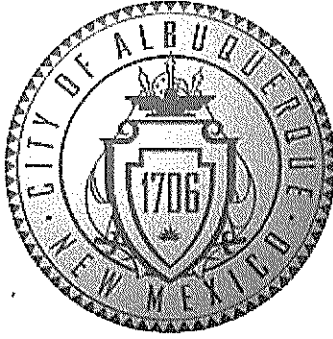


EC-24-234



CITY OF ALBUQUERQUE

Albuquerque, New Mexico

Office of the Mayor

Mayor Timothy M. Keller

INTER-OFFICE MEMORANDUM

September 19, 2024

TO: Dan Lewis, President, City Council

FROM: Timothy M. Keller, Mayor



SUBJECT: FY24 Workforce Housing Trust Fund Report

The Fiscal Year 2024 Workforce Housing Trust Fund (WHTF) Report provides a summary of the overall achievements of the WHTF Program from July 2023 through June 2024, and provides an in-depth look into what makes the program so successful.

WHTF dollars are often used as financing for multi-million dollar housing development projects. These funds make it easier for housing developers to bring in other investors and reduce the amount of high interest loans that they would otherwise have to take. Additionally, developers incorporate long-term energy efficient amenities into their designs, providing additional affordability for residents of these communities.


The Workforce Housing Trust Fund Program is funded by a biannual voter approved City bond. From 2007 through June of 2024, \$56,536,000 of WHTF bonds have been approved to further affordable housing opportunities. The City's Department of Health, Housing & Homelessness (fka- Family & Community Services), has administered the funds by contracting with non-profit developers to create new housing opportunities. Along with its federal grants, the City has committed approximately \$50.6 Million of WHTF to leverage more than \$452 Million in project activities.


This request is forwarded to the Council for consideration and approval.

FY24 Workforce Housing Trust Fund Report

Approved:

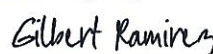
Approved as to Legal Form:

 9/30/24
Samantha Sengel, EdD Date
Chief Administrative Officer

DocuSigned by:
 9/21/2024 | 11:06 AM MDT
1A21D96D32C74EE...
Lauren Keefe Date
City Attorney

Recommended:

DS
PP

DocuSigned by:
 9/21/2024 | 10:51 AM MDT
F9705DFAA0D248A...
Gilbert Ramirez Date
Director

Cover Analysis

1. What is it?

The FY24 Workforce Housing Trust Fund (WHTF) Report provides a summary of the overall achievements of the WHTF Program and other Affordable Housing developments from July 2023 through June 2024.

2. What will this piece of legislation do?

Report the success of the Workforce Housing Trust Fund Program.

3. Why is this project needed?

This is necessary to show that the Community Development Division has met the requirements of administering Workforce Housing Trust Funds and to give the City of Albuquerque an opportunity to review the benefits of this program and to show their continued support

4. How much will it cost and what is the funding source?

There are no costs associated with this legislation. The Workforce Housing Trust Fund Program is funded by a biannual, voter-approved City bond.

5. Is there a revenue source associated with this contract? If so, what level of income is projected?

There is no revenue source associated with this legislation.

6. What will happen if the project is not approved?

If not approved, the City may not be in compliance with its own ordinance. The Report is required by ordinance and is to be received by Council, as it for information purposes only.

7. Is this service already provided by another entity?

No. The City administers the Workforce Housing Trust Fund program and its associated Ordinance requires the annual report.



City of Albuquerque
Timothy M. Keller, Mayor

FY24 Workforce Housing Trust Fund Program Report



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INTRODUCTION

In 2006, the City of Albuquerque created the Workforce Housing Trust Fund (WHTF) through the passage of the Workforce Housing Opportunity Act (O-2006-030). This Ordinance defined, prioritized and provided the framework to fund the Workforce Housing Bond in the City's Capital Improvement Program and General Obligation (GO) Bond Program. However, through the administration of the program it was determined that there needed to be several changes to the Workforce Housing Opportunity Act to correct inconsistencies with the State of New Mexico's Affordable Housing Act and local laws, as well as, to better administer the funding for potential home ownership projects. In July 2019, the City Council passed both the Affordable Housing Implementing Ordinance (O-19-61) and the amended Workforce Housing Opportunity Act Ordinance (O-19-62).

The Act, referencing the City's 2023-2027 Consolidated Plan, indicates that 14,255 renter households and 12,880 owner households are cost-burdened, spending more than 30% of their incomes on housing. Additionally, 38,375 renter households and 19,190 owner households are severely cost-burdened, spending more than 50% of their incomes on housing. Furthermore, 52.3% of all renters in Albuquerque are cost-burdened (2023 Assessment of Fair Housing). More recently, according to the *2023 Albuquerque Point in Time Count*, there are approximately 2,394 homeless individuals in Albuquerque on any one night. Therefore, there continues to be an overwhelming need for Affordable Housing opportunities in Albuquerque.

Workforce Housing is defined in the Act as "Dwelling units serving residents and their families whose annualized income is at or below 80% of the Area Median Income (AMI) for Albuquerque...and whose monthly housing payment does not exceed 30% of the imputed income limit applicable to such unit..."

The Workforce Housing Trust Fund has been administered by the City's Department of Family and Community Services (now Department of Health, Housing & Homelessness), since 2007, when the voters of Albuquerque passed the Workforce Housing Bond in the amount of \$10 Million. That maximum amount was also passed in subsequent bond years (2009, 2011). However, due to an overall reduction in bonding capacity in 2013, the bond amount was reduced and has fluctuated all subsequent bond cycles, as illustrated below:

BOND CYCLE	WHTF AMOUNT
2007 GO	\$ 10,000,000.00
2009 GO	\$ 10,000,000.00
2011 GO	\$ 10,000,000.00
2013 GO	\$ 2,500,000.00
2015 GO	\$ 4,450,000.00
2017 GO	\$ 3,788,000.00
2019 GO	\$ 5,000,000.00
2021 GO	\$ 3,300,000.00
2023 GO	\$ 7,500,000.00
TOTAL	\$ 56,538,000.00

This report provides a summary of the overall achievements of City-funded affordable housing developments from its WHTF Program, HOME Investment Partnerships grants, and other City funding, from July 2023 through June 2024. Since the City was required to complete a separate report for its newly established *Housing Forward Fund*, those projects and initiatives are not reflected in this report. Additionally, “Table A” below provides a comprehensive list of projects funded since the inception of the Workforce Housing program. The rows highlighted in orange indicate that the City contributed WHTF money towards a Land Banking project for future development of Affordable Housing, some of which are now under development.

Table A: Affordable Housing Commitments (next page)

*Workforce Housing Trust Funded Projects are highlighted in green on the table.

Year Completed	Agency	Project Name	Total Units	Affordable Units	Project Type	Workforce Housing Trust Funds (WHTF)*	HUD or non-WHTF Funds and/or Land Contribution	TDC
2007	COA	Railyards	TBD	TBD	Land Banking	\$ 1,915,729		TBD
2010	SHCNM	Downtown @ 700 2nd	72	59	Rental	\$ 2,607,441		\$ 12,399,604
2010	SCHNM	Silver Gardens Phase I	66	56	Rental	\$ 1,898,412		\$ 13,215,758
2011	NLH	NLH4	48	48	Rental	\$ 1,051,561	\$ 200,000	\$ 6,965,802
2011	SCLT	Villa Nueva/ Senior	46	44	Rental	\$ 544,000		\$ 9,190,475
2011	SCLT	Artisan @ Sawmill Village	62	60	Rental	\$ 760,000		\$ 10,171,877
2011	SCLT	Blue Linx	TBD	TBD	Land Banking	\$ 1,069,140		TBD
2012	GAHP	Plaza Feliz	66	55	Rental		\$ 3,470,000	\$ 12,290,007
2012	NLH	Luna Lodge	30	30	Rental	\$ 1,241,523		\$ 4,339,523
2012	SCHNM	Silver Gardens Phase II	55	45	Rental	\$ 2,500,000		\$ 8,983,668
2012	SCHNM	Sunport Plaza Phase II	20	20	Rental	\$ 1,118,390		\$ 1,118,390

2013	NLH	Sundowner	71	60	Rental	\$ 2,112,908		\$ 8,846,479
2013	NMAS	1023 Central/ Sleepy Hollow	10	10	Rental		\$ 1,578,802	\$ 1,879,772
2013	GAHH	Trujillo Road	16	16	Owner		\$ 826,581	\$ 1,926,581
2014	GAHP	Plaza Ciudadana	68	55	Rental	\$ 2,581,500	\$ 121,196	\$ 13,698,236
2014	YES	Casitas de Colores	71	49	Rental	\$ 2,774,500	\$ 1,524,500	\$ 16,272,415
2015	SCLT	Barelas 7th & Iron	4	4	Owner	\$ 907,516	\$ 200,000	\$ 944,767
2015	COA	3525 4th Street NW (Calle Cuarta below)	TBD	TBD	Land Banking	\$ 1,200,000		TBD
2016	GAHP	Cuatro Senior Housing	56	55	Rental		\$ 2,416,000	\$ 12,171,350
2016	SCLT	Madera Crossing	57	23	Rental		\$ 4,149,288	\$ 12,645,820
2016	YES	Imperial Building	74	60	Rental	\$ 3,375,000		\$ 16,428,141
2017	GAHP	Casa Feliz	89	89	Rental		\$ 2,955,800	\$ 15,002,556
2018	FHDC	Casa Grande	32	24	Rental		\$ 2,790,000	\$ 6,154,443

2018	GAHP	The Sterling Downtown	107	106	Rental	\$ 4,000,000		\$ 16,469,246
2018	YES	Solar Villa Preservation	100	99	Rental	\$ 2,400,000		\$ 19,515,174
2020	CCNM	Generations at West Mesa	54	45	Rental	\$ 2,400,000	\$ 405,500	\$ 9,836,663
2020	COA	Inca NE Apartment Acquisition	12	12	Rental	\$ 862,500	\$ 2,400,000	\$ 3,262,500
2020	YES	Nuevo Atrisco	80	68	Rental	\$ 2,990,000		\$ 15,752,859
2022	HW	Hope Village PSH	42	42			\$ 2,000,000	\$ 9,333,153
2022	GAHP	Luminaria Senior	92	77	Rental		\$ 3,248,123	\$ 20,653,240
Construction underway	GAHP	Hiland Plaza	92	75	Rental		\$ 3,586,843	\$ 18,347,535
Project in process	SCLT	Revolving Loan for Acquisition of Single-Family Homes	7	7	Owner	\$ 1,625,000		\$ 1,625,000
Construction to begin July 2023	YES	Calle Cuarta	61	61	Rental/ Owner/ Econ	\$ 3,500,000	\$ 1,200,000	\$ 18,209,543

2023 4% LIHTC Application	AHA	Casitas del Camino	88	88	Rental	\$ 3,500,000		\$ 29,786,020
2023 9% LIHTC Application	HDH	Route 66 Flats	47	47	Rental	\$ 1,701,335		\$ 15,753,403
Financing/ Predevelopment	GAHP	Farolito Senior Community	82	82	Rental		\$ 4,187,152	\$ 24,270,038
Contract Legislation to be sent to Council in FY24/ LIHTC Financing	YES	West Mesa Ridge	128	128	Rental		\$ 8,000,000	\$ 42,873,345
Contract Legislation to be sent to Council in FY24/ LIHTC Financing	GAHP	Somos Apartments	70	59	Rental		\$ 2,409,978	\$ 22,302,250
CUMULATIVE TOTALS			1795	1589		\$ 50,636,455	\$ 47,669,762	\$ 452,635,633

WHTF: HELPING THE VULNERABLE

Since 2007, more than \$56 Million allocated to WHTF has directly resulted in supporting the creation of 1,243 residential units of which, 1,123 are affordable to households at varying level below 80% of the Area Median Income.

Additionally, more than \$27 Million of Federal funding has been committed to increase the supply of Affordable Housing opportunities in the City of Albuquerque. The combined Local and Federal funding has resulted in 37 Affordable Housing Development activities and/or Land Banking activities for future development, to rehabilitate and/or construct quality affordable housing units. These 37 combined activities have resulted in the creation of 1,795 total housing units of which, 1,589 units that are designated as “Affordable” for households with incomes at or below 80% AMI. However, based on the priorities set forth by the Workforce Housing Ordinance and implemented in the City’s RFPs, the majority of units are restricted for City residents with incomes at or below 50% AMI, creating affordable housing opportunities for some of the City’s most vulnerable households.

“Table B” below is a breakdown of the Household Income Limits for the Albuquerque Metropolitan Statistical Area (MSA) for 2023 as published by the United States Department of Housing and Urban Development (HUD).

Table B: Albuquerque MSA 2023 Household Income Limits

	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5 Person Household
30% AMI Extremely Low	\$16,800	\$19,200	\$21,600	\$23,950	\$25,900
50% AMI Very Low	\$28,000	\$32,000	\$36,000	\$39,950	\$43,150
80% AMI Low Income	\$44,750	\$51,150	\$57,550	\$63,900	\$69,050

The City’s WHTF and HUD’s HOME Investment Partnerships Program are essential to ensuring that low-income City residents do not fall victim to homelessness especially during

times of economic challenges. WHTF allocations have supported the completion of new affordable housing units, as well as preserved existing affordable housing units for some of the City's most vulnerable residents.

WHTF: A MECHANISM FOR GAP FINANCING

In addition to funding the rehabilitation and/or new construction of affordable housing units for vulnerable populations, the WHTF Program is crucial to ensuring that affordable housing units within the City of Albuquerque are of high quality and are places that people want to call home. One way the program has been so successful in producing high quality units is through its ability to provide gap financing for large, multi-million-dollar housing development projects.

Since WHTF awards are usually approved early in the development process, local housing developers are able to demonstrate to lenders and financial partners that they are serious about the successful completion of their projects, by having the backing of the City of Albuquerque. This in turn allows developers to gain the additional financing needed to design large development projects with multiple unit types, inviting community spaces, environmentally green features, and located in target areas. This is gap funding at its finest, as it truly bridges the gap needed to make a large affordable housing development come to fruition. It is a testament to how the City can leverage its funding and create a greater, more positive impact on some of the most-deserving communities of Albuquerque, rather than being the sole funder of small housing projects.

The WHTF Program ensures that WHTF dollars are used as effectively and efficiently as possible. Therefore, the City's contributions of more than \$50 Million in Workforce Housing Trust Funds and more than \$34 Million in HOME funds or other local funds will result in \$452,635,633 in Total Development Costs, once all are completed. This Total Development amount will likely increase, as a few of the activities are Land Banking and have yet to be developed. Overall, the WHTF bonds have been leveraged at a greater rate than the required 4:1 ratio, on completed development projects.

PROJECT PROFILES: CHANGING THE PERCEPTION OF AFFORDABLE HOUSING

As depicted below, Affordable Housing Developments funded by the City of Albuquerque are well-designed, high quality, and energy efficient facilities that will increase the housing stock while improving the neighborhoods.

Since the previous WHTF Report, one (1) multi-family housing development is nearing completion, while another one (1) is set to commence construction, and one (1) single-family reinvestment project has begun acquiring homes to preserve their affordability. Additionally, two (2) multi-family housing projects have been procured, obtained City funding and are in the compliance period of their respective Low Income Housing Tax Credit (LIHTC) awards.

The following Affordable Housing Developments illustrate the creation of quality, affordable housing projects that are a result of leveraging City WHTF and HUD HOME Investment Partnerships funding.

PROJECTS COMPLETED & UNDERWAY



The **PAH! Hiland Plaza Apartments** project was awarded by the Administration and subsequently approved by City Council in December 2020, allocating \$3,586,842.65 of HOME funds towards the development of the mixed-income project. *PAH!* is located at 5000 Central Avenue SE, and consists of 92 residential units, 75 of which are affordable. The Project received a 2021 LIHTC award from the New Mexico Mortgage Finance Authority and began construction in April 2022. Due to the rising costs of construction, the City also assisted in offsetting the deficit experienced, by contributing \$473,000 in Community Development Block Grant (CDBG) funds towards the infrastructure costs, and \$400,000 of Capital Outlay funds towards the buildout of the 2,000 square feet of commercial space, making *PAH!* a true mixed-use project. The developer, the Greater Albuquerque Housing Partnership (GAHP), partnered with the Deaf Culture Center of New Mexico (DCCNM) to create a space that is not only appropriate for individuals and small families with low incomes, but one with specific design elements that accommodate the needs of the Deaf community in New Mexico. *PAH!* was completed in early FY24.



Also mentioned in the previous WHTF Report, the vacant 5-acre lot known as the “Brown Property,” located at 3525 4th NW, was purchased with \$1,200,000 of WHTF dollars in 2015 as a land-banking activity. After much community input in the visioning of the development, the **Calle Cuarta Apartments** project was awarded \$3,500,000 of WHTF, which received City Council approval in December 2021. The funding will be used towards the construction of a 61-unit affordable apartment complex, which also received 2022 & 2023 LIHTC (9%) allocation from the MFA. Additionally, the project is a mixed-use development with homeownership and commercial components, funded from other sources. The land was conveyed to the Developer in March 2023 and Construction began in July 2023.



Another WHTF project discussed in the previous Report, is the 2022 WHTF loan to Sawmill Community Land Trust (SCLT) for \$1,625,000, which was a reinvestment in a long-time City partnership to support the SCLT **Arbolera de Vida** homeownership project. The WHTF are utilized as a loan to acquire existing single-family homes on the land trust for SCLT’s inventory, with the intent to market and resell to income-eligible households. The repayment of the loan will continue to occur upon the resale of each home. Therefore, the

entire \$1,625,000 of WHTF will be re-paid to the City's WHTF and will be reprogrammed in a future program year to further additional opportunities for permanent affordability.

NEW WHTF PROJECTS AWARDED

The City also awarded two new affordable housing projects in response to its 2022 Workforce Housing Request for Proposals. The two developments were approved by City Council in 2023 and have received a Low Income Housing Tax Credit allocation (one 4% LIHTC and one 9% LIHTC) from the New Mexico Mortgage Finance Authority. The funding of these two projects has committed all remaining WHTF funding available from the 2021 WHTF Bond and reinforces the continued need for approval of the 2023 WHTF Bond.



The **Casitas del Camino** project is located at 60th Street NW and Knotts Landing Court NW, and will be an 88-unit, affordable development that will consist of 30 two-bedroom units, 48 three-bedroom units, and 10 four-bedroom units. The \$3,500,000 WHTF award will be used to rehabilitate an existing 42-unit duplex and single-family home development and to construct new one- and two-story buildings, which will include an additional 46-units and a new community building. The 88-unit affordable, multi-family rental housing development will serve households that are at or below 60% Area Median Income (AMI). The Project will incorporate Project-Based Section 8 Vouchers and will have 22 units set aside (on a preferential basis, to the maximum extent permitted by applicable federal law) for households with children. The Project will also provide Supportive Services to all interested residents at no charge.



The **Route 66 Flats** project, located at 7600 Central Avenue SW, is a Permanent Supportive Housing development that will consist of 47 one-bedroom units restricted at 30% Area Median Income (AMI). The \$1,701,335 WHTF awarded to this project will be used towards the construction of a three-story apartment building with the residential units, and an approximately 3,000 square foot, one-story Amenity space, which will house property management, supportive services, a communal kitchen, and community room that connects to an exterior protected courtyard.

CONCLUSION

The Workforce Housing Trust Fund bond provides vital gap funding for affordable housing developments and is leveraged at a 4 to 1 ratio, creating positive multipliers for the City of Albuquerque. Even in a challenging economic environment, the WHTF has been able to stimulate development activity that may not otherwise happen. Along with the WHTF, the public/private partnership model has proven to be invaluable to providing new affordable housing opportunities in Albuquerque that would be impossible without such partnerships and non-City funding.

These projects strive to be assets to their neighborhoods, so careful consideration is taken to choose building materials and design elements that integrate well into the community where they are built. The goal is to change the community's perception of what affordable housing can be. The installation of public art at many developments helps to facilitate a positive shift in the perception of affordable housing by adding aesthetic and cultural value that enhances a sense of place.

In addition, the WHTF helps supplement the upfront cost of building green. These environmental-friendly features help create better health outcomes for residents and lower long-term operational costs. Lowering the operational costs assists developers in meeting permanent affordability requirements and insures WHTF dollars create long-term benefits for

the community. Permanently affordable housing works to financially stabilize individuals, families and the workforce, and shows a long-term commitment to the success of the community.

Providing supportive services to residents is a method for increasing the effectiveness of housing. On-site social service coordinators serve as advocates for residents, enhance security, and provide the support necessary for successful outcomes. Positive outcomes are also supported by the common space in these developments, which provides an added amenity, fosters social interaction and enhances the sense of community for residents. Another factor aiding successful outcomes and reshaping the public perception of affordable housing is the mixed income component. Not concentrating low-income individuals helps to ease the stigmatization of affordable housing developments, humanizes income differences, and provides greater economic and social mobility for residents.

The positive impact that the WHTF has had in providing quality affordable housing to the residents of Albuquerque is undeniable.