

City of Reno
Developer Special Assessment District (SAD) Guidelines
Frequently Asked Questions

Why do developers request City assessment districts for construction costs?

The developer would be relieved of the need to supply the funding or credit to finance this stage of the development. The developer would use the bond investors' money and shift the cost directly to the ultimate lot purchasers. The developed lots could then be sold at a lower price than would be possible under conventional financing. The costs of the public improvements are then not included in the acquisition and construction costs and are instead paid for directly through assessment payments.

Are developers unable to get private money or receive corporate loans? Are these types of financing opportunities available to developers?

Private loans for development, or construction loans, are other methods of financing for developers.

How will the property be appraised post-improvements for issuance purposes?

Property owner will provide funds for an expert to prepare an appraisal.

How will the cost be absorbed by future property owners as the bond repayments will be added onto their mortgage payments, general taxes, and HOA costs?

Future property owners will have an assessment attached to their property. This assessment will be billed separately from mortgage and property tax payments.

What is the default rate in NV for properties in Special Assessment District vs. outside a Special Assessment District?

Current data indicates that parcels outside of a Special Assessment District are twice as likely to be sold at a Property Tax Lien Sale than parcels in a Special Assessment District.

How does this compare to Somerset Parkway financing technique?

The SAD financing proposed in the guidelines is identical to the method used for Somerset.

What is the lien prioritization for SAD's?

Assessments through an SAD have the same lien priority as property taxes.

What is the risk/liability to the City with the issuance of SAD bonds?

The developer/owner of the parcels is responsible for the assessments. If there is a payment delinquency, the City may foreclose and sell the lien publicly. If the lien does not sell, the City must make assessment payments until the lien can be sold.