



Mayor Timothy M. Keller

CITY OF ALBUQUERQUE

Albuquerque, New Mexico

Office of the Mayor

INTER-OFFICE MEMORANDUM

June 14, 2022

TO: Isaac Benton, President, City Council

FROM: Timothy M. Keller, Mayor *K*

SUBJECT: 2021-2022 Workforce Housing Trust Fund Report

The 2021-2022 Workforce Housing Trust Fund (WHTF) Report provides a summary of the overall achievements of the WHTF Program from January 2021 through June 2022, and provides an in-depth look into what makes the program so successful.

WHTF dollars are often used as gap 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 loan that they would otherwise have to take. This in addition to allowing the developers to incorporate long term energy efficient amenities into their designs help keep the housing affordable for longer periods of time.

The Workforce Housing Trust Fund Program is funded by a biannual voter approved City bond. From 2007 through 2021, \$45,738,000 of WHTF bonds have been approved to further affordable housing opportunities. The City's Department of Family and 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 \$45 Million of WHTF to leverage more than \$315 Million in project activities.

Legislation Title: 2021-2022 Workforce Housing Trust Fund Report

Approved:

Approved as to Legal Form:

Lawrence Rael Date
Chief Administrative Officer

DocuSigned by:

Lauren Keefe
City Attorney

6/29/2022 | 1:14 PM MDT

Date

Recommended:

DS
PP

DocuSigned by:

Carol M. Pierce
Director

6/27/2022 | 2:42 PM MDT

Date

Cover Analysis

1. What is it?

The 2021-2022 Workforce Housing Trust Fund (WHTF) Report provides a summary of the overall achievements of the WHTF Program and other Affordable Housing developments for from January 2021 through June 2022.

2. What will this piece of legislation do?

Report the success of the Workforce Housing Trust Funds 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 Plan? 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 informational purposes only.

7. Is this service already provided by another entity?

No. The City administers the Workforce Housing Trust Fund program and is required to report on it.



City of Albuquerque
Timothy M. Keller, Mayor

2021-2022 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 2018-2022 Consolidated Plan, "shows that 20,370 renter households are severely cost-burdened and 12,300 homeowner households are severely cost-burdened" and that "On any given night in Albuquerque, at least 1,320 people are sleeping outside or in shelters, including families with children, veterans and people with disabilities and their path to independent living upon permanent, affordable housing." More recently, according to the *2021 Albuquerque Point in Time Count*, there are approximately 1,152 homeless individuals in Albuquerque on any one night. Additionally, 52.3% of all renters in Albuquerque are rent burdened (*2017 Assessment of Fair Housing*). 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 (DFCS), since 2007, when the voters of Albuquerque passed the Workforce Housing Bond in the amount of \$10 Million. That 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 over the last several 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
TOTAL	\$ 45,738,000.00

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 January 2021 through June 2022. 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)

Year Completed	Agency	Project Name	Total Units	Affordable Units	WHTF	Federal HOME/CDBG	City Local Funds or Land Contribution	TDC
2007	COA	Railyards	TBD	TBD	\$ 1,915,729.00		TBD	TBD
2010	Supportive Housing Coalition	Downtown @ 700 2nd	72	59	\$ 2,607,441.00			\$ 12,399,604.00
2010	Supportive Housing Coalition/Romero Rose	Silver Gardens Phase I	66	56	\$ 1,898,412.00			\$ 13,215,758.00
2011	Newlife Homes	NLH4	48	48	\$ 1,051,561.00	\$ 200,000.00		\$ 6,965,802.00
2011	Sawmill CLT	Villa Nueva/ Senior	46	44	\$ 544,000.00			\$ 9,190,475.00
2011	Sawmill CLT	Artisan @ Sawmill Village	62	60	\$ 760,000.00			\$ 10,171,877.00
2011	Sawmill CLT	Blue Linx	TBD	TBD	\$ 1,069,140.00			TBD
2012	Greater Albuquerque Housing Partnership	Plaza Feliz	66	55		\$ 2,850,000.00	\$ 620,000.00	\$ 12,290,007.00

2012	Newlife Homes	Luna Lodge	30	30	\$ 1,241,523.00			\$ 4,339,523.00
2012	Supportive Housing Coalition/Romero Rose	Silver Gardens Phase II	55	45	\$ 2,500,000.00			\$ 8,983,668.00
2012	Supportive Housing Coalition	Sunport Plaza Phase II	20	20	\$ 1,118,390.00			\$ 1,118,390.00
2013	Newlife Homes	Sundowner	71	60	\$ 2,112,908.00			\$ 8,846,479.00
2013	New Mexico AIDS Services	1023 Central/Sleepy Hollow	10	10		\$ 1,578,802.00	N/A	\$ 1,879,772.00
2013	Habitat for Humanity	Trujillo Road	16	16		\$ 826,580.63	N/A	\$ 1,926,580.63
2014	Greater Albuquerque Housing Partnership	Plaza Ciudadana	68	55	\$ 2,581,500.00	\$ 121,196.00		\$ 13,698,236.00
2014	YES Housing/Romero Rose	Casitas de Colores	71	49	\$ 2,774,500.00	\$ 1,524,500.00		\$ 16,272,415.00
2015	Sawmill CLT	Barelas 7th & Iron	4	4	\$ 907,516.00	\$ 200,000.00		\$ 944,766.93

2015	COA	3525 4th Street NW (Calle Cuarta below)	TBD	TBD	\$ 1,200,000.00		TBD	TBD
2016	Greater Albuquerque Housing Partnership	Cuatro Senior Housing	56	55		\$ 2,416,000.00		\$ 12,171,350.00
2016	Sawmill	Madera Crossing	57	23		\$ 4,149,288.00		\$ 12,645,820.00
2016	YES Housing/Silverman	Imperial Building	74	60	\$ 3,375,000.00			\$ 16,428,141.00
2017	Greater Albuquerque Housing Partnership	Casa Feliz	89	89		\$ 2,600,000.00	\$ 355,800.00	\$ 15,002,556.00
2018	Family Housing Development Corp.	Casa Grande	32	24		\$ 1,900,000.00	\$ 890,000	\$ 6,154,443.00
2018	Greater Albuquerque Housing Partnership	The Sterling Downtown	107	106	\$ 4,000,000.00			\$ 16,469,246.00

2018	YES Housing	Solar Villa Preservation	100	99	\$ 2,400,000.00			\$ 19,515,174.00
2020	Catholic Charities	Generations at West Mesa	54	45	\$ 2,400,000.00		\$405,500	\$ 9,836,663.00
2020	COA	Inca NE Apartment Acquisition	12	12	\$ 862,500.00	\$ 2,400,000.00		\$ 3,262,500.00
2020	YES Housing	Nuevo Atrisco	80	68	\$ 2,990,000.00			\$ 15,752,859.00
2022	HopeWorks	Hope Village PSH	42	42			\$2,000,000	\$ 9,333,153.00
2022	Greater Albuquerque Housing Partnership	Luminaria Senior	92	77		\$ 3,248,123.00		\$ 20,653,240.00
Construction underway	Greater Albuquerque Housing Partnership	Hiland Plaza	92	75		\$ 3,586,842.65	\$471,389	\$ 23,211,509.00

Contract Pending Approval	Sawmill Community Land Trust	Revolving Loan for Acq. Single-Family Homes	7	7	\$ 1,625,000.00			\$ 1,625,000.00
Contracted in 2022	YES Housing	Calle Cuarta	61	61	\$ 3,500,000.00		\$1,200,000	\$ 18,209,543.00
	CUMULATIVE TOTALS		1660	1454	\$ 45,435,120.00	\$27,601,332.28	\$ 5,471,300.00	\$317,650,576.56

WHTF: HELPING THE VULNERABLE

Since 2007, more than \$45 Million in WHTF and more than \$27 Million of Federal funding has been committed to increase the supply of Affordable Housing opportunities in the City of Albuquerque. The result is 33 Affordable Housing Development activities and/or Land Banking activities for future development, to rehabilitate and/or construct quality affordable housing units. Currently, the City-funded Affordable Housing Developments have funded a total of 1,618 total housing units. Of these units, 1,412 units are designated as “Affordable” for households with incomes at or below 80% of the City’s Median Family Income (MFI), with the majority of units being affordable to some of the City’s most vulnerable households, City residents with incomes at or below 50% of the City’s (MFI).

“Table B” below is a breakdown of the Income Limits for the Albuquerque Metropolitan Statistical Area (MSA) for 2021 as published by the United States Department of Housing and Urban Development (HUD).

Table B: Albuquerque MSA 2021 Income Limits

	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5 Person Household
30% of MFI Extremely Low	\$14,200	\$16,200	\$18,250	\$20,250	\$21,900
50% of MFI Very Low	\$23,650	\$27,000	\$30,400	\$33,750	\$36,450
80% MFI Low Income	\$37,800	\$43,200	\$48,600	\$54,000	\$58,350

The WHTF program and HUD’s HOME Investment Partnership Program are essential to ensuring that low-income City residents do not fall victim to homelessness especially during times of economic challenges. WHTF money has 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.

The WHTF Program ensures that WHTF dollars are used as effectively and efficiently as possible. Therefore, the City's contributions of more than \$45 Million in Workforce Housing Trust Funds and nearly \$30 Million in HOME funds or other local funds will result in more than \$317 Million in Total Development Costs, once all are completed. This Total Development amount will likely increase, as three of the activities are Land Banking and have yet to be developed. Overall, the WHTF money has been leveraged more than the required 4:1 ratio, on completed development projects.

PROJECT PROFILES: CHANGING THE PERCEPTION OF AFFORDABLE HOUSING

Because 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 and have 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.

Since the 2020 WHTF Report, one (1) multi-family housing development has completed construction and is now operational and two (2) additional multi-family housing projects have been procured, obtained City funding and are either under construction or awaiting a LIHTC award. Additionally, the City has chosen to utilize HOME and WHTF to reinvest in a homeownership project previously funded by the City.

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. The most recent development completed since the last WHTF Report occurred in early 2022 and is the Luminaria Senior Community, as described in more detail below.

RECENTLY COMPLETED PROJECT(S)



Luminaria Senior Community- Located at 10600 Central Avenue SE, Albuquerque, NM 87123. The mixed-income project utilized \$3,248,123 of HOME funds and consists of 92 residential units, 77 of which are affordable. Of the 92 residential units, seventy-two (72) are 1-bedroom and twenty (20) are 2-bedroom rental housing units. Additionally, there is 72,000 square feet of common space to benefit the residents of the community. The Project received a 2020 Low Income Housing Tax Credit (LIHTC) allocation from the New Mexico Mortgage Finance Authority and construction was completed in March 2022.

FUTURE PROJECTS UNDERWAY



The first multi-family housing project underway is the **Hiland Plaza Apartments**. The Project was approved by City Council in December 2020, allocating \$3,586,842.65 of

HOME funds towards the development of the mixed-income project. Hiland 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 is also assisting in offsetting the deficit experienced, by contributing \$473,000 in Community Development Block Grant (CDBG) funds towards the infrastructure costs . Additionally, the Hiland Plaza is a true mixed-use project, with 2,000 square feet of commercial space. The developer, the Greater Albuquerque Housing Partnership, subsequently partnered with the Deaf Culture Center of New Mexico 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.



The blighted 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 anticipates receiving a 2022 LIHTC allocation from the MFA. Additionally, the project is a mixed-use development with homeownership and commercial components, funded from other sources.



Additionally, the City funded a contract with Sawmill Community Land Trust (SCLT) for \$200,000 of HOME funds to provide additional subsidies to qualified homebuyers in the existing **Arbolera de Vida** homeownership project. HOME subsidies are capped at \$50,000 per household and will provide additional opportunities to homebuyers choosing to live on the Land Trust.

As previously discussed in the 2020 WHTF Report, there was a project funded with WHTF in 2020, which was a reinvestment in a long-time City partnership with SCLT to support its **Arbolera de Vida** homeownership project. In October 2020, City Council approved \$125,000 of WHTF towards the acquisition of the single-family home in foreclosure. Although SCLT was subsequently able to identify other sources of funding to acquire the foreclosed property, there is still a need to assist SCLT with the acquisition of homes on the Land Trust, with the intent to market and resell to income-eligible households. Therefore, the City is proposing to fund a revolving loan utilizing \$1,625,000 of WHTF for this purpose. The repayment of the loan will occur upon the resale of each home.

CONCLUSION

Workforce Housing Trust Fund money provides vital gap funding for affordable housing developments and is leveraged 4 to 1 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.

These projects strive to be assets to their neighborhoods so careful consideration is taken to choose building materials and design elements. The goal is to change the community's perception of what affordable housing can be. The installation of public art at many of these

developments helps to facilitate a positive shift in the perception of affordable housing by adding aesthetic and cultural value that enhances sense of place.

In addition, WHTF money helps supplement the upfront cost of building green and the green features help create better health outcomes 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. 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 and enhance the security and 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 public perception of affordable housing is the mixed income component. Not concentrating people with low incomes helps to ease the stigmatization of affordable housing developments and humanizes income differences.

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