

## STAFF REPORT

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**Date:** November 1, 2023

**To:** Mayor and City Council

**Thru:** Doug Thornley, City Manager

**Subject:** Staff Report (For Possible Action): Review, discussion, and potential approval for staff to negotiate a contract with the Community Foundation of Northern Nevada to manage the City of Reno's Affordable Housing Charitable Donation Fund.

**From:** Monica Cochran, Housing Manager

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

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**Summary:**

Council has conditioned six projects to pay an affordable housing charitable donation. The projects range in size, as well as required per door donation amount. The conditioning language dictates that the funds be donated at the time of building permit issuance on each unit. While each development has a different construction schedule, some funds are expected to start coming in within the next 12-24 months, while others have a ten year or longer anticipated build out.

The intent of the affordable housing charitable donation by developers was to create a fund for affordable housing, while also providing the developers with a tax incentive. The Community Foundation of Northern Nevada (CFNN) has supported our community philanthropically for 25 years and has a long history of managing public/private partnership funds for charitable purposes. The CFNN is a 501(c)3 not for profit organization that is designed to accept a wide range of donations. Utilizing the CFNN to set up and manage the affordable housing charitable donation fund will ensure a smooth operation and flexibility as it can accept different types of donations, and offers options for fund management, thereby allowing the City to maintain maximum control of the funds.

Staff is recommending Council review the different types of fund management that CFNN offers and direct staff to move forward to negotiate a contract with CFNN for the management of the affordable housing charitable donation fund.

**Alignment with Strategic Plan:**

Economic Opportunity, Homelessness, and Affordable Housing

**Previous Council Action:**

There is no recent Council action relevant to this item.

**Background:**

Recognizing the dire need for affordable housing, Council has started conditioning new housing projects to pay a per-door affordable housing charitable donation. To date, Council has conditioned five projects to make the donations. Ultimate buildout will be market dependent and the estimated development timelines shown below are a “best guess” and subject to change.

<b>Project Name</b>	<b>Council Approval Date</b>	<b>Estimated Development Timeline</b>	<b>Number of Units</b>	<b>Dollar per Door</b>	<b>Fee Contribution</b>
Tallus PUD (Daybreak)	July 2020	10-15 year buildout	3,995	\$500	\$1,997,500
6000 Plumas Street Redevelopment	April 28, 2021	2023-2025	314	\$1,000	\$314,000
Santerra	March 24, 2021	9-11 year buildout (starting 2024)	1,125	\$1000	\$1,225,000
Stan Lucas	January 27, 2022	10-year buildout (starting 2024 - 2026)	632	\$1,000	\$632,000
Canyons PUD	June 15, 2022	2023-2025	91	\$500	\$45,500
<b>Total Fee Contribution</b>					<b>\$4,214,000</b>

While the projected timeframe for receiving these funds is spread out over the next one to ten years, it is imperative that the City establish a vehicle by which developers can make a charitable donation. The CFNN currently manages several large government funds and has worked closely with the City on other affordable housing projects and programs.

**Discussion:**

The CFNN is a flexible resource to accomplish the intended goals of the Council’s establishment of the affordable housing charitable donation fund. The CFNN offers several options for fund management, ranging in delegation of control from the City maintaining maximum control, to the City delegating maximum control of the funds to CFNN.

After reviewing the different options, staff recommends that the City retains maximum control of the fund management. This includes Council/staff approving all fund activities, as well as the

City choosing the projects funded and directing any spending of funds for affordable housing. Allowing the City to maintain autonomy in the management of funds allows a greater ability to provide the desired projects/programs of Council and strategic priorities.

Some areas the fund could focus on:

1. Competitive grant cycles focused on nonprofits delivering affordable housing in Reno.
2. Direct investment into affordable housing projects (directed by the City or determined through competitive grant cycles).
3. Purchase and managing properties held in perpetuity for affordable home ownership.

The focus areas can also change as the fund evolves. The fund agreement can include the three options above and leave the direction to Council for regular updates on direction.

The CFNN recommends a Money Market investment for short term funds, which is currently paying four percent. Fees for this fund would be tailored to the work required to manage the fund. The CFNN typically assesses an annual fee of 1.5 percent for any fund balances under \$1 million; however, fees can range as high as four percent for funds that take a large amount of management or can get as low as 0.4 percent for large funds requiring no management or oversight. Once the City has a tighter view of the operations of this fund, the CFNN will outline a fee structure for the City's review.

**Financial Implications:**

The affordable housing charitable donation would be paid directly by the developer to the Community Foundation of Northern Nevada and no funds would be paid to or received by the City of Reno.

**Legal Implications:**

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

**Recommendation:**

Staff recommends Council direct staff to negotiate a contract with CFNN for establishment and management of the affordable housing charitable donation fund, with the City maintaining maximum control of the fund management.

**Proposed Motion:**

I move to approve staff recommendation.