

B.23 Resolution No. _____ (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 project identified as “Skyline Flats” (the development of 402 affordable housing units located on Dandini Blvd.) and providing other details in connection therewith.

STAFF REPORT

Date: September 25, 2024

To: Mayor and City Council

Through: Jackie Bryant, Interim City Manager

Subject: Resolution No. _____ (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 project identified as “Skyline Flats” (the development of 402 affordable housing units located on Dandini Blvd.) and providing other details in connection therewith.

From: Elaine Wiseman, Housing Manager

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

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 has already allocated their allotted amount of Volume Cap 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. Dominion Development & Acquisitions, LLC is seeking an amount not to exceed \$90.6 million in tax-exempt bonds to finance the development of Skyline Flats Apartments, a 402-unit apartment complex for low-income individuals and families on Dandini Blvd. in Reno.

Dominium is requesting the City of Reno provide the State of Nevada a letter of support from the governing body. Dominion 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’s Volume Cap has already been allocated for the year.

Consent Review	Yes	No
1. Is this item an annual or standard item that comes before Council for regular approval?	X	
2. Is this item an agreement required based on an item previously approved by Council?		X

3. Is this item included in the current budget approved and adopted by Council?		X
Other Considerations		
What percent of the total City budget does this item represent?		N/A

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 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 2024 City's Volume Cap allocation has already 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:

Dominium Development is proposing to develop Skyline Flats Apartments, a 402 unit project which is composed of two, three, and four-bedroom units across (15) three-story walkup buildings. All units will serve individuals at 60% or below AMI. In-unit amenities will likely include balconies for every unit, washers and dryers, dishwashers, microwaves, garbage disposals, pantries, and ample cabinet and closet storage. Interior finishes will likely include wood cabinetry, hard-surfaced countertops, and luxury vinyl plank flooring. Units will also feature energy-efficient designs with Energy Star-rated appliances, LED light fixtures, high R-value insulation, and automatic thermostat controls. Amenities will include multiple children's playground, a pool/spa area, a bus shelter for students, a central clubhouse with a furnished clubroom, fitness center, and leasing offices. The development plans to promote water conservation through ion water meters and extensive xeriscape landscaping.,

The Skyline Flats project is strategically located on a 58.34-acre parcel northeast of Truckee Meadows Community College, on Dandini Boulevard in Reno. This site is 9 minutes (5 miles) from Downtown Reno, providing tenants with easy access to everyday goods and services. Dandini Boulevard's location is highly convenient, being approximately 4.6 miles from Reno Tahoe Airport, 2.6 miles from Costco Wholesale, 2.15 miles from Walmart, and 1.15 miles from Home Depot. Families residing in the area will benefit from a variety of nearby schools, including Lois Allen Elementary School just 0.3 miles away, Sparks Middle School 2.8 miles away, and TMCC High School only 0.5 miles away. Furthermore, US-395 is situated southwest of the site, offering essential transportation routes for everyday drivers in Washoe County. This well-connected and resource-rich location ensures that residents have everything they need within close proximity.

Funding the project is in conformance with the City's Industrial Development Revenue Bond program priorities, 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 project identified as Skyline Flats Apartments and providing said resolution to the Director of the Nevada Department of Business and Industry.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

Skyline Flats Apartments Resolution

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 PROJECT IDENTIFIED AS “SKYLINE FLATS” (THE DEVELOPMENT OF 402 AFFORDABLE HOUSING UNITS LOCATED ON DANDINI BLVD.) AND PROVIDING OTHER DETAILS IN CONNECTION THEREWITH.

WHEREAS, Section 146 of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), imposes an annual dollar limit (the “State Ceiling”) on the amount of private activity bonds (which, as defined herein, would include “Bonds”) which can be issued in each State, the interest on which is exempt from federal income taxes, and provides that each state may determine the method by which its State Ceiling for each year is to be allocated among the issues of the state; and,

WHEREAS, under the provisions of Chapter 348A of the Nevada Revised Statutes, as amended (the “Allocation Act”), and Regulations thereunder adopted by the Director of the Department of Business and Industry (the “Director”) in NAC Chapter 348A (the “Allocation Regulations”), Nevada’s Volume Cap is allocated between the Director and local governments; and,

WHEREAS, in accordance with 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; and,

WHEREAS, Dominion Development is seeking approximately \$90 million in tax- exempt bonds to finance the development of an affordable housing project in Reno, and is requesting that the City provide the Director a letter of support from the Governing Body for the purpose of contributing to financing the development of Skyline Flats Apartments, which will provide decent, safe and sanitary dwellings, with all of the units committed to persons earning 60% or less of the AMI; and,

WHEREAS, Dominion Development is also requesting that the Director fully- allocate \$90 million in tax-exempt bonds needed for this project; and,

WHEREAS, Section 348A.040 of the Nevada Revised Statutes authorizes the Director to adopt regulations to facilitate the use of the Volume Cap; and,

WHEREAS, the Director has adopted such regulations and through Section 348A.220 of the Allocation Regulations provides a procedure whereby the City may, by resolution, transfer all or any portion of its Volume Cap to the Director to induce the Director to provide financing to a project which will provide a public benefit to the citizens of the City of Reno; and,

WHEREAS, State of Nevada Department of Business and Industry (the Department) is a recognized government eligible to provide the services and pursuant to NRS 315.983(1)(a); and,

WHEREAS, the City anticipates that it will incur no cost or liability in connection with the issuance of the Bonds; and,

WHEREAS, this Council has determined that there is a need for affordable rental housing in the City (such as those proposed to be provided by Skyline Flats Apartments), and low-income residents of the City will benefit from the development of this property.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Reno, Nevada, as follows:

Section 1. Declaration of Support. The City of Reno, Nevada hereby declares the City's support for the project known as Skyline Flats Apartments, the development of 402 affordable housing units for low-income residents located on Dandini Blvd., Reno, Nevada.

Section 2. Public Benefit. This Council determines that the City of Reno, Nevada, will benefit from the financing through increased availability of funds for barrier-free and affordable multi-family rental housing within the City.

Section 3. Fees. The project sponsor shall pay all fees, in accordance with NAC 348A.300.

Section 4. City Representative. Any communication with the City regarding this matter should be with Elaine E. Wiseman, Housing and Neighborhood Development, City Manager's Office, by phone at 775-334-2578 or e-mail at wisemane@reno.gov. Correspondence by United States Postal Service should be mailed to P.O. Box 1900, Reno, Nevada 89505.

Section 5. Filing. The City Clerk is hereby directed to deliver to the Director and to the secretary of the State Board of Finance a certified copy of this resolution and any other report, accounting, or document necessary within five days after the adoption of this resolution.

Section 6. General Provisions. The officers of the City are hereby authorized and directed to take all action necessary to effectuate the provision of this resolution. The provisions of this resolution shall be liberally construed to effectively carry out its purposes. This Resolution shall be in full force and effect forthwith after its adoption. If any provision in this resolution is deemed void, invalid, or unenforceable by a court of competent jurisdiction, then such offending provision shall be deemed, from the very beginning to be modified to bring it within the limits of validity, but if it cannot be so modified, then it shall be severed from this resolution and all of the remaining provisions shall remain in full force and effect.

Upon motion by Council Member _____, and seconded by Council Member

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_____, the foregoing Resolution was passed and adopted this _____ day of

_____, 2024 by the following vote of the Council:

AYES:

NAYS:

ABSTAIN: ABSENT:

APPROVED this _____ day of _____, 2024.

MAYOR

HILLARY L. SCHIEVE

ATTEST:

Mikki Huntsman
CITY CLERK