

Staff Report

Date: August 20, 2021

To: Directors, Washoe County HOME Consortium

From: Housing and Neighborhood Development Division, City of Reno

Subject: PRESENTATION, DISCUSSION AND POSSIBLE APPROVAL OF A REQUEST BY GRACE PARTNERS TO DEFER REPAYMENT OF THE LOAN FOR THE GRACE SENIOR APARTMENTS PROJECT, AND OTHER MATTERS RELATED TO THE LOAN AGREEMENT (For Possible Action)

Grace Partners is a Nevada limited partnership between Grace Tabernacle Church and the Community Services Agency Development Corporation (CSADC). In December 2002, Grace Partners entered into an agreement with the Washoe County HOME Consortium to receive affordable housing funds totaling \$597,722. Located at 1260 Commerce Street in Sparks, Nevada, the Grace Senior Apartments were built in 2003, with a total of 55 units. Eleven (11) of these are HOME units, eight (8) of which are affordable to 45 percent of the area median income (AMI), and three (3) that are affordable to 30 percent AMI and below. The other 44 units are affordable at or below 60 percent of the AMI.

From 2005 to 2020, Grace Partners made annual interest-only payments of \$5,977.22, for a total of \$113,567.18. According to the agreement, additional amortized payments of \$63,108.73 are due in years 2036 through 2044, at which point the loan will be fully paid. In 2020, Leslie Colbrese, CSADC Executive Director, formally requested an immediate deferral of repayments to the loan for as long as the project remains 100 percent affordable. The request was due to the limited cash flow of the project, which is placing restrictions on their ability to maintain the property. The deferral of the HOME Consortium debt would allow Grace Partners to retain the property and to pursue a different partner that can assist them in preserving the property, and possibly even expand the units in the future as well.

On February 10, 2020, The Technical Review Committee reviewed and approved the recommendation to defer repayment of the HOME loan for the Grace Senior Apartments unless the property is sold, transferred, or no longer used for affordable housing. In review of CSADC loan files, it was realized that the TRC recommendations had not been forwarded to the Directors for final approval and the requested changes have yet to be implemented.

Staff supports deferring the outstanding debt and revising the terms of the agreement so that the debt only becomes payable upon on the sale, transfer, or unauthorized refinancing of the project. TRC adopted a motion to support this change and if approved by the Directors, staff will revise the documents and complete a new amendment to the HOME Loan Agreement to be signed by all parties

Possible Motion:

Move to approve revising the terms of the HOME agreement to defer repayment of the HOME loan for the Grace Senior Apartments unless the property is sold, transferred, or no longer used for affordable housing.