



**MEMORANDUM**

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**Date:** August 13, 2019

**To:** Technical Review Committee

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

**Subject:** PRESENTATION, DISCUSSION AND REVIEW OF THE FY 2019 HOME PROGRAM MONITORING RESULTS OF WASHOE COUNTY HOME CONSORTIUM PROJECTS (For Possible Action)

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**Monitoring Report for FY 2019**

The Consortium has an agreement with the Nevada Housing Division (NHD) to monitor most of the Consortium's HOME and Trust Fund units, a process that includes a physical property inspection and file review of tenant income and rent to ensure compliance with the terms of the agreement. The NHD assists with the monitoring because they have professionally trained staff that understands property inspections, and because the majority of Washoe County HOME Consortium (WCHC) projects also use funding from the Low Income Housing Tax Credit (LIHTC) program that is administered by the Division.

Since the NHD monitors every tax credit project throughout the state annually, with just a few exceptions, this means that a large majority of the Consortium's affordable housing inventory is inspected annually. The cost of the work performed by the NHD was \$6,654, which was paid through HOME administration funds. Reno staff monitors the smaller single-family rental projects.

HUD requires a risk-based assessment system in which all HOME projects are physically inspected for property standards at least once every three years, and in which higher risk projects are more frequently visited. There are only two projects that are currently late on their monitoring schedule: St. Vincent's House and the Oakwood Apartments; both of these projects are scheduled to be monitored by the end of August. Additionally, all HOME projects must submit annual income and rent certifications for tenants in all HOME units, every year. Staff has received re-certifications for most of the larger projects with more than five units, but staff is going to improve the process to report income certifications at the beginning of next year.

Based on the Consortium's risk-based assessment system, there are no high-priority projects that require major intervention at this time. Here is a summary of the key results from the monitoring inspections from 7/1/2018 to 6/30/2019:

- Based on staff's risk-based assessment system, there are no projects that are considered "High-Risk", and no projects that require immediate intervention. There are 13 projects that staff considers to be "Medium-Risk" and will require close monitoring, but still no intervention. There are 44 other projects that are considered "Low-Risk."
- The NHD monitored 34 Consortium projects in Washoe County, 32 of which were physical on-site inspections, and two (2) were file-review only.
- Reno staff physically monitored an additional five (5) single-family rental projects, along with file reviews of those same properties;
- While challenges occur in every rental property, Reno staff has been encouraged by the property standards that are being maintained at HOME Consortium locations, and all of the front office representatives have been professional.
- The most common property issue or violation is poor housekeeping inside of the unit, which most frequently occurs in households that are disabled or elderly. Health and safety issues are always corrected before the monitoring process is "closed" for a project, either through correspondence or by return visits by the NHD.
- All of the projects are achieving compliance with the income and rental requirements of the HOME agreement, with just a few minor exceptions for common rental situations. Most of these types of non-compliance issues are corrected quickly by correspondence.

### **Report on Repayments and Program Income**

After careful staff review, all of the Consortium's affordable housing projects that are supposed to be making payments are current on their repayment schedules. The majority of Consortium projects have not reached the repayment period yet, or are only required to pay if the property is sold or no longer used for affordable housing. There are a sizeable number of projects, however, that do not pay yet simply because they do not meet certain debt coverage requirements, per annual financial statements that are provided to the City of Reno.

Below are several on-going items regarding program income that staff is going to monitor closely:

- The Citi Vista Senior Apartments at 650 Record Street in Reno, owned by Vintage Housing Development, was in default of payments for a number of years. Within the last year, Citi Vista refinanced the tax credit financing on the property and Reno staff agreed to restructure the HOME loan in return for rehabilitation and 30 more years of affordability. The Consortium did receive a payment of \$16,308 in July of 2018. The terms of the new loan agreement do not require payments again until 2021, but only if there is sufficient cash flow. The project is currently showing a net operating loss.
- Staff recently met with the new Executive Director of the Community Services Agency (CSA), and at their request discussed the possibility of providing loan forgiveness for the Grace Senior Apartments at 1260 Commerce Street in Sparks.

CSA is currently making annual interest only payments of \$5,977, but annual principal and interest payments of \$63,108 are due from 2036-2045. The total loan amount was \$597,722. The project is currently showing a net operating loss, and the Director is concerned about the ability to continue making payments as scheduled.

- CSA was informed that loan forgiveness will have to be reported as taxable income to the borrower, and because the amount of principal is quite large for the Grace Senior Apartments, staff suggested that they request revised terms to the agreement in which payments are only due if the project is sold or no longer used for affordable housing. The Executive Director stated that she would take this to their Board for discussion.
- The Directors of the Consortium will be the decision-making body to approve or deny any loan forgiveness.

## MEMORANDUM

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**Date:** August 13, 2019

**To:** Technical Review Committee

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

**Subject:** PRESENTATION AND DISCUSSION OF THE RESULTS OF THE ELECTRONIC SURVEY TAKEN BY THE TRC IN JULY REGARDING THE POLICIES, PROCEDURES AND PRIORITIES OF THE HOME CONSORTIUM (For Possible Action)

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Staff will present the results of the survey taken by the Technical Review Committee (TRC) members during the month of July 2019. As a result of the survey, a few changes to the Standard Operating Policies and Procedures will be suggested for possible action, with the next item on the Agenda. Please see the next page for more details.

## MEMORANDUM

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**Date:** August 13, 2019

**To:** Technical Review Committee

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

**Subject:** PRESENTATION, DISCUSSION AND REVIEW OF THE STANDARD OPERATING POLICIES AND PROCEDURES OF THE HOME CONSORTIUM AND POSSIBLE ACTION TO AMEND THE EXISTING POLICIES AND PROCEDURES (For Possible Action)

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Attached in the supplemental information is a draft version of the Standard Operating Policies and Procedures. Staff has made all of the proposed additions in red underline, and proposed revisions in red strikethrough. The TRC may recommend and adopt the suggestions of staff as outlined in the Draft Policies and Procedures, or the TRC may vote to adopt other recommendations.

Below is a summary of the major changes to the SOPP:

1. A new “Purpose Statement” (page 1).
2. A new section titled “General Administration”, which outlines the basic functions of the decision-making bodies of the Consortium (page 9).
3. Inserts a provision that the WCHC Funding Priorities shall be reviewed every year (page 9).
4. Clarifies how certain types of revisions to written agreements may be amended and approved by the Directors of the Consortium (page 9).
5. Inserts additional requirements of HOME funding, to include the following (page 13):
  - a. Half (50%) of the total number of Consortium units shall be affordable and provided to serve households at or below 50 percent of the area median income, in multi-family projects with five or more Consortium units only.
  - b. For group homes, a minimum of three beds shall be provided per project, which shall serve households at or below 30 percent of the area median income.
  - c. The minimum level of HOME investment per project shall be \$50,000.
6. Establishes a biennial process (every two years) by which Community Housing Development Organizations are expected to recertify as a CHDO, when they have active projects that are still in the HOME affordability period (page 48). This does not apply to agencies that are requesting HOME funding as a CHDO, which must certify/recertify at the time of application.

## MEMORANDUM

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**Date:** August 13, 2019

**To:** Technical Review Committee

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

**Subject:** PRESENTATION, DISCUSSION AND REVIEW OF THE FUNDING PRIORITIES OF THE HOME CONSORTIUM FOR FY2020 AND POSSIBLE ACTION TO AMEND THE PRIORITIES (For Possible Action)

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### **Staff Recommendations**

Staff is proposing two changes to the WCHC *Funding Priorities*, listed below:

**1.) Current Level I Priority:** Project provides 100% of rent restricted units at or below 40% of the AMI for family units; at or below 45% of AMI for senior projects.

**Staff recommended change:** *The average rent for all HOME units is at or below 40% of the AMI for family units, and at or below 45% of AMI for senior projects.*

Rationale: The purpose of the current priority is to invest in projects in which all of the HOME units will be affordable to very low-income households, at or below 45 percent of the AMI. For the proposed change in this report, the substitution of “average rent” to the existing Priority allows projects to have more flexibility to charge some units with slightly higher rent, if the need is there, while also maintaining the priority to set-aside units for very low to extremely low-income households.

**2.) Staff is recommending the deletion of the reference to the *Housing For All* 10 year plan.**

Rationale: The *Housing For All* plan was a regional homelessness plan that is out of date and has not been replaced with another plan.

### **Recommendation**

Staff recommends that the TRC adopt the proposed changes above to the *Funding Priorities*, which will be in effect for the next funding round. Please see the attached redline version of the *Funding Priorities*.

## MEMORANDUM

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**Date:** August 13, 2019

**To:** Technical Review Committee

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

**Subject:** DISCUSSION AND POSSIBLE ACTION TO RE-CLASSIFY DIAN VANDERWELL AS THE SPARKS CITIZEN REPRESENTATIVE OF THE TRC, AND DISCUSSION ON THE APPLICATION FROM CHRISTOPHER LINTON FOR MEMBERSHIP AMONG THE TRC AS THE AT-LARGE MEMBER FOR A FIRST TERM (For Possible Action)

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Ms. Dian VanderWell was appointed to serve her first term as the At-Large member of the TRC on February 12, 2019. The end of Ms. VanderWell's first term will be in June 2022, after which she will be eligible to be reappointed for a second three year term. Staff is recommending that the TRC re-classify her as the Sparks Citizen Representative since Ms. VanderWell lives within the Sparks city limits. The City Council for the City of Sparks recently approved her appointment as their Citizen Representative. Ms. VanderWell's first term will still continue to June 2022.

This will allow for the At-Large position to be filled by a new applicant, who can be appointed to a three year term by the current TRC membership. Staff is recommending that Christopher Linton be appointed to the Committee by the TRC members for a first term beginning next month, to end in June 2022. Mr. Linton is currently the Executive Director of Nevada Community Action Association, and before that he had seven years of work experience in the affordable housing field in Nevada (please see the attached resume).