

- B.17** 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 (B&I), supporting the affordable housing project identified as Vintage at Stoker, the development of 180 units of affordable housing.

STAFF REPORT

Date: February 28, 2024

To: Mayor and City Council

Through: 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 (B&I), supporting the affordable housing project identified as Vintage at Stoker, the development of 180 units of affordable housing.

From: Elaine Wiseman, Housing Manager

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

Summary:

The State of Nevada Department of Business and Industry (B&I) is designated as the issuer of tax-exempt housing revenue bonds in Nevada by the Internal Revenue Service (IRS). 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 yet to allocate its Volume Cap as the City has not yet received its Volume Cap for this year, per Nevada Administrative Code (NAC) 319.7115, the State can issue 100% of the tax-exempt bonds for a housing project if the Director of B&I 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, Inc. is seeking an amount not to exceed \$30 million in tax-exempt bonds to finance the development of a 180-unit apartment complex for low-income seniors located at 500 Stoker Avenue, in Reno. Vintage Housing Development is requesting that the City of Reno provide the State of Nevada with a letter of support from the governing body. Vintage Housing Development is also requesting that B&I fully fund the Volume Cap needed for this project.

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?	0%	

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 IRS 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 Nevada Revised Statute (NRS) Chapter 348A and NAC Chapter 348A, the Director of B&I receives the State's Volume Cap from the IRS and allocates 50% to the State and 50% to local governments based on population.

Most of the State's portion of the Volume Cap is used by the Nevada Housing Division (NHD) to issue tax-exempt bonds to finance affordable housing projects, and NHD usually requires that the local government contribute some of its Volume Cap to finance those projects.

Unfortunately, the City of Reno has yet to receive its Volume Cap allocation; however, per NAC 319.7115, the State can issue 100% of the tax-exempt bonds for a housing project if the Director receives a letter indicating support for a project from the local government, and the State has sufficient Volume Cap to provide the project.

Discussion:

Stoker by Vintage is a proposed affordable housing apartment community to be located at 500 Stoker Avenue in Reno, Nevada. The proposed apartment community will provide a total of 180 affordable apartment units, restricted to residents earning at or below 60% of the AMI. These units will provide a high-quality, safe, and energy-efficient housing option to low-income individuals and families in the community.

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 B&I 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 “Vintage at Stoker” and provide said Resolution to the Director of the Nevada Department of Business and Industry.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

Vintage at Stoker 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 “VINTAGE AT STOKER” (THE DEVELOPMENT OF 180 AFFORDABLE HOUSING UNITS LOCATED AT 500 STOKER AVE.) 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 provision of the Allocation Act and Allocation Regulations, the Director has yet to determine the City’s share of the State’s Ceiling (hereafter referred to as “Volume Cap”) for 2024; 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, The Vintage Housing Development is seeking approximately \$30 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 Vintage at Stoker 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, Vintage Housing Development is also requesting that the Director fully- allocate \$30 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 Vintage at Stoker 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 Vintage at Stoker Apartments, the development of 180 affordable housing units for low-income residents located at 500 Stoker Ave., 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