

Staff Report

Date: March 9, 2021

To: Technical Review Committee, Washoe County HOME Consortium

From: Housing and Neighborhood Development Division, City of Reno

Subject: 3rd PUBLIC HEARING: REVIEW, DISCUSSION AND POSSIBLE APPROVAL OF CHDO RECERTIFICATION AND PROJECT FUNDING RECOMMENDATIONS FOR FY2021/2022 HOME AND AFFORDABLE HOUSING TRUST FUNDS (For Possible Action)

This is the third and final of three public hearings by the Technical Review Committee (TRC) to review and discuss applications for affordable housing projects and programs funded by federal and state HOME Partnership (HOME) funding, and state Affordable Housing Trust Funds (AHTF). The meeting is also to possibly approve the Community Housing Development Organization (CHDO) recertification and make project funding recommendations that will be presented to the Directors in April.

Table 1 below outlines the sources of funding available in the 2021/2022 program year, which is subject to change. The City of Reno received notice from the Department of Housing and Urban Development (HUD) on the Federal HOME Entitlement funds on March 2, 2021. The State HOME funds and Affordable Housing Trust Funds (AHTF) are estimates based upon funding received for the FY2020/2021 program year until staff receives confirmation the Nevada Housing Division (NHD), which historically has occurred in the spring. Program Income is available for new projects and programs; the estimated amount is based upon program income currently available for allocation.

Table 1. 2021/2022 Washoe County HOME Consortium Funding

Federal HOME Allocation available for AHMLP (<i>confirmed</i>):	\$1,048,525
Mandatory CHDO set aside (<i>confirmed</i>):	\$ 209,705
Nevada State HOME Allocation (<i>estimated</i>):	\$ 277,217
Nevada Affordable Housing Trust Funds (<i>estimated</i>):	\$ 598,468
Program Income (<i>estimated</i>):	\$ 209,258
Total estimated:	\$2,343,173

Tenant Based Rental Assistance Applications

Tenant based rental assistance programs (TBRA) provide funding for qualifying households to pay for the security/utility deposits, application fees, and sometimes monthly rental assistance for homeless individuals and families in order to move into permanent housing. The City of Reno operates a Rental and Deposit Assistance program that allows assistance to be used throughout Washoe County.

As outlined in The Washoe County HOME Consortium Standard Operating Policies and Procedures updated August 23, 2019, the Consortium has decided to use Affordable Housing Trust Funds (AHTF) for TBRA programs. The amount shown below in Table 2 equals the total amount of AHTF funding that was awarded from NHD for State FY2021; it is anticipated funding will remain the same in SFY2022. AHTF awarded through the State has less restrictive TBRA regulations that allows the WCHC to target individuals with extremely low- or no income, whereas HOME funds do not.

Table 2. Nevada Affordable Housing Trust Fund Recommendation

Applicant	Program Name	Requested Amount
City of Reno	Rental and Deposit Assistance	\$598,468

Due to the unforeseen economic impacts of the pandemic on the rental community, the need for rental and deposit assistance has increased 160% from the prior year and is estimated that close to \$2,000,000 will be needed to meet this year’s community need. No other TBRA applications were received and staff recommends awarding the full amount of AHTF to the City of Reno program.

Community Housing Development Organization (CHDO) Recertification

Pursuant to 24 CFR 92.300, at least 15 percent of HOME Program funds (noted in Table 1) must be set aside for specific activities to be undertaken by a CHDO, which is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. The Participating Jurisdiction (PJ), must certify the organization as meeting the definition of CHDO and must document that the organization has said capacity to “own, develop, or sponsor housing each time it commits funds to the organization.”

There are two agencies that are recertifying as Community Housing Development Organizations (CHDO), as shown in Table 3 below. In order to qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational

structure, and capacity and experience. At the time of their applications, both agencies recertifying as a CHDO were applying for rehabilitation or new construction funding and qualify as a CHDO set-aside project. This will be discussed further in the CHDO set-aside section of this report.

Table 3. Community Housing and Development Organizations (CHDOs) Recertification Requests

Agency Name	Project Address	Operating Assistance Requested
Ridge House	900 W First Street Reno, NV	None - recertification only
Northern Nevada Community Housing	1090 East Eighth Street Reno, NV	None - recertification only

Ridge House and Northern Nevada Community Housing have demonstrated they have the legal status, organizational structure, capacity and experience and it is recommended both be recertified as a CHDO.

Community Housing Development Organization (CHDO) set-aside

Pursuant to 24 CFR 92.300, at least 15% of HOME Program funds (noted in Table 1) must be set aside for specific activities to be undertaken by a CHDO. With PJ approval, CHDOs may use HOME funds for all eligible HOME activities. However, in order to count towards the 15 percent set-aside, a CHDO must act as the owner, developer, or sponsor of a project that is an eligible set-aside activity. Examples of eligible set-aside activities include: the acquisition and/or rehabilitation of rental housing; new construction of rental housing; acquisition and/or rehabilitation of homebuyer properties; new construction of homebuyer properties; project specific technical assistance, pre-development “seed money” loans; and direct financial assistance to purchasers of HOME-assisted housing that has been developed with HOME funds by the CHDO.

Based upon discussions between Ridge House and Northern Nevada Community Housing (NNCH), after the February 9, 2021 TRC meeting, Ridge House withdrew their group home rehabilitation project which requested a portion of the Community Housing Development Organization (CHDO) set-aside. In addition, NNCH submitted a notice to amend their new construction proposal, to only requesting a CHDO set-aside Pre-Development Loan. NNCH’s request was for the full CHDO set-aside which is \$209,705 based upon the March 2 notification of HOME Entitlement funding. Pursuant the 24 CFR 92.301(b) and 92.300(c) HOME funds may be used as a project specific loan for project costs that are “customary and reasonable, including,

but not limited to the costs of obtaining firm construction loan commitments, architectural plans and specifications, zoning approvals, engineering studies, and legal fees.” To qualify, the CHDO must have site control, preliminary financial commitment, and a development team. The pre-development loan must be repaid from construction loan proceeds or other project income; however, in the event of impediments to project development, the PJ may waive repayment. In review of HUD regulations and in consultation with HUD, staff discovered that only 10% of the CHDO set-aside funding can be used for a pre-development loan as outlined in 92.300(c) thus only \$20,970.50 can be awarded. Staff has discussed this with NNCH and they have agreed to that amount. Unless otherwise allocated to another CHDO and eligible CHDO activity, the balance of the CHDO set-aside, \$188,734.50, will carry forward to next year’s allocation process.

In their AHMLP application, NNCH has provided evidenced of site control (copy of their deed), preliminary financial commitment and a development team. Although, this is less than the WCHC defined minimum loan, HUD regulations take precedent and cannot be overridden by local policy and procedure. It is recommended that NNCH be awarded with \$20,970.50 as a CHDO Pre-development loan with the balance of CHDO set-aside funding to carry forward to next year’s allocation process.

New Construction and Rehabilitation Applications

Established in 1994, the City of Reno, City of Sparks, and Washoe County entered into an intergovernmental agreement creating the Washoe County HOME Consortium in order to improve the creation and provision of affordable housing throughout Washoe County. There are approximately 6,100 units of affordable housing in the current HOME Consortium monitoring inventory. Approximately 825 units have been directly funded through the Consortium which includes approximately 230 units for senior housing with the balance being efficiency, group home, or multi-family units.

Table 4 below shows the applications received for new construction and rehabilitation of affordable housing based upon independent conversations between the applicants following the February 9, 2021 TRC meeting. Together, the 4% Tax Credit projects (Attivare, Centennial Park, Pinewood Terrace, Vintage at Spanish Springs, and Washington and Vine) and one of the 9% Tax Credit projects (Truckee Heights – see CHDO Set Aside) decided to lower their requests to the minimum WCHC funding allocation in order to allow the majority of funding to be awarded to a 9% Tax Credit project (Orovada) as those projects require the most Gap Financing and HOME funds is a subsidy that can help fill that gap. During the February 9, 2021 meeting, the TRC requested staff review how many additional units of affordable housing could be funded if projects received the minimum HUD funding. Due to the high subsidy requirements for 9% Tax Credit

projects, minimum funding does not meet their subsidy requirements and would not be a viable option. In years where two or more 9% Tax Credit projects are proposed, the Consortium does not have sufficient funding to meet those higher subsidy needs that minimum funding would not benefit.

Table 4. New Construction and Housing Rehabilitation Recommendations

Project	Proposed HOME Units	Affordability Period	Other Units	Home Funds Requested and Recommended
Attivare Senior Apartments New Construction	4 – 1 bd 50% AMI 2 – 2 bd 50% AMI	20 years	162 (60% AMI)	\$50,000 3% interest loan
Centennial Park Rehab	SOW states work will be to replace building siding ** per HUD regulations all the units affected in building would be HOME units	35 years	50 (50% AMI) **per HUD regulations all the units affected in building would be HOME units	\$50,000 3% interest loan
Orovada St. – Senior Apartments New Construction	2 – 1 bd 30% AMI 7 – 1 bd 50% AMI 1 – 2 bd 30% AMI 1 – 1 bd 50% AMI	50 years	29 (30 - 50% AMI)	\$1,285,000 3% simple interest loan
Pinewood Terrace Rehab	SOW states work will be to replace building siding ** per HUD regulations all units affected in the building would be HOME units	35 years	40 (50% AMI) **per HUD regulations all the units affected in building would be HOME units	\$50,000 3% interest loan
Vintage at Spanish Springs – Senior Apartments New Construction	5 – 1 bd 50% AMI	20 years	191 (60% AMI)	\$50,000 2.5% interest loan

Project	Proposed HOME Units	Affordability Period	Other Units	Home Funds Requested and Recommended
Washington & Vine Senior Apartments New Construction	5 studios 45% AMI	30 years	158 (60% AMI)	\$50,000 2.5% interest loan

Each project listed has been reviewed against the WCHC set priorities and meets priorities as noted in the staff reports for the January 12 and February 9 Public Hearings. In addition, pursuant to HUD CPD Notice 16-15, staff has conducted a cost allocation review for each project determining the requested funding outlined above is within HUD’s subsidy requirements. It is recommended funding for the new construction and rehabilitation projects be allocated as outlined in Table 4 above.

Possible Motion:

Move to approve the CHDO recertification of Ridge House and Northern Nevada Community Housing; CHDO set-aside funding in the amount of \$20,970.50 as a Pre-development loan for Northern Nevada Community Housing’s Truckee Heights project; project loan funding in the amount of \$50,000 each for Attivare Senior Apartments, Centennial Park Rehab, Pinewood Terrace Rehab, Vintage at Spanish Springs Senior Apartments, and Washington and Vine Senior Apartments, and project loan funding in the amount of \$1,285,000 for Orovada Street Senior Apartments.