

**City of Carson City
Agenda Report**

Date Submitted: March 26, 2013

Agenda Date Requested: April 4, 2013

Time Requested: 20 minutes

To: Mayor and Board of Supervisors

From: Public Works – Planning Division

Subject Title: Discussion and Possible Action: To provide direction to staff regarding the donation of properties on Brown Street from Lyon County to Carson City, APN's 008-303-15, -21, -36, -37, and -39. (Lee Plemel)

Summary: In 2005 the Western Nevada HOME Consortium (WNHC) funded the purchase of properties on Brown Street using federal HOME funds in order to construct 45 units of affordable, for-ownership low-income housing. The Carson City Townhomes "Brown Street" project failed to materialize due to the economic downturn and the eventual bankruptcy of the developer, Citizens For Affordable Housing (CAHI). Since then, Lyon County, the lead agency for the WNHC, has paid back their investment to HUD and now owns the property. The State of Nevada had also invested Federal funds in the property but has also paid back the funds to HUD. Lyon County is now interested in donating the property to Carson City since Carson City was a member of the WNHC and would have benefitted from its development. Carson City would be able to either keep the property for public use, auction the property for private development, or donate the property to an organization that would build affordable housing.

Type of Action Requested:

Resolution

Formal Action/Motion

Ordinance

Other (Specify)

Does This Action Require A Business Impact Statement: () Yes (X) No

Recommended Board Action: N/A

Explanation for Recommended Board Action: See attached staff memo for more information.

Applicable Statue, Code, Policy, Rule or Regulation: NRS 244.287

Fiscal Impact: N/A

Explanation of Impact: N/A


Funding Source: N/A


Alternatives: N/A

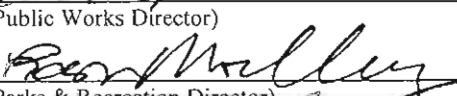
Supporting Material:

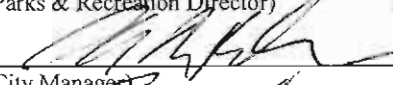
- 1) Memo on Brown St/WNHC background
- 2) Agenda for 4-4-13 Lyon County Board of Commissioner's meeting
- 3) Proposed Development of the Brown Street property by NRHA

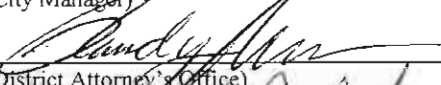
Prepared By: Janice Brod, Grants Program Coordinator

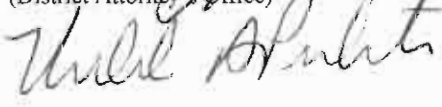
Reviewed By:  Date: 3-26-13
 (Planning Division Director)

 Date: 3-26-13
 (Public Works Director)

 Date: 3/26/13
 (Parks & Recreation Director)

 Date: 3/26/13
 (City Manager)

 Date: 3/26/13
 (District Attorney's Office)

 3/26/13

Board Action Taken:

Motion: _____	1) _____	Aye/Nay
	2) _____	_____

(Vote Recorded By)



Carson City Planning Division

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MEMORANDUM

Board of Supervisors Meeting of April 4, 2013

To: Mayor and Board of Supervisors
From: Lee Plemel, Director
Janice Brod, Grants Program Coordinator
Date: March 26, 2013
Subject: Brown Street property/Western Nevada HOME Consortium background

The Western Nevada HOME Consortium (WNHC) was established in 1997 to address the affordable housing needs in the Consortium area. The WNHC was formed by Interlocal Agreements between eleven local governments: seven counties- Carson City, Churchill, Douglas, Lyon, Mineral, Pershing and Storey Counties and four incorporated cities- Fallon, Fernley, Lovelock, and Yerington.

In 2005 the Western Nevada HOME Consortium (WNHC) funded the purchase of properties on Brown Street in Carson City using federal HOME funds in order to construct 45 units of affordable, for-ownership low-income housing. The Carson City Townhomes "Brown Street" project failed to materialize due to the economic downturn and the eventual bankruptcy of the developer, Citizens For Affordable Housing (CAHI). Following CAHI's bankruptcy, Lyon County took back the Brown Street properties with the intent of finding another developer. They were unable to find a developer and get the project off the ground and therefore did not meet HUD's timeline requirement for completing the project.

Lyon County had been the lead agency for the WNHC and stepped down in 2011 due to a reduction in their budget and staff, and were no longer able to manage the WNHC. Carson City made an attempt to become the lead agency for the WNHC and reapplied to HUD as a new consortium by adding the City of Winnemucca and Humboldt County and removing Lyon County and the City of Yerington. The new consortium did not meet HUD's threshold for forming a consortium, which is calculated using the population of the consortium and the amount of funding available.

Despite stepping down as the lead, Lyon County was still responsible for the projects started during their participation in the WNHC, which included the Brown Street project. According to the HOME program regulations at 24 CFR 92.503(b)(2), any HOME funds invested in housing that is terminated before completion must be repaid by the participating jurisdiction. Lyon County, along with the State of Nevada, worked with HUD to repay the funds used to purchase the Brown Street properties and is now interested in donating the property to Carson City since Carson City was a member of the WNHC and would have benefitted from its development. Therefore, Carson City would receive the property free and clear of any deed restrictions. Carson City would be able to either keep the property for public use, auction the property for private development, or donate the property to an organization that would build affordable housing.

AGENDA SUMMARY

CONSENT: Y



MEETING DATE: April 4, 2013

ITEM #

TITLE: Approve donating Brown Street properties (Carson City APN's 008-303-15, 008-303-16, 008-303-21, 008-303-36, 008-303-37, 008-303-39) to Carson City. These parcels were purchased by the Western Nevada HOME Consortium (Lyon County as lead agency) for future low-income housing in Carson City.

SUMMARY: These parcels were originally purchased with federal funds by the Western Nevada HOME Consortium (WNHC) to build low-income housing in Carson City. Due to the downturn in the housing market, we were not able to develop these parcels in a timely manner.

HUD was requiring the repayment of the federal funds that were invested in this property as the length of this project exceeded their regulations. We were able to give them back federal grant money to defray this cost. The State had also invested federal money in the project. They have also paid the funds back to the federal government.

The property is now owned free and clear. The WNHC is no longer an entity, so Lyon County is winding down the operations. Staff is recommending that Lyon County donate the property to Carson City, as that was they were the member entity of the WNHC that would have benefited from the development of the property. Carson City would then have the ability to develop the property in the manner that they see fit.

RECOMMENDED ACTION AND/OR ALTERNATIVES: Approval Recommended.

FINANCIAL DEPARTMENT COMMENTS: This would relieve Lyon County from the administrative costs of overseeing, maintaining, and developing the property.

APPROVED AS TO LEGAL FORM:

COUNTY MANAGERS COMMENTS:

FOR INFORMATION: Josh Foli

LIST OF ATTACHMENTS:

Western Nevada Home Consortium

Carson City Property
Available for Use

Address	Parcel	Acres
3689 Gordon Street	008-303-15	0.49
3689 Gordon Street	008-303-16	0.51
3679 Gordon Street	008-303-21	1.00
1630 Brown Street	008-303-36	0.26
1636 Brown Street	008-303-37	0.26
1650 Brown Street	008-303-39	0.26
Total Acres		2.78

Carson City, Nevada

“Brown Street Initiative”



A Proposed Development of the:
NEVADA RURAL HOUSING AUTHORITY

Prepared in Cooperation with:

JL White
& ASSOCIATES
Dallas, Texas



Carson City, Nevada

“Brown Street Initiative”

The subject matter of this presentation is a 2.28± acre residential site located on Brown Street in the eastern section of Carson City, Nevada. On or about November 10, 2011, NRHA provided a detailed analysis of the neighborhood immediately surrounding the subject site. While HUD is set on seeing the project developed sooner rather than later, several key factors suggest a significant amount of risk associated with proceeding with the development of the subject site until other factors, that appear to have some adverse affect on the immediate development of the subject site, can be assessed and taken into consideration. In addition to those market concerns noted in NRHA’s previous analysis, NRHA (*or any other developer for that matter*) will have to secure the financing for the immediate development of the subject site. The only financing available, in the time frame allowed by HUD would be a HUD loan. Preferably a loan under HUD’s 221d3 construction to permanent loan program available to non-profit developers. Unfortunately it is estimated that a loan of that type would most likely take in excess of 12 months to secure and close. But, even if that were to happen, it would also be more than probable that some form of additional collateral/equity would have to be provide by the developer in order to even consider closing this type of loan in the 12 month period previously stated. That additional collateral/equity would have to come from a tax credit application, which in and of itself would not be able to be obtained until sometime in 2013, or some other source. The amount of the additional collateral/equity will be based solely on an independent market analysis and project feasibility study, and that report is going to once again identify all of the issues raised by NRHA to date regarding the viability of the immediate neighborhood in which the subject site is located.

NRHA has been asked to move forward and provide a proposal for the development of the subject site. Accordingly, this presentation is specifically designed to give those persons interested in developing the subject site, a clear picture of the proposed development of the site in question. While NRHA has previously voiced its concern for developing the project on it’s own merits, and given the specific circumstances that are present in the immediate market surrounding the subject site, this presentation should be viewed as NRHA’s first attempt to create an “acceptable preliminary design” for the project. ***Based on the proposed conceptual design, NRHA has determined that an “estimated preliminarily price point” for the proposed project (which has been established by using the most current MEANS Residential Detailed Cost Estimates”) would be somewhere between \$5,360,012 and \$6,054,014, or \$116,522 to \$131,609 an a per unit basis, or \$147.49 to \$166.59 an a per square foot basis. These ranges exist due to unknown material and labor costs that most likely will be based on requirements placed on the developer by the lender (Like HUD’s requirements associated with the use of Davis-Bacon Wage Rates for example).***

NRHA feels that its original estimated timeline for getting the project started, which was Included in NRHA’s preliminary market analysis, is still the most probable estimate for initiating and completing a project on the subject site at this time. That proposed timeline for the project remains as follows . . .

The Brown Street Site

Carson City, Nevada

Project Development Timeline

Time Required

- 2 mos. Identify and define property uses and develop a property acquisition strategy designed to effectively acquire these sites.
- 2 mos. Engage 3rd party professionals (i.e., architects, civil engineers, environmental assessments, appraisals & other professionals as required).
- 3 mos. Address all planning, zoning and permitting issues relative to all specific sites located within the **BS-SPA** that are to be acquired.
- 1 mo. Develop, analyze and finalize all project related development costs.
- 2 mos. Finalize and adopted a viable development plan.
- 3 mos. Secure financing for each aspect of the proposed development project.

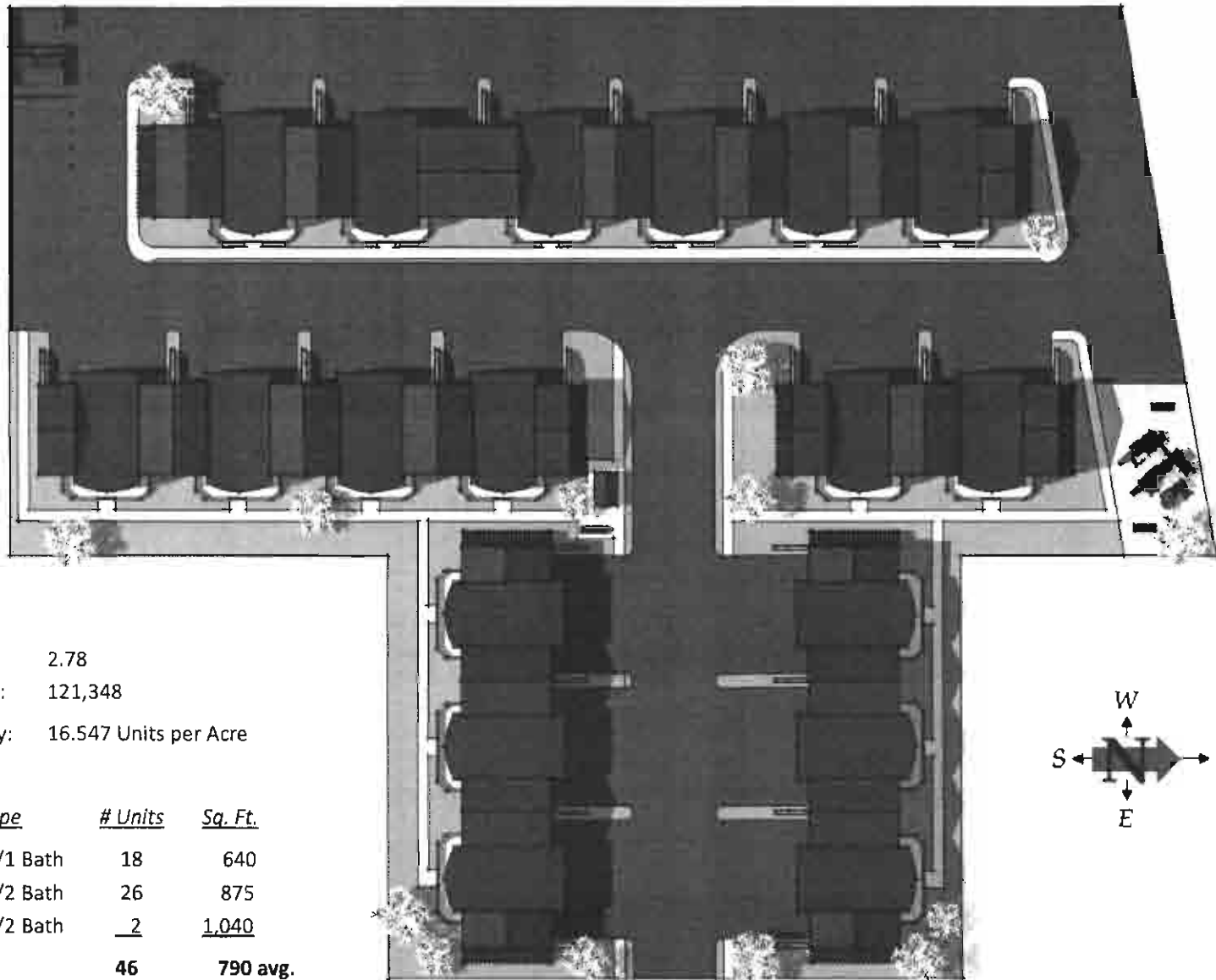
- 12 mos. *Construction on the Brown Street Site (the Subject Project) begins.***

- 6 – 8 mos. Implement the adopted development plan for the rest of the BS-SPA.
- 3 years A proposed timeline for completing the entire BS-SPA development project.



**Conceptual
Site
Design**

Proposed Site Layout



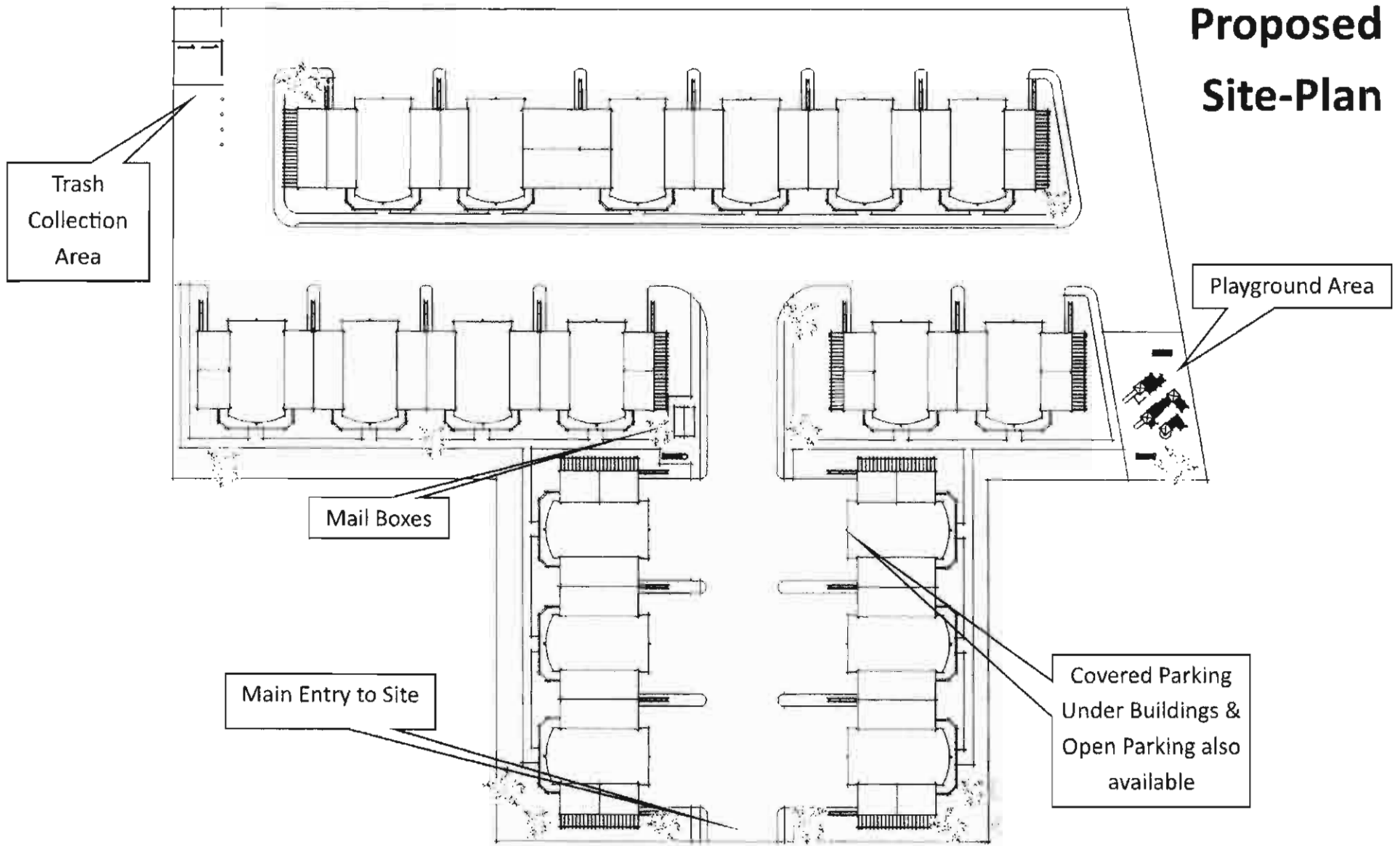
Site Data:

Acres: 2.78
 Total Sq. Ft.: 121,348
 Unit Density: 16.547 Units per Acre

Unit Mix:

<u>Unit Type</u>	<u># Units</u>	<u>Sq. Ft.</u>
1 Bedroom/1 Bath	18	640
2 Bedroom/2 Bath	26	875
3 Bedroom/2 Bath	<u>2</u>	<u>1,040</u>
Total Units	46	790 avg.

Proposed Site-Plan



(Main Entrance to the Site)



View of the site from the EAST (Standing on "Brown Street")



View of the site from the NORTH



View of the site from the SOUTH



View of the site from the WEST

Building Elevations

The Brown Street Site

Carson City, Nevada

The Nevada Rural Housing Authority (NRHA), working in cooperation with the Western Nevada Housing Consortium and the local government of Carson City, Nevada, is requesting the time necessary to perform the due diligence required to assess the viability for redeveloping an area located in the eastern portion of the City. The purpose of this presentation is to gain acceptance from the Department of Housing and Urban Development (HUD) to allow the parties involved to assess the development potential of the area in question. This area has been identified by the local government of Carson City, in the City's Master Plan, as the Brown Street Area, more specifically known per the plan as the **BS-SPA** (the "*Brown Street – Specific Plan Area*").

However, the primary purpose of this effort is to not only address the redevelopment of a larger area, but in conjunction with that effort, to also identify the potential benefits and/or the possible pitfalls of developing a specific tract of land presently known as the "*Brown Street Property*", which is the primary subject of this effort with HUD and the Consortium.

NRHA estimates that, once underway, its analysis should take approximately 120 to 180 days to complete. The end result should allow the parties involved in the potential development of the *Brown Street Property* to make final decisions pertinent to the long term development of the undeveloped subject site, in conjunction with Carson City's economic improvement and redevelopment plans for the larger area in question.

If HUD agrees to allow the parties the additional time needed for NRHA to identify and document the pros and cons associated with the actual development of the subject site in connection with other improvements to be identified within the **BS-SPA**, the proposed housing use, site layout and overall design of the subject site should ultimately serve to enhance the overall development under consideration. Further, this effort should serve to minimize the risks of developing the *Brown Street Property* as a stand alone initiative. It is the present intent of the parties to develop the subject site as a part of a larger picture, thereby providing for a more stabilized environment designed to enhance the value and usefulness of the subject site, as well as those overall improvements to the **BS-SPA** to be undertaken per a to-be-proposed area improvement initiative.

The following maps reflect present conditions within the **BS-SPA**, and serve to provide a basic understanding of the overall project as well as the fundamental impact that the overall area, in its present state of disrepair, presently imposes on the *Brown Street Property*.

The Brown Street Property is located in the eastern portion of Carson City, Nevada.



The *Brown Street Area* (a.k.a., the **BS-SPA**) is located contiguous to the *Brown Street Property*



This map identifies recent improvements within the **SS-SPA** that have occurred within the past 7 years, including **40± Unit Multifamily Project** and **Single Family Home Site**.



This map reflects those areas located within the **BS-SPA** *unauthorized or questionable mixed commercial uses, significantly aged and/or poorly maintained single family residences and mobile home sites.*



This map reflects those areas located contiguous to the **BS-SPA** that require significant analysis and include raw land, improved commercial parcels, and a non performing business operation. These parcels need to be evaluated and assessed so as to determine alternative uses associated with these specific properties. It should be noted that some of the land owners of the parcels have already expressed an interest in participating economically in the overall redevelopment of the area in general.



It needs to be determined that the *Brown Street Property* site, which is located contiguous to and within the **BS-SPA**, is a parcel that can be developed independently and apart from the **BS-SPA** itself. However, the inherent risks associated with developing the subject property on its own merit would be significant without giving ample consideration for the adverse impact that the other properties located within the **BS-SPA** will have on the economic viability of the subject site, especially given the high degree of misuse and property deferment present within the **BS-SPA**. Accordingly, additional time is needed in order to determine the overall affect of all of the potential impacts to the *Brown Street Property*, while also analyzing and establishing a viable overall redevelopment plan for the overall **BS-SPA** itself.



All properties located within the **BS-SPA** shall be designated Mixed-Use Residential (3 to 36 dwelling units per acre) on the Master Plan Land Use Map. If development occurs prior to the adoption of a Mixed-Use Residential zone district, all properties shall be zoned Multi-family Apartments (MFA) on the official zoning map of Carson City to encourage the incorporation of a broader mix of housing types

The Brown Street Site

Carson City, Nevada

Project Development Timeline

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- 2 mos. Finalize and adopted a viable development plan.
- 3 mos. Secure financing for each aspect of the proposed development project.
- 6 – 8 mos. Implement the adopted development plan.
- 3 years A proposed timeline for completing the entire development project.

Brown Street Initiative

