

## Staff Report

**Date:** April 7, 2021

**To:** Directors, Washoe County HOME Consortium

**From:** Housing and Neighborhood Development Division, City of Reno

**Subject:** PRESENTATION, DISCUSSION, AND POSSIBLE APPROVAL OF COMMUNITY HOUSING DEVELOPMENT ORGANIZATION RECERTIFICATIONS AND A RESOLUTION ADOPTING THE TECHNICAL REVIEW COMMITTEE RECOMMENDATIONS ON FUNDING FY2021 AFFORDABLE HOUSING PROGRAMS AND PROJECTS TO BE FORWARDED TO THE REGIONAL PLANNING GOVERNING BOARD FOR RATIFICATION (For Possible Action)

**Background:** The Technical Review Committee (TRC) held three public hearings to review applications and to hear presentations to use FY 2021/2022 HOME and Affordable Housing Trust Fund (AHTF) grants for eligible affordable housing projects and programs. The meetings were held on January 12, February 9, and March 9, 2021. The TRC made a recommendation for funding at the March 9 meeting, which is described in the tables throughout this report. Per the Washoe County HOME Consortium Interlocal Agreement, the Directors shall review and forward the TRC’s recommendation to the Truckee Meadows Regional Planning Governing Board (RPGGB) for final ratification of funding.

Table 1 below outlines the sources of funding available in the 2021/2022 program year. 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>	<b>\$1,048,525</b>
Mandatory CHDO set aside <i>(confirmed):</i>	<b>\$ 209,705</b>
Nevada State HOME Allocation <i>(estimated):</i>	<b>\$ 277,217</b>
Nevada Affordable Housing Trust Funds <i>(estimated):</i>	<b>\$ 598,468</b>
Program Income <i>(estimated):</i>	<b>\$ 209,258</b>
<b>Total estimated:</b>	<b>\$2,343,173</b>

## **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**

<b>Applicant</b>	<b>Program Name</b>	<b>Requested Amount</b>
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 over \$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.

Two applications were received for CHDO set-aside projects. The Ridge House submitted a group home rental rehabilitation project in Reno and Northern Nevada Community Housing (NNCH) submitted a new construction, multi-family project called “Truckee Heights” to be located on Prater Way in Sparks. Based upon discussions between Ridge House and NNCH, after the February 9, 2021 TRC meeting, Ridge House withdrew their group home rehabilitation project and NNCH submitted a notice to amend their application 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 as revised 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**

<b>Project</b>	<b>Proposed HOME Units</b>	<b>Affordability Period</b>	<b>Other Units</b>	<b>Home Funds Requested and Recommended</b>
<b>Attivare Senior Apartments Lemon Dr. and Military Rd., Reno</b>	<b>4 – 1 bd 50% AMI 2 – 2 bd 50% AMI</b>	<b>30 years</b>	<b>162 (60% AMI)</b>	<b>\$50,000 3% interest loan</b>
<b>Centennial Park 1652 Wedekind Rd., Reno</b>	<b>SOW states rehab work to replace building siding ** per HUD regulations all the units affected in building would be HOME units</b>	<b>35 years</b>	<b>50 (50% AMI) **per HUD regulations all the units affected in building would be HOME units</b>	<b>\$50,000 3% interest loan</b>
<b>Orovada St. Senior Apartments 0 Orovada St., Reno</b>	<b>2 – 1 bd 30% AMI 7 – 1 bd 50% AMI 1 – 2 bd 30% AMI 1 – 1 bd 50% AMI</b>	<b>50 years</b>	<b>29 (30 - 50% AMI)</b>	<b>\$1,285,000 3% simple interest loan</b>
<b>Pinewood Terrace 1455 Evelyn Way, Reno</b>	<b>SOW states rehab work will be to replace building siding ** per HUD regulations all units affected in the building would be HOME units</b>	<b>35 years</b>	<b>40 (50% AMI) **per HUD regulations all the units affected in building would be HOME units</b>	<b>\$50,000 3% interest loan</b>
<b>Vintage at Spanish Springs Senior Apartments Eagle Canyon and Neighborhood Way, Spanish Springs</b>	<b>5 – 1 bd 50% AMI</b>	<b>30 years</b>	<b>191 (60% AMI)</b>	<b>\$50,000 2.5% interest loan</b>
<b>Washington Station Senior Apartments 291 Washington St., Reno</b>	<b>5 studios 45% AMI</b>	<b>30 years</b>	<b>158 (60% AMI)</b>	<b>\$50,000 2.5% interest loan</b>

Each project listed has been reviewed against the WCHC set priorities and meets priorities with the exception of the Level II Priority of being a mixed use project. None of the projects proposed are mixed use projects. In addition to the priority review, 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 along with the attached Resolution adopting the recommendations of the Technical Review Committee to fund 2021/2022 affordable housing projects and programs and direct staff to forward the Resolution to the Truckee Meadows Regional Planning Governing Board for final ratification.

**Washoe County HOME Consortium**

**Board of Directors**

**RESOLUTION ALLOCATING 2021 HOME FUNDS AND STATE OF NEVADA AFFORDABLE HOUSING TRUST FUNDS FOR APPROVED PROJECTS AND PROGRAMS; AND PROVIDING FOR MATTERS THAT PERTAIN TO OR ARE NECESSARILY CONNECTED THEREWITH.**

**WHEREAS**

A. As required by the Intergovernmental Agreement for the Washoe County HOME Consortium, the Technical Review Committee conducted three public hearings on January 12, 2021, February 9, 2021, and March 9, 2021, to review applications to use Program Year 2021 HUD HOME Partnership (HOME) and Affordable Housing Trust Fund (AHTF) grant funding;

B. The HOME Consortium desires to use State of Nevada Affordable Housing Trust Fund exclusively for tenant-based rental assistance programs and Federal HOME and State of Nevada HOME grant funds for eligible new construction, acquisition, and rehabilitation projects;

C. The HOME Consortium will allocate 2021 HOME funds and Affordable Housing Trust Funds, and other available grant funding to the following affordable housing projects and programs, per the requirements of federal code 24 CFR Part 92, and NRS chapter 319 and NAC Chapter 319.

NOW THEREFORE, be it RESOLVED that:

1. 2021 Allocations. This Board hereby allocates from funds available in 2021 to the rental assistance programs as indicated in Table 1, and for new construction and rehabilitation projects as shown in Table 2.

**Table 1. State Affordable Housing Trust Funds (AHTF)**

<b>Tenant Based Rental Programs</b>	<b>Requested Amount</b>	<b>Recommendation</b>
City of Reno – Rental and Deposit Assistance	\$598,468	\$598,468
<b>Total</b>	<b>\$598,468</b>	<b>\$598,468</b>

**Table 2. Funding for New Construction**

<b>Projects</b>	<b>Terms</b>	<b>Recommendation</b>
1. Attivare Senior Apartments	3.0% interest 30 year affordability period	\$50,000
2. Centennial Park Rehab	3.0% interest, 35 year affordable period	\$50,000
3. Orovada Street Senior Apartments	3% interest, 50 year affordable period	\$1,285,000
4. Pinewood Terrace Rehab	3% interest 35 year affordable period	\$50,000
5. Vintage at Spanish Springs Senior Apartments	2.5% interest 30 year affordable period	\$50,000
6. Washington Station Senior Apartments	2.5% interest 30 year affordable period	\$50,000
7. Truckee Heights Multi-family Apartments	CHDO set-aside Predevelopment loan	\$20,970.50
	<b>Total</b>	<b>\$1,555,970.50</b>



