

## STAFF REPORT

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**Date:** December 14, 2022

**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 be provided to the Director of the Nevada Department of Business and Industry, supporting the affordable housing development known as Altitude by Vintage (three existing multi-family tax credit properties, Southridge, Skyline, and Skyview, with a collective of 293 units) and providing other details in connection therewith. [Ward 1]

**From:** Elaine Wiseman, Management Analyst

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

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### Summary:

The State of Nevada Department of Business and Industry is designated as the issuer of tax-exempt housing revenue bonds in Nevada by the Internal Revenue Service. Each year, the City of Reno is allocated a portion of the State's bond capacity, referring to this program as the Private Activity Bond Volume Cap (Volume Cap). While the City of Reno is yet to be notified of Volume Cap to transfer for this year, per the Nevada Administrative Code (NAC 319.7115), the State can issue 100 percent of the tax-exempt bonds for a housing project if the Director of the Department of Business and Industry receives a letter indicating support of a project from the local government, and the Division has sufficient volume cap to provide the project. Vintage Housing Development is seeking an amount not to exceed \$44.75 million in tax-exempt bonds to finance the preservation and rehabilitation of Altitude by Vintage, three existing multi-family tax credit properties, known as Southridge, Skyline, and Skyview. They are located on three adjacent parcels along Sky Valley Drive. Collectively, the developments contain 293 units, all of which offer rents that are between 30% and 60% of the area medium income (AMI). Vintage Housing Development is requesting the City provide the State of Nevada a letter of support from the governing body. Vintage Housing Development is also requesting that the State Department of Business and Industry fully fund the Volume Cap needed for this project since the City of Reno is yet to be notified of Volume Cap to transfer for this year.

### Alignment with Strategic Plan:

Economic Opportunity, Homelessness, and Affordable Housing

**Previous Council Action:**

There is no recent Council action relevant to this item.

**Background:**

Each year, the Internal Revenue Service allocates to each state the right to issue a certain amount of federally tax exempt private activity bonds (referred to as Volume Cap), and pursuant to NRS Chapter 348A and NAC Chapter 348A, the Director of the Department of Business and Industry receives the State's Volume Cap from the IRS and allocates 50 percent of it to the State and 50 percent to local governments based on population.

Most of the State's portion of the Volume Cap is used by the Nevada Housing Division to issue tax exempt bonds to finance affordable housing projects, and the Housing Division usually requires that the local government contribute some of its Volume Cap to finance those projects. Although the 2023 City Volume Cap allocation has not been distributed, per the Nevada Administrative Code (NAC 319.7115), the State can issue 100 percent of the tax-exempt bonds for a housing project if the Director receives from the local government a letter indicating support of a project and the State has sufficient volume cap to provide the project.

**Discussion:**

Altitude by Vintage is a proposed preservation and rehabilitation project of three existing multi-family tax credit properties, Southridge, Skyline, and Skyview. The properties, which were built in 1994 and 1995, are located on three adjacent parcels along Sky Valley Drive. Collectively, the developments contain 293 units- 44 studio units, 58 one-bedroom units, 116 two-bedroom units, and 75 three-bedroom units, all available to families with incomes between 30% and 60% of the AMI. The rehabilitation will involve re-syndication of the three properties in one financing and re-branding of the three properties as one cohesive development.

Renovation will be structured so that there will be minimal disturbances to the current residents. If any relocation activities are required, Vintage will conduct relocation in compliance with the Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970, as amended, and its implementation regulations at 49 CFR 24, as applicable.

Altitude by Vintage has submitted a request to the Washoe County HOME Consortium (WCHC) for approval of ownership transfer and re-subordination of existing HOME funds (\$6,500) on the three properties. At the time of the submission of this staff report, the Technical Review Committee (TRC) as well as the Directors of the WCHC had yet to approve an ownership transfer; however, both are on the agendas for the next meetings, which are December 13, 2022 and December 15, 2022, respectively.

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. The State of Nevada Department of Business and Industry 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.

**Recommendation:**

Staff recommends Council approve the Resolution supporting the affordable housing development identified as Altitude by Vintage, and providing said resolution to the Director of the Nevada Department of Business and Industry.

**Proposed Motion:**

I move to approve staff recommendation.

**Attachments:**

Altitude by Vintage Resolution