

STAFF REPORT

Date: February 12, 2020

To: Mayor and City Council

Thru: Sabra Newby, City Manager

Subject: **F.3. Staff Report (For Possible Action): Ordinance Adoption - Bill No. 7118 Ordinance adding Chapter 1.08 to the Reno Municipal Code, as enabled by Senate Bill 103 (NRS 278.235(1)(a) and (2)), to provide the City the ability to reduce or subsidize, in whole or part, impact fees, fees collected for the issuance of building permits and sewer connection fees for an affordable housing project; together with other matters properly relating thereto.**

From: Claudia Hanson, Planning Manager

Summary: The attached ordinance would allow the City of Reno to reduce or subsidize, in whole or in part, impact fees, fees for the issuance of building permits, and sewer connections for projects developing affordable housing for families with an average income of 60 percent median gross income for Washoe County. This ordinance was initiated at the November 6, 2019 City Council meeting.

Background: In 2019 The Nevada Legislature passed Senate Bill No. 103 (NRS 278.235(1)(a) and (2)) which enables the City of Reno to reduce or subsidize in whole or in part impact fees, fees for the issuance of building permits collected pursuant to NRS 278.580, and fees imposed for the purpose for which an enterprise fund was created to assist in maintaining or developing a project for affordable housing.

Discussion: Chapter 278B (Impact Fees for New Development) “Impact fee” is defined as a charge imposed by a local government on new development to finance the costs of a capital improvement or facility expansion necessitated by and attributable to the new development. The only impact fee the City has adopted is the Regional Road Impact Fee through RMC 18.14 Article V.

Chapter 354 of NRS provides that the City may create enterprise funds for building permit fees and sewer fees. Through Resolution No. 5283, Council created certain funds as provided for by NRS 354.594 which includes the Building Enterprise Fund and the Sewer Enterprise Fund.

Through NRS 278.580 the City of Reno adopted fees for the issuance of building permits. Building permit fees include the total fees that must be paid for issuance of a building permit, including all permit fees and inspection fees. The term does not include fees relating to water, sewer, or other utilities, residential construction tax, tax for the improvement of transportation or any fees associated with land use cases.

RMC 12.16.010 defines sewer connection fees to mean the payment made for the permission to make a direct or indirect connection to the sewer system. The sewer connection fees are identified within RMC 12.16 Article II.

Through Senate Bill No. 103 the City is enabled with the ability to reduce or subsidize in whole or in part impact fees, fees for the issuance of building permits, and fees imposed for sewer connections to assist in maintaining or developing a project for affordable housing. The bill allows the City to reduce or subsidize the fees only when the project would be affordable on average for a family with a total gross income that does not exceed 60 percent of the median gross income for Washoe County.

In order to allow the reduction or subsidization, the City is required to adopt an ordinance establishing the criteria that a project for affordable housing must satisfy to receive assistance in maintaining or developing the project for affordable housing. NRS 278.235 requires that the average income of all the residents of the project does not exceed 60 percent of the median gross income for Washoe County. In addition to this requirement staff has provided the following criteria to be considered for inclusion in the ordinance. These criteria were developed in consultation with the affordable housing development industry. The term “families” is used in the draft ordinance to carry over the wording from the Nevada Revised Statutes enabling language. Typically the term “household” is used to compliment United States Department of Housing and Urban Development (HUD) terminology.

1. Projects providing housing for families with an average total gross income not exceeding 60 percent of the area median income (AMI) for Washoe County are eligible to apply for a 75 percent reduction in the associated fee(s) for those units at or below 60 percent of the AMI. These projects would be eligible to apply for an additional 10 percent reduction if the project is located within ¼ mile of a bus rapid transit route or within a Mixed Use Area or within one mile of an Employment Area as identified within the Structure Plan of the City of Reno Master Plan.
2. Projects providing housing for families with an average total gross income not exceeding 50 percent of the AMI for Washoe County are eligible to apply for a 100 percent reduction in the associated fee(s) for those units at or below 60 percent of the AMI.
3. Projects providing housing for families with an average total gross income not exceeding 30 percent of the AMI for Washoe County or 100 percent of the units being affordable

for 50 percent of the AMI for Washoe County are eligible to apply for a 100 percent reduction in the associated fees.

4. All projects would be required to maintain the income restrictions for 20 years. If the income restrictions are eliminated before 20 years, the reduction or subsidy will be reinstated.

The City is required to determine how the criteria are met and determine that reducing or subsidizing such fees will not adversely impair the ability of the City to pay, when due, all interest and principal on any outstanding bonds or any other obligations for which revenue from such enterprise fees was pledged. In order to approve the reduction or subsidization, Council must determine through a public hearing the effect of the reduction or subsidization of such fees on the economic viability of the general fund and the affected enterprise fund.

Financial Implications: Unable to determine at this time.

Legal Implications: SB 103 directs and determines the parameters of the ordinance and the findings that have to be made by Council to reduce or subsidize impact fees, building permit fees and connection fees. Criteria must be established for due process review. The proposed ordinance implements SB 103 as enabled by the Legislature.

Recommendation: Staff recommends Council adoption of Ordinance No. _____.

Proposed Motion: I move to adopt Ordinance No. _____.

Attachments:

- Ordinance Correction for Item E.1 (PDF)

EXPLANATION: Matter underlined is new; matter in brackets and stricken [--] is material to be repealed.

BILL NO.

ORDINANCE NO.

ORDINANCE ADDING CHAPTER 1.08 TO THE RENO MUNICIPAL CODE, AS ENABLED BY SENATE BILL 103 (NRS 278.235(1)(A) AND (2)), TO PROVIDE THE CITY THE ABILITY TO REDUCE OR SUBSIDIZE, IN WHOLE OR IN PART, IMPACT FEES, FEES COLLECTED FOR THE ISSUANCE OF BUILDING PERMITS AND SEWER CONNECTION FEES FOR AN AFFORDABLE HOUSING PROJECT; TOGETHER WITH OTHER MATTERS PROPERLY RELATING THERETO.

WHEREAS, Pursuant to Statutes of Nevada 2019, enacted by the Nevada Legislature by passage of Senate Bill No. 103 (NRS 278.235(1)(a) and (2)) the City is enabled with the ability to reduce or subsidize in whole or in part impact fees, fees for the issuance of building permits collected pursuant to NRS 278.580 and fees imposed for the purpose for which an enterprise fund was created to assist in maintaining or developing a project for affordable housing; and

WHEREAS, 278B.050 of the Nevada Revised Statutes defines Impact fee as a charge imposed by a local government on new development to finance the costs of a capital improvement or facility expansion necessitated by and attributable to the new development; and

WHEREAS, Chapter 354 of the NRS provides that the City may create enterprise funds for building permit fees and sewer fees; and

WHEREAS, Resolution No. 5283 reaffirmed the creation of certain funds as provided for by NRS 354.594 which includes the Sewer Enterprise Funds and the Building Enterprise Fund; and

WHEREAS, NRS 278.580 provides that the City may fix fees for the issuance of building permits; and

WHEREAS, NRS 354.59891(1)(d) defines building permit fees to mean the total fees that must be paid for issuance of a building permit, including without limitation, all permit fees and inspection fees. The term does not include, without limitation, fees relating to water, sewer or other utilities, residential construction tax, tax for the improvement of transportation imposed pursuant to NRS 278.710, any fee imposed pursuant to NRS 268.4413 or any amount expended to change the zoning of the property; and

WHEREAS, Reno Municipal Code 12.16.010 defines sewer connection fee to mean the payment made for the permission to make a direct or indirect connection to the sewer system; and

WHEREAS, NRS 278.235(2) allows the City to reduce or subsidize only when the incomes of all the residents of the project for affordable housing are averaged, the housing would be affordable on average for a family with a total gross income that does not exceed 60 percent of the median gross income for the county concerned based upon the estimates of the United States Department of Housing and Urban Development of the most current median gross family income for the county.

WHEREAS, the City must adopt an ordinance establishing the criteria that a project for affordable housing must satisfy to receive assistance in maintaining or developing the project for affordable housing, and such criteria must be designed to put into effect all relevant elements of the Master Plan adopted by the City; and

WHEREAS, the project for affordable housing must satisfy the criteria in the ordinance; and

WHEREAS, the City must determine that reducing or subsidizing such fees will not impair adversely the ability of the City to pay, when due, all interest and principal on any outstanding bonds or any other obligations for which revenue from such fees was pledged; and

WHEREAS, the City must hold a public hearing to address the effect of the reduction or subsidization of such fees on the economic viability of the general fund and the affected enterprise fund.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF RENO DOES ORDAIN:

SECTION 1: Section 1.08 of the Reno Municipal Code is hereby added to read as follows:

CHAPTER 1.08. REDUCTION OR SUBSIZATION OF IMPACT FEES, BUILDING PERMIT FEES AND SEWER CONNECTION FEES

Sec. 1.08.010. Enabling Clause.

Pursuant to Statutes of Nevada 2019, enacted by the Nevada Legislature by passage of Senate Bill No. 103 (NRS 278.235(1)(a) and (2)) the City is enabled with the ability to reduce or subsidize in whole or in part impact fees, fees for the issuance of building permits collected pursuant to NRS 278.580 and fees imposed for the purpose for which an enterprise fund was created to assist in maintaining or developing a project for affordable housing.

Sec. 1.08.020. Definitions.

- (1) Impact fee has the meaning ascribed in Nevada Revised Statutes 278B.050.
- (2) Sewer connection fees has the meaning ascribed in Reno Municipal Code 12.16.010.
- (3) Building permit fees has the meaning ascribed in Nevada Revised Statutes 278.580 and NRS 354.59891(1)(d).

Sec. 1.08.030. Eligibility.

(1) When the incomes of all the residents of the project for affordable housing are averaged, the housing would be affordable on average for a family with a total gross income that does not exceed 60 percent of the median gross income for Washoe County based upon the estimates of the United States Department of Housing and Urban Development of the most current median gross family income for Washoe County.

Sec. 1.080.040. Standards and Criteria.

(1) Projects providing housing for families with an average total gross income not exceeding 60% of the area median income (AMI) for Washoe County are eligible to apply for a 75% reduction in the associated fee(s) for those units at or below 60% of the AMI.

(2) Projects providing housing for families with an average total gross income not exceeding 50% of the AMI for Washoe County are eligible to apply for a 100% reduction in the associated fee(s) for those units at or below 60% of the AMI.

(3) Projects providing housing for families with an average total gross income not exceeding 30% of the AMI for Washoe County or 100% of the units being affordable for 50% of the AMI for Washoe County are eligible to apply for a 100% reduction in the associated fees.

(4) Projects meeting Sec. 1.080.040 (1) are eligible to apply for an additional 10% reduction for the following:

(a) Project site is located within ¼ mile of a bus rapid transit route; or

(b) Project site is located within a Mixed Use Area or within one mile of an Employment Area as identified within the Structure Plan of the City of Reno Master Plan.

Sec. 1.08.050. Conditions.

(1) A public hearing shall be held to address the effect of the reduction or subsidization of the impact fees, building fees or sewer connection fees on the economic viability of the general fund and the affected enterprise fund.

(2) Council must make a determination that reducing or subsidizing the impact fees, building fees or sewer connection fees will not impair adversely the ability of the City to pay, when due, all interest and principal on any outstanding bonds or any other obligations for which revenue from such fees was pledged must be made.

Sec. 1.08.060. Other requirements.

(1) An annual report shall be provided to the City Manager by the applicant or property manager verifying compliance with all of the requirements specified in this Chapter.

(2) Applicable building permits associated with fee reduction shall be obtained within 24 months of the date of approval of any reductions by City Council or the approval shall expire. An applicant may reapply following the expiration of an approval.

(3) The income restriction(s) must remain in effect for 20 years or the reduced fee(s) will be reinstated and assessed on the property by recordation of a lien.

(4) A deed restriction or similar property restriction will be recorded against the property.

SECTION 2: The Reno City Council hereby finds that this ordinance is not subject to the requirements of Chapter 237 of the NRS, Business Impact Statement process.

SECTION 3: This Ordinance shall be in effect from and after its passage, adoption and publication in one issue of a newspaper printed and published in the City of Reno.

SECTION 4: The City Clerk and the Clerk of the City Council of the City of Reno are hereby authorized and directed to have this ordinance published in one issue of the Reno Gazette Journal, a newspaper printed and published in the City of Reno.

Passed and adopted this _____ day of _____, 2020, by the following vote of the Council

AYES: _____

NAYS: _____

ABSTAIN: _____ ABSENT: _____

APPROVED this _____ day of _____ 2020.

HILLARY SCHIEVE
MAYOR OF THE CITY OF RENO

ATTEST:

ASHELY TURNEY,
CITY CLERK AND CLERK
OF THE CITY COUNCIL OF THE
CITY OF RENO, NEVADA

EFFECTIVE DATE: