

STAFF REPORT

Date: August 23, 2023

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Resolution of the City Council of the City of Reno, Nevada, to transfer to the Director of the Nevada Department of Business and Industry all of the City of Reno's Private Activity Bond Volume Cap for 2023 for allocation to Reno Housing Authority, for the benefit of an affordable housing redevelopment project identified as "Hawk View Apartments" (redevelopment of 100 units to 200+ units to be located at 1548 Steelwood Lane) and providing other details in connection therewith.

From: Elaine Wiseman, Management Analyst

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

Summary:

An application for all of the City's Volume Cap has been received. This application is for the redevelopment of a multi-family, affordable housing rental project in Reno known as the Hawk View Apartments. Subject to Council's resolution to make the transfer, the requested amount of Volume Cap will be transferred to the State of Nevada Department of Business and Industry for bond issuance and will address the City's priority to support affordable housing. Allocating the City's Volume Cap to the redevelopment of this multi-family, rental project will provide up to 200 units of affordable rental housing, of which a minimum of 100 will have a project-based housing voucher. Additionally, all units will have rents that are affordable to those households making 50 percent or less of the AMI. Staff recommends Council approval of the attached resolution which provides for the transfer of all the City of Reno's 2023 Private Activity Bond Volume Cap to the Director of Business and Industry for the benefit of the redevelopment of Hawk View Apartments project.

Alignment with Strategic Plan:

Economic Opportunity, Homelessness, and Affordable Housing

Previous Council Action:

There is no recent Council action relevant to this item.

Discussion:

Each year the City is allocated a portion of the State's Industrial Development Revenue Bond (IDRB) capacity. The City refers to this program as Private Activity Bond Volume Cap. The Volume Cap program allows developers to take advantage of tax-exempt financing, which lowers their development and interest costs. The 2023 City Volume Cap allocation is \$16,312,563.93 and must be allocated by September 1, 2023 or it reverts to the State automatically.

On July 19, 2023, City staff received a request from Reno Housing Authority, to transfer \$19,750,000 or a lesser amount as available, of the City's allocation of the 2023 Volume Cap to the Director of the Department of Business and Industry, for the issuance of tax exempt revenue bonds for redevelopment of Hawk View Apartments. The total anticipated bond issuance amount for the project is approximately \$39.5 million. The balance in bond issuance, after the City of Reno's allocation, will be issued by the Department of Business and Industry. Hawk View Apartments is a proposed redevelopment of an existing 100-unit multifamily development in to a 200+ unit multifamily development. Originally constructed in 1984, the development is owned and operated by Reno Housing Authority (RHA). RHA plans to demolish the existing building/units of public housing and redevelop the site, replacing the existing units on a one-for-one basis as well as increasing the density of the site to maximize the number of new affordable housing units.

Hawk View Apartments is located in a mix of residential and commercial developments. The property is adjacent to the former Procter R Hug High School site and is located within walking distance of a few small shopping centers, grocery stores, and restaurants. The development will consist of primarily two-bedroom units, with a centrally located activity center/building that includes on-site management, supportive services, and on-site amenities. There is a possibility that the additional 100 units will be one-, two-, and three- bedroom units. The new units include a percentage of units that are accessible to disabled persons.

The project will require relocation for the current residents of Hawk View Apartments. Residents will be provided robust relocation counseling and assistance provided by a resident relocation firm that has been contracted by RHA for this project. They will ensure compliance with applicable federal regulations and assist each household in identifying comparable replacement dwelling units. Replacement housing will be provided on a non-discriminatory basis in compliance with fair housing and other civil rights laws.

The projected financing includes tax-exempt bonds, equity from the sale of four percent tax credits, RHA HUD-held reserves, and Home Means Nevada Initiative (HMNI) funds. The HMNI funds are pass-through American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Fund monies from the U.S. Treasury that were set aside for affordable housing

purposes in Nevada. Hawk View Apartment is located within Census Tract 17.01, which is a Qualified Census Tract in 2023, qualifying Hawk View for a 130 percent boost in tax credit eligible basis. The estimated total development cost is \$76.18 million, or \$380,950 per unit.

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

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

Financial Implications:

None. All the City's Volume Cap will be transferred to the State of Nevada Department of Business and Industry, which 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. In accordance with NRS 348A.020 and NAC 348A.180, a local government, by resolution, may transfer to the State Director of Business and Industry its volume cap for a specified project or use.

Recommendation:

Staff recommends Council adopt the resolution to transfer to the Director of the Nevada Department of Business and Industry all of the City of Reno's Private Activity Bond Volume Cap for 2023 for allocation to Reno Housing Authority for the benefit of an affordable housing project identified as "Hawk View Apartments" (approximately 200 units to be located 1548 Steelwood Lane) and providing other details in connection therewith.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

Resolution