

Mayor Timothy M. Keller

**CITY OF ALBUQUERQUE**  
Albuquerque, New Mexico  
Office of the Mayor

**INTER-OFFICE MEMORANDUM**

March 18, 2025

**TO:** Brook Bassan, President, City Council

**FROM:** Timothy M. Keller, Mayor *R*

**SUBJECT: Housing Forward Fund FY25 Report**

In accordance with Council Resolution R-22-34 approved on June 6, 2022, which established the Housing Forward Fund (“the Fund”), with a \$20,000,000 appropriation of Gross Receipts Tax, this report is being submitted to City Council to provide a summary of the utilization of the appropriated funding. The attached *Housing Forward Fund FY25 Report* provides a summary of the accomplishments achieved, as well as, projects underway toward establishing affordable housing since the appropriation and includes the additional \$3,000,000 appropriated via Council Resolution R-23-193 (approved on December 4, 2023).

In summary, the Fund has been utilized for the conversion of a motel into Affordable Housing, allocated towards the gap financing of a new \$43 Million affordable rental housing project and for the City’s Energy Efficiency Improvements of City-owned apartment communities. Additionally, the Fund also being used to stabilize and reconstruct stairways on one of its apartment communities, and to incentivize the private market to convert under-utilized commercial buildings into residential units (in partnership with the City’s Metropolitan Redevelopment Agency).

The City’s Department of Health, Housing & Homelessness has administered the Fund through existing City contracts and Request for Proposals procurement processes. To date, the \$23,000,000 has been allocated to projects that create new affordable housing units, reinvest in existing housing stock, and to further incentivize the redevelopment of commercial buildings into housing.

# SUBJECT: Housing Forward Fund FY25 Report

Approved:

Approved as to Legal Form:

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 Samantha Sengel, EdD Date  
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## **Cover Analysis**

**1. What is it?**

The Housing Forward Fund FY25 Report provides a summary of the achievements of the Housing Forward Fund during Fiscal Year 2025, utilizing the original \$20,000,000 of Gross Receipts Tax funding that was approved for the creation of affordable housing (R-22-34), and the additional \$3,000,000 appropriated to the fund (R-23-193).

**2. What will this piece of legislation do?**

Report the accomplishments of the Housing Forward Fund during FY25.

**3. Why is this project needed?**

The Report is required by R-23-177, to be sent as an Executive Communication to Council detailing the status of the Housing Forward Fund. This is necessary to show that the Department of Health, Housing & Homelessness has met the requirements of administering Housing Forward Fund 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, as it is a report on the previously appropriated Housing Forward Fund.

**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 comply with its own Council Resolution R-23-177.

**7. Is this service already provided by another entity?**

No. The City' Department of Health, Housing & Homelessness administers the Housing Forward Fund and is required to report on it.

**FISCAL IMPACT ANALYSIS**

TITLE: HOUSING FORWARD FUND FY25 REPORT

R: O:  
 FUND: 305  
 DEPT: HHH

- No measurable fiscal impact is anticipated, i.e., no impact on fund balance over and above existing appropriations.
- (If Applicable) The estimated fiscal impact (defined as impact over and above existing appropriations) of this legislation is as follows:

	Fiscal Years			Total
	2025	2026	2027	
Base Salary/Wages				-
Fringe Benefits at Subtotal Personnel	-	-	-	-
Operating Expenses				-
Property	-	-	-	-
Indirect Costs	-	-	-	-
<b>Total Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
[ ] Estimated revenues not affected				
[ ] Estimated revenue impact				
Revenue from program				0
Amount of Grant		-	-	
City Cash Match				
City Inkind Match				
City IDOH	-	-	-	-
<b>Total Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

These estimates do not include any adjustment for inflation.  
 \* Range if not easily quantifiable.

Number of Positions created

COMMENTS:

COMMENTS ON NON-MONETARY IMPACTS TO COMMUNITY/CITY GOVERNMENT:

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APPROVED:

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### Housing Forward Fund - FY25 Report

On June 6, 2022, the Albuquerque City Council amended the Adopted Capital Implementation Program of the City of Albuquerque by approving new projects from the proceeds of the City's Gross Receipt Tax Improvement Revenue Bond Series 2022. One such project appropriated \$20,000,000 for Affordable Housing.

In accordance with Council Resolution R-23-177, the City's Department of Health, Housing & Homelessness (HHH (formerly Department of Family and Community Services)), reports the following progress on all projects allocated funding from its *Housing Forward Fund* ("the Fund"), Fund'305-Misc.' Activity #7272040.

On December 4, 2023, City Council approved R-23-193, to make adjustments for Fiscal Year 2023 appropriations, which included an additional \$3,000,000 for the Fund. Therefore, the Fund amount appropriated for use is **\$23,000,000**. The following descriptions provide information about how the funding has been allocated to affordable housing initiatives, to date.



#### **SureStay Motel/Los Altos Lofts Conversion – \$6,190,487.04**

On April 10, 2023, the City of Albuquerque acquired the **SureStay** motel property for the purpose of converting the hotel rooms into affordable housing units. The property was acquired for \$5,700,000 (utilizing \$2.85M of HUD CDBG-CV and \$2.85M of State ARPA-Casa Connection funding). The construction costs associated with the conversion from a motel into apartment units was \$6,190,487.04 from the *Housing Forward Fund*. The nearly \$11.9 Million project has no debt service, allowing it to operate based on the revenue generated from rental income.

The 104-room motel was converted into 90-units of Affordable Housing with kitchenettes (as allowed under the 2022 amendment to the City's IDO). Where there were adjoining rooms, those were converted into one-bedroom units. The final unit mix is 7 studios, 69 efficiencies, and 14 1-bedroom units. The property also retained the indoor swimming pool as an amenity for the future residents.

The construction conversion was completed on November 4, 2024, when the Certificate of Occupancy was obtained and was renamed to **Los Altos Lofts**. As of 2/28/2024, 95% of the units have been leased. The property has rents set at \$700-\$900 per month (depending on unit size) and includes utilities.



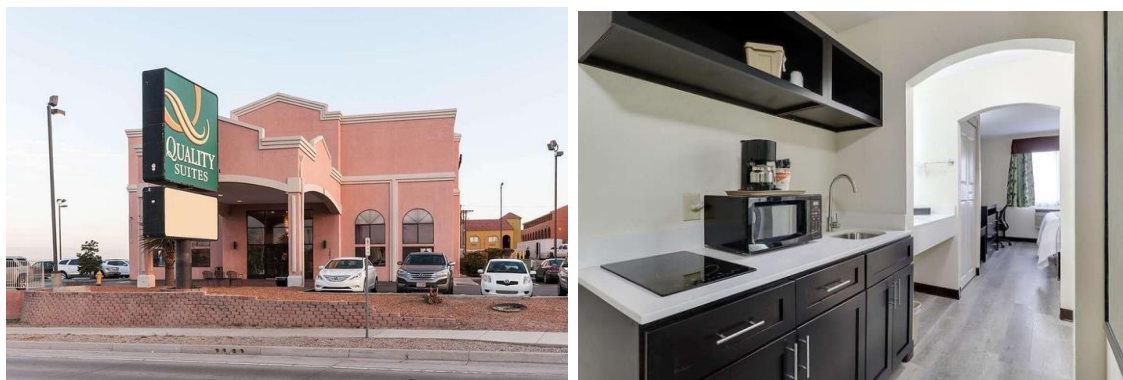
### **West Mesa Ridge A - \$8,000,000.00**

On February 19, 2023, HHH released the *Affordable Rental Housing Request for Proposal Utilizing GRT Funding for 4% LIHTC Project (RFP-2023-413-FCS-RG)*, to provide up to **\$8,000,000** of local Gross Receipts Tax (GRT) Funds, towards the new construction and/or rehabilitation of a multi-family, affordable rental housing development within the Albuquerque city limits.

HHH utilized the City's eProcurement system for this RFP and received four (4) proposals, which were distributed to the Ad Hoc Committee. Each committee member reviewed the proposals individually. On August 21, 2023, the Ad Hoc Committee reviewed the final scores for each project. There was a consensus of the Committee of the final scoring averages with the highest score prevailing.

The project awarded was an application submitted by YES Housing, Inc., titled **West Mesa Ridge A**, a new construction project, located at 701 Coors NW, that includes a total of 128 affordable housing units and is the first of three phases of a large, mixed-use development. All units in Phase 1 will be restricted at 60% of the Area Median Income (AMI) or below, including 19 Units restricted at 50% AMI or below and 13 units restricted at or below 30% AMI. The units will include 1, 2, and 3 bedrooms to serve families with larger households, including (34) 1-bedroom, (46) 2-bedroom one-bathroom, (24) two-bedroom two-bathroom units, and 24 three-bedroom two-bathroom units. The \$8,000,000 from the Fund for the West Mesa Ridge project was approved by City Council (EC-24-158) and is being used as the *local contribution* for more than \$17 Million from the New Mexico Mortgage Finance Authority's 4% Low Income Housing Tax Credits (LIHTC) program. The remainder of the \$43 million in Total Development Costs is

funded by a first mortgage loan, amortizing second mortgage loan, junior bond cash flow, NM Housing Trust Fund Loan, National Housing Trust Fund Loan, deferred developer fee, solar equity, and soft loan interest. Although LIHTC projects are extremely complex, they help leverage the City's investment so that 80% of the project funding comes from other sources, as mentioned above.



#### **PROJECT CANCELLED: Quality Suites Acquisition/Conversion - \$6,641.54**

On February 23, 2023, HHH released a Request for Information (RFI) to have property owners submit information on any hotel/motel properties that they may be interested in selling to the City for converting into housing units. The RFI garnered 15 responses of which, HHH evaluated based on priority criteria. The **Quality Suites**, located at 1501 Gibson SE, ranked the highest among properties in response to the RFI, due to its larger suites, most of which have kitchenettes. A letter of offer for \$5,300,000 (based on appraised value), was accepted by the property owner on February 29, 2024. However, during its inspections, there were considerable environmental, structural, and system concerns that made the project cost prohibitive to move forward. Due to these substantial environmental issues, the letter of offer was rescinded. The only funding expended on the project was the **\$6,641.54** to the environmental contractor that performed the testing of hazardous materials.

As the City had to pivot from its original plans to fund the Quality Suites Acquisition/Conversion project, it also had two projects gaining traction. The following Energy Efficiency Improvements project and City-owned affordable housing property's Stairway Rehabilitation project, as described below.



### **Energy Efficiency Improvements - \$1,500,000**

The City's Energy Efficiency Improvements project will sustain the City's current stock of 594 units, across its eight apartment communities. This will result in lower energy costs for low-income residents that live at these City-owned rental properties and lessen the overall carbon footprint. The project was approved by City Council (EC-25-293) and is funded by \$1,500,000.00 from the Housing Forward Fund.

International Center for Appropriate and Sustainable Technology (ICAST) is a 501c3 nonprofit organization was awarded this project, they are dedicated to providing economic, environmental, and social benefits to communities through clean energy and green solutions. ICAST provides one-stop-shop services for the installation of clean energy solutions in multi-family affordable housing (MFAH) statewide in New Mexico.

ICAST will leverage these City funds with a combination of funding sources such as: U.S. Department of Treasury's Clean Energy Production and Investment Tax Credits, Home Efficiency Rebate Program Funding, U.S. DOE, HUD's Green and Resilient Retrofit Program, HUD's Healthy Homes program, EPA's Solar for All Funding, Low-income housing tax credits (LIHTC), Community Reinvestment Act funding from banks for grants or low-cost financing. The total amount of the project is \$6,659,690.00.



### **Beach Apartments Stairway Rehabilitation Project - \$3,328,267.82**



The 74-unit, Beach Apartments project was built in 1984 and have been owned by the City of Albuquerque since 1991. During that time, the stair treads have been maintained, re-treaded, and coated. However, in 2020 the apparent need to repair and/or replace several of the deteriorating staircases became evident, as the regular maintenance was no longer sufficient. The repair project was included in the 2020-2021 Budget, as a \$158,000 capital expenditure for the Beach. However, as the project architect evaluated the project it became apparent that the project would be more involved than simply replacing stair treads. In 2021, a quote was obtained from a general contractor to replace eight sets of stairs based on architectural designs. It was evident that the scope of the project in relation to the amount budgeted was not adequate and therefore, Monarch properties published a 2022 Request for Bids to ensure that it was accurate and a competitive process. The procurement attempt did not result in any new bids from contractors. Monarch then approached HHH with the request to explore a design-build approach with the project architect and lone contractor, who was interested in finding a solution to the challenging project.

In January 2023, the HHH approved the additional design services to keep the project moving forward. The architect developed conceptual designs for the HHH to review, but did not know how easily they could be incorporated into the existing buildings. The original design of the Beach is as unique as the site it is situated on, and has proved to be its biggest challenge. There are 42 staircases on the site and an integral part of the structures, not standalone additions to the buildings. The architect and contractor agreed some stairs were no longer functional and were blocked off for safety of the residents. Additionally, exploratory demolition would be necessary to determine if new stairs could be constructed in place of the existing. In 2024, HHH authorized the exploratory demolition, structural evaluation, and testing of materials to determine if any were hazardous. Although the results of the environmental testing indicated that no hazardous materials were present, the exploratory demolition (as seen in the photos above) and structural evaluation revealed that undetected infiltration of water for decades resulted in structural damages beyond the stairs and into second and third floor walkways. The recommendation was made to structurally brace compromised structures with the most urgent need. Additionally, it was also recommended that all third floor residents evacuate their units in the near future to be able to ensure safety and future ingress/egress. Affected residents were given proper notification and relocation benefits. To date, the 23 units affected by construction have been vacated.

The HHH has been working with Monarch Properties to address the on-going deterioration of the exterior staircases at the Beach Apartments. While the planning, design, structural assessment, and construction has spanned several years, it has been due to the complexity of the original design of the facility and the extensive water infiltration that had gone undetected for many years, if not decades. The City and Monarch have given the Beach Stairs project the highest priority due to the urgency to address the health and safety concerns of the structures used by the Beach residents. HHH has authorized the construction of the most urgent staircases and building permits have been approved.



### **RFP: Commercial Property to Housing Conversion - \$3,000,000**

Over the past year, HHH has collaborated with the City’s Metropolitan Redevelopment Agency (MRA) to discuss new opportunities to create housing using resources from both departments. The idea of providing incentives for developers to convert commercial properties into residential became the focus, as there are a number of underutilized properties throughout the city. The incentive will be in the form of a subsidy to ensure that there are a percentage of affordable units within any awarded conversion project. This RFP released March 14, 2024, provides \$4,000,000, including \$1,000,000 from the MRA. There were three proposals received in the response to the RFP, which were evaluated and resulted in the recommendation of award for \$2,000,000 to each of the two highest scoring projects- **Lomas Tower** and **Park Central** apartments. MRA and HHH are currently negotiating contracts for each redevelopment project, both of which will be sent to City Council for approval.

In conclusion, the City’s commitment to addressing the housing crisis through its *Housing Forward Fund*, has assisted in the construction and conversion of new housing units and also as a means to stabilize and reinvest in aging affordable housing properties in its portfolio. The success of the *Housing Forward Fund* is evidenced by the commitment of the \$23,000,000 to the projects mentioned in this report and listed in the following *FY25 HOUSING FORWARD FUND REPORT* table. As these projects are completed, they will continue to further the availability and sustainability of affordable housing for Albuquerque residents, which addresses homelessness, public safety, workforce and economic development strategies.

FY25 HOUSING FORWARD FUND REPORT			
PROJECT	CONTRACTOR	\$ COMMITTED/EXPENDED	NOTES
SureStay to Los Altos Lofts Conversion	BMC Construction	\$ 6,113,858.03	Construction only; Acquisition was \$5.7M
SureStay to Los Altos Lofts Conversion	SMPC Architects	\$ 76,629.01	Architectural Services
West Mesa Ridge A Affordable Housing RFP 4% LIHTC (RFP-2023-413-FCS-RG)	YES Housing	\$ 8,000,000.00	Under contract. (Council approved EC-24-158)
Quality Suites Study	Havona Environmental	\$ 6,641.54	Due diligence prior to acquisition; purchase cancelled
Energy Efficiency Improvements of City-owned Housing	ICAST	\$ 1,500,000.00	Under contract. (Council approved EC-25-293)
Beach Apartments Stairs Project	AnchorBuilt	\$ 57,229.95	3rd Floor Shoring/Structural Bracing
Beach Apartments Stairs Project	AnchorBuilt	\$ 130,442.76	Railing Modifications & Bracing to accommodate removal of upper level resident's belongings via lift
Beach Apartments Stairs Project	SMPC Architects	\$ 3,766.88	Structural Evaluation/Due diligence
Beach Apartments Stairs Project	Intera Environmental	\$ 6,526.01	Structural Evaluation/Due diligence
Beach Apartments Stairs Project	AnchorBuilt/Jeebs&Zuzu Architects	\$ 3,328,267.82	First Phase of Stair Demolition/Reconstruction
Lomas Tower	Lincoln Avenue Communities/Geltmore	\$ 1,000,000.00	Commercial Conversion to Housing RFP (MRA-RFP-01-2025) \$2M (MRA \$1M; HHH \$1M) - In contract negotiations
Park Central	Route 66 Multi Family ABQ LLC/Silverstone Equity Partners	\$ 2,000,000.00	Commercial Conversion to Housing RFP (MRA-RFP-01-2025) \$2M (HHH) -In contract negotiations
IDOH		\$ 776,638.00	City assessed Indirect Overhead Costs
<b>TOTAL HFF COMMITTED</b>		<b>\$ 23,000,000.00</b>	(\$23M Allocated to HFF by R-22-34 & R-23-193)