

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 Reno City Council pursuant to NRS 268.063, determining that it is in the best interest of the public to enter into an Economic Development Agreement to convey City-owned property commonly known as 0 Riverside Drive (APNs 010-590- 01 and 02, 010-591-01 and 02, 010-592-01 to 06, 010-593-01 to 06, 010-594-01 to 06, 010-595-01 to 06, 010-601-01 to 06, 010-602-01 to 04, 010-603-01-04 and 010-604-01) for \$850,000 to BUILT. Investments, LLC, a Nevada Limited Liability Company, or its assignee, without first offering it to the public, and for less than fair market value because the property will be sold for an economic development project.

From: Bryan McArdle, Revitalization Manager

Department: City Manager's Office

Summary:

On June 7, 2023 Council approved moving forward with negotiating an economic development agreement to sell the City-owned property located at 0 Riverside Drive to BUILT. Investments, LLC, a Nevada Limited Liability Company, or its assignee, and bring the development agreement back to Council for review and approval. This resolution allows the setting of the sale price at \$850,000 as an Economic Development Project under NRS 268.063. Based on the summary of terms, staff recommends approval of the resolution and authorization for the City Manager to finalize a Purchase Sale Agreement and the City Manager and Mayor to execute all documents.

Alignment with Strategic Plan:

Economic and Community Development

Previous Council Action:

- June 7, 2023 - Council authorized staff to negotiate a Purchase Sale Agreement with BUILT.
- July 20, 2022 – Council approved paying the delinquent property taxes of approximately

\$105,000 in exchange for removal of the open space deed restriction and directed staff to pursue an RFI process with an option for auction if no selection is made.

- December 11, 2019 – Council approved disposition of the property by public auction.
- September 12, 2018 – Staff presented a list of City/RDA owned properties which could be transferred to the Community Foundation’s Community Land Trust. No action was provided on these parcels.
- August 24, 2016 – Council approved and authorized staff to expend funds to undertake an appraisal on the property as a possible precursor to selling the property.

Background:

This property was acquired from the delinquent tax roll of the Washoe County Treasurer under Nevada Revised Statute 361.603, which allows for acquisition by local government of property held in trust, to be used for public purpose as open space, without paying the delinquent taxes. The property currently has an approved final map on the site for a 12-level condominium high-rise building with 40 condominiums units, two lower levels of parking and a lower level mezzanine.

On December 27, 2022 the City issued a Request for Proposals to partner with the City of Reno on the economic development project. This Request for Proposal was designed to give all who may be interested and qualified an opportunity to suggest an economic development program or project that are both physically and financially feasible while meeting the City’s goals. Proposals were due March 24, 2023 and three proposals were received with each suggesting a multifamily development between 54-123 units. At the June 7, 2023 meeting, Council approved moving forward with negotiating an economic development agreement to sell the City-owned property located at 0 Riverside Dr. to BUILT., and bring the development agreement back to Council for review and approval.

Discussion:

Under NRS 268.063 the City may offer the subject site through a sale or long term ground lease to the selected developer for a “fair market value”, which considers the community, economic, and social benefits of the planned development. The City has received two independent appraisals for this property at \$1,000,000 and \$875,000, for an average fair market value of \$937,500.

In the attached amended offer letter BUILT. has addressed the comments and concerns brought forward by Council on June 7, 2023 and staff has negotiated with BUILT. to sell the property for \$850,000 with additional terms and conditions. Based on the summary of terms, staff will draft an Economic Development and Purchase/Sale Agreement. After due diligence and discussion with the purchaser, it may need some adjustments to details, which the City Manager is authorized to complete, and the Mayor authorized to execute any Deeds to transfer the property

and City Manager, or designee, to execute and deliver all documents to close the sale.

Financial Implications:

The City approved the payment of the delinquent property taxes totaling \$105,000 to remove the deed restriction. Two appraisals of the property came back at \$875,000 and \$1,000,000 making the appraised full appraised value \$937,500. The offer price from BUILT. is \$850,000.

Legal Implications:

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

Recommendation:

Staff recommends Council adopt the resolution and authorize the City Manager to finalize an Economic Development and Purchase/Sale Agreement and the City Manager and Mayor to execute all documents to complete the sale of property.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

- BUILT. Amended Offer Letter - July 31, 2023
- Original BUILT. RFP - March 23, 2023