

## STAFF REPORT

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**Date:** July 26, 2023

**To:** Mayor and City Council

**Thru:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Approval of Subrecipient Agreement with Volunteers of America for Award of American Rescue Plan Act State and Local Fiscal Recovery Funds to support the purchase of the Hi-Way 40 Motel, in the amount of \$350,000. (ARPA Funds) (Ward 3)

**From:** Jayna Litz, Management Analyst

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

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### **Summary:**

On March 11, 2021, President Biden signed the American Rescue Plan Act (ARPA) of 2021 establishing the Coronavirus State and Local Fiscal Recovery Fund (SLFRF). The City of Reno received \$51,519,997 from the SLFRF and began allocating funds to critical projects on August 25, 2021, following initial acceptance of the funds. Since acceptance, Council adopted seven priority categories based on community input, Council direction, Treasury requirements, and the City of Reno master and strategic plans. In February 2022, Council approved \$2,000,000 to Volunteers of America for the purchase of the Hi-Way 40 Motel. Additionally, On March 8, 2023, Council approved additional allocations to existing projects and new projects under the seven identified priorities, which included an additional \$350,000 in funding for the purchase of the Hi-Way 40 Motel. Staff is seeking approval of the Subrecipient Agreement with Volunteers of America that relates to this most recent action.

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

Economic Opportunity, Homelessness, and Affordable Housing

### **Previous Council Action:**

March 8, 2023 – Council approved additional allocations to projects and new projects under the seven identified priorities, which included \$350,000 in funding for the purchase and of the Hi-Way 40 Motel.

February 22, 2022 – Council approved two affordable housing projects: Sage Street 2.0 (\$2,500,000.00) and Hi-way 40 Rehabilitation (\$2,000,000).

January 26, 2022 – Council allocated \$24,499,998.50 to seven priority categories and approved two pandemic response projects and one community project: Wastewater Surveillance of COVID-19 (\$504,258.66); Remote Work Equipment (\$200,000); and Oxbow Park (\$70,000) (Ward 1).

August 25, 2021 – Council accepted the SLFRF allocated through ARPA, directed staff to begin a public engagement process to identify potential uses of remaining funds to support pandemic response and relief, and allocated \$1,260,000 to urgent projects: City COVID-19 Coordinator (\$90,000); Hybrid Meeting Technology (\$200,000); Retention and Recruitment for Volunteers of America Shelter Operations (\$480,000); and Ward Specific Allocation to Councilmembers (\$490,000).

**Background:**

On March 11, 2021, President Biden signed the American Rescue Plan Act (ARPA) of 2021 establishing the Coronavirus State and Local Fiscal Recovery Fund (SLFRF). The SLFRF allocates funding to state, county, and local governments to support efforts to recover from the impacts of the COVID-19 pandemic. The SLFRF allocated \$51,519,997 directly to the City of Reno to assist in response and recovery efforts related to the COVID-19 pandemic.

In February 2022, Council approved \$2,000,000 to Volunteers of America (VOA) for the purchase of the Hi-way 40 motel. The intent of the purchase was for VOA to purchase and renovate the existing property, turning it into affordable housing for those coming out of homelessness and suffering from mental health conditions.

In March 2023, VOA determined that their initial capital stack for the purchase and renovation of Hi-way 40 fell short of their need to complete the purchase and renovations. VOA approached City of Reno for additional gap funding in the amount of \$350,000 in order to successfully purchase the property. Recognizing the urgent need for this housing, Reno City Council approved their request.

**Discussion:**

This project will acquire the property currently known as the Hi-Way 40 Motel on East Fourth Street in Reno, NV for the purpose of converting the one bedroom and studio units into affordable housing units. The target population is individuals with incomes at or below 60 percent of the Area Median Income and a preference will be given for those with mental health needs. Located adjacent to public transportation, the site is ideal to support a stabilized lower income community and provide for ancillary support services.

This project has received funding from multiple sources including: City of Reno, State of

Nevada, as well as restricted donations, for a total budget of \$4,750,000, of which \$2,450,000 is for the purchase of the property.

Additionally, VOA has strategically identified subsidy for continued operations from Northern Nevada Adult Mental Health Services, which will support the long-term viability of this project.

The Subrecipient Agreement includes a provision of a restricted deed, which will guarantee the project remains affordable to the aforementioned population for a minimum of 20 years.

**Financial Implications:**

Approving the \$350,000 Subrecipient Agreement has no impact on the General Fund. The funds have been allocated from the City of Reno's ARPA SLFRF funds.

**Legal Implications:**

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

**Recommendation:**

Staff recommends Council approve the Subrecipient Agreement with Volunteers of America for Award of American Rescue Plan Act State and Local Fiscal Recovery Funds to support the purchase of the Hi-Way 40 Motel, in the amount of \$350,000. (ARPA Funds) (Ward 3)

**Proposed Motion:**

I move to approve staff recommendation.

**Attachments**

Budget

Agreement

Exhibit A

2022 Staff Report and Attachment