street Senior Apartments	\$480,981
Sutro Street Senior Sanctuary	\$790,981
Silver Sage Court (Reno Housing Authority)	\$1,000,000
CHDO Set-aside (15%)	\$244,150
Grant Administration (10%)	\$162,766

Total	\$2,778,878
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**Carville Park Apartments:**

Acquisition/Rehabilitation of 209 low-income units in the Carville Park Apartment complex. There will be ten HOME units at 50% Area Median Income (AMI) and a 30-year affordability period. The project was recommended for a loan of \$50,000 in HOME funds.

**Copper Ranch Apartments:**

New Construction of 224 unit low-income apartments in Sparks/Spanish Springs. There will be four HOME units at 50% AMI and a 30-year affordability period. The project was recommended for a loan of \$50,000 in HOME funds.

**Orovada Street Senior Apartments:**

Phase II, new construction of 33 low-income apartment units. There will be three designated HOME units (one at 30% AMI and two at 50% AMI) and a 50-year affordability period. The project was recommended for a loan of \$480,984 in HOME funds.

**Sutro Street Senior Sanctuary:**

New construction of 170 low-income apartment units. There will be ten designated HOME units at 50% AMI and a 30-year affordability period. The project was recommended for a loan of \$790,981 in HOME funds.

**Silver Sage Court (RHA):**

Rehabilitation of 16 low-income apartment units. There will be five total HOME units at 30% AMI and a 30-year affordability period. The project was recommended for a loan of \$1,000,000 in HOME funds.

**C. Emergency Solutions Grant (ESG)**

In 2023-2024, the City expects to receive \$181,952 in ESG funds from HUD. \$13,646.40 (7.5%) will cover administrative costs, and \$168,305.60 will provide rental assistance to eligible households under the homeless prevention category.

**Financial Implications:**

Approving the Annual Action Plan has no implications to the General Fund. Award of a total of \$3,820,273 in 2023-2024 grant funds from HUD is conditional upon submission of the Annual Action Plan by May 16, 2023, and subsequent acceptance and approval by HUD.

**Legal Implications:**

Legal review completed for compliance with City procedures and Nevada law. As a grant recipient and lead agent for the Washoe County HOME Consortium, the City of Reno has a statutory obligation to prepare and submit the Annual Action Plan at least 45 days before the start of its program year.

**Recommendation:**

Staff recommends Council approve of the 2023-2024 Annual Action Plan and related materials as submitted.

**Proposed Motion:**

I move to approve staff recommendation.

**Attachments:**

Draft Annual Action Plan

Public Noticing