

EC-20-117



CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

Mayor Timothy M. Keller

INTER-OFFICE MEMORANDUM

July 7, 2020

TO: Pat Davis, President, City Council

FROM: Timothy M. Keller, Mayor

A handwritten signature in black ink, appearing to be 'TK', is written over the name 'Timothy M. Keller'.

SUBJECT: 2019 Workforce Housing Trust Fund Report

The 2019 Workforce Housing Trust Fund (WHTF) Report provides a summary of the overall achievements of the WHTF Program for calendar year 2019, 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 2019, \$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 nearly \$40.9 Million of WHTF to leverage more than \$290 Million in project activities.

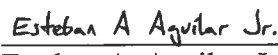
7-11-06-23

SUBJECT: 2019 Workforce Housing Trust Fund Report

Approved:


Sarita Nair
Chief Administrative Officer
Date 7/22/20

Approved as to Legal Form:

DocuSigned by:

Esteban A. Aguilar, Jr.
City Attorney
Date 7/10/2020 | 9:58 AM MDT

DS
Ut

Recommended:

DS
PP

DocuSigned by:

Carol M. Pierce
Director
Date 7/8/2020 | 11:18 AM MDT

Cover Analysis

1. What is it?

The 2019 Workforce Housing Trust Fund (WHTF) Report provides a summary of the overall achievements of the WHTF Program for calendar year 2019.

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.



City of Albuquerque

Timothy M. Keller, Mayor

2019 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.

The Act, referencing the City's 2003-2008 Consolidated Plan, recognized that "33% of all households in Albuquerque have some housing affordability problem and nearly 80% of households whose income is under 50% of median income are rent burdened or living in overcrowded conditions" and "there are an estimated 3,000 homeless individuals in Albuquerque whose path to independent living depends upon permanent, affordable housing." More recently, according to the *2019 Albuquerque Point in Time Count*, there are approximately 1,524 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..."

In 2019, 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. The City enlisted the assistance of a focus group comprised of various stakeholders, including the New Mexico Mortgage Finance Authority ("MFA"), which is the agency that oversees local governments' compliance with the State Act. The outcome of the discussions determined that the City needed to create an additional ordinance to specifically address compliance with the State's Affordable Housing Act and also modify the existing Workforce Housing Ordinance to address local needs. 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 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
TOTAL	\$ 45,738,000.00

This report provides a summary of the overall achievements of the WHTF Program from 2019 and “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

Year Completed	Agency	Project Name	Total Units	Affordable Units	Project Type	WHTF	Federal HOME/CDBG	City Land Contribution (Value)	TDC
2007	COA	Railyards	TBD	TBD	Land Banking	\$ 1,915,729.00		TBD	TBD
2010	Supportive Housing Coalition	Downtown @ 700 2nd	72	59	Rental	\$ 2,607,441.00			\$ 12,399,604.00
2010	Supportive Housing Coalition/Romeo Rose	Silver Gardens Phase I	66	56	Rental	\$ 1,898,412.00			\$ 13,215,758.00
2011	Newlife Homes	NLH4	48	48	Rental	\$ 1,051,561.00	\$ 200,000.00	N/A	\$ 6,965,802.00
2011	Sawmill CLT	Villa Nueva/ Senior	46	44	Rental	\$ 544,000.00		N/A	\$ 9,190,475.00

2011	Sawmill CLT	Artisan @ Sawmill Village	62	60	Rental	\$ 760,000.00		N/A	\$ 10,171,877.00
2011	Sawmill CLT	Blue Linx	TBD	TBD	Land Banking	\$ 1,069,140.00		N/A	TBD
2012	Greater Albuquerque Housing Partnership	Plaza Feliz	66	55	Rental		\$ 2,850,000.00	\$ 620,000.00	\$ 12,290,007.00
2012	Newlife Homes	Luna Lodge	30	30	Rental	\$ 1,241,523.00		N/A	\$ 4,339,523.00
2012	Supportive Housing Coalition/Romero Rose	Silver Gardens Phase II	55	45	Rental	\$ 2,500,000.00			\$ 8,983,668.00
2012	Supportive Housing Coalition	Sunport Plaza Phase II	20	20	Rental	\$ 1,118,390.00		N/A	\$ 1,118,390.00
2013	Newlife Homes	Sundowner	71	60	Rental	\$ 2,112,908.00		N/A	\$ 8,846,479.00
2013	New Mexico AIDS Services	1023 Central/Sleepy Hollow	10	10	Rental		\$ 1,578,802.00	N/A	\$ 1,879,772.00
2013	Habitat for Humanity	Trujillo Road	16	16	Owner		\$ 826,580.63	N/A	\$ 1,926,580.63
2014	Greater Albuquerque Housing Partnership	Plaza Ciudadana	68	55	Rental	\$ 2,581,500.00	\$ 121,196.00	N/A	\$ 13,698,236.00
2014	YES Housing/Romero Rose	Casitas de Colores	71	49	Rental	\$ 2,774,500.00	\$ 1,524,500.00		\$ 16,272,415.00
2015	Sawmill CLT	Barelas 7th & Iron	4	4	Owner	\$ 907,516.00	\$ 200,000.00	N/A	\$ 944,766.93
2015	COA	3525 4th Street NW	TBD	TBD	Land Banking	\$ 1,200,000.00		TBD	TBD
2016	Greater Albuquerque Housing Partnership	Cuatro Senior Housing	56	55	Rental		\$ 2,416,000.00	N/A	\$ 12,171,350.00
2016	Sawmill	Madera Crossing	57	23	Rental		\$ 4,149,288.00	N/A	\$ 12,645,820.00
2016	YES Housing/Silverman	Imperial Building	74	60	Rental	\$ 3,375,000.00			\$ 16,428,141.00
2017	Greater Albuquerque Housing Partnership	Casa Feliz	89	89	Rental		\$ 2,600,000.00	\$ 355,800.00	\$ 15,002,556.00
2018	Family Housing Development Corp.	Casa Grande	32	24	Rental		\$ 1,900,000.00	\$890,000	\$ 6,154,443.00

2018	Greater Albuquerque Housing Partnership	The Sterling Downtown	107	106	Rental	\$ 4,000,000.00			\$ 16,469,246.00
2018	YES Housing	Solar Villa Preservation	100	100	Rental	\$ 2,400,000.00			\$ 19,515,174.00
2020	Catholic Charities	Generations at West Mesa	54	45	Rental	\$ 2,000,000.00		\$405,500	\$ 9,836,663.00
2020	COA	Inca NE Apartment Acquisition/Rehab	12	12	Rental	\$ 862,500.00	\$ 2,400,000.00		\$ 3,262,500.00
2020	YES Housing	Nuevo Atrisco	80	68	Rental	\$ 2,990,000.00			\$ 15,752,859.00
Award In process	Supportive Housing Coalition	Santana Apartments	111	94	Rental	\$ 950,000.00			\$ 20,641,390.00
Award In process	Greater Albuquerque Housing Partnership	Luminaria Senior	92	77	Rental		\$ 3,248,123.00		\$ 20,653,240.00
Procurement Underway	COA	Cibola Loop			Owner		\$ 2,355,996.79	\$1,100,000.00	
RFP in Development	COA	3525 4th Street NW			Rental/Owner/Econ	\$3,500,000.00			
	CUMULATIVE TOTALS		1569	1364		\$ 40,860,120.00	\$24,970,486.42	\$2,271,300.00	\$290,776,735.56

WHTF: HELPING THE VULNERABLE

Since 2007, approximately \$40 Million in WHTF money has been committed to increase the supply of Affordable Housing opportunities in the City of Albuquerque. The result is 28 Affordable Housing Development activities and/or Land Banking activities for future development, to rehabilitate and/or construct quality affordable multi-family housing units. Currently, the City-funded Affordable Housing Developments have created or are in the

process of creating a total of 1,569 total housing units. Of these units, 1,364 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 2019 as published by the United States Department of Housing and Urban Development (HUD).

Table B: Albuquerque MSA 2019 Income Limits

	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5 Person Household
30% of MFI Extremely Low	\$13,800	\$15,800	\$17,750	\$19,700	\$21,300
50% of MFI Very Low	\$23,000	\$26,300	\$29,600	\$32,850	\$35,500
80% MFI Low Income	\$36,800	\$42,050	\$47,300	\$52,550	\$56,800

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 monies are used as effectively and efficiently as possible. Therefore, the City’s contributions of approximately \$40 Million in Workforce Housing Trust Funds and nearly \$25 Million in HOME funds or other local funds will result in approximately \$246,220,605 in Total Development, once all are completed. This Total Development amount will likely increase, as three of the activities are Land Banking that have yet to be developed. “Table C” on the following page illustrates that WHTF money has been leveraged more than the required 4:1 ratio, on completed development projects and those highlighted in orange, which have been funded and are currently in the construction or financing stages of development

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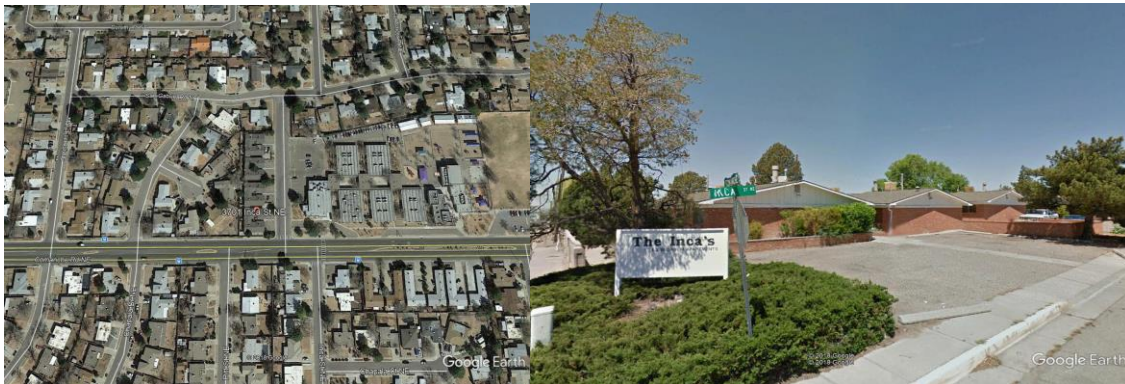
TABLE C: Leveraging Workforce Housing Trust Funds

Project Name	WFHTF	TDC
Railyards	\$ 1,915,729.00	TBD
Downtown @ 700 2nd	\$ 2,607,441.00	\$ 12,399,604.00
Silver Gardens Phase I	\$ 1,898,412.00	\$ 13,215,758.00
NLH4	\$ 1,051,561.00	\$ 6,965,802.00
Villa Nueva/ Senior	\$ 544,000.00	\$ 9,190,475.00
Artisan @ Sawmill Village	\$ 760,000.00	\$ 10,171,877.00
Blue Linx	\$ 1,069,140.00	TBD
Luna Lodge	\$ 1,241,523.00	\$ 4,339,523.00
Silver Gardens Phase II	\$ 2,500,000.00	\$ 8,983,668.00
Sunport Plaza Phase II	\$ 1,118,390.00	\$ 1,118,390.00
Sundowner	\$ 2,112,908.00	\$ 8,846,479.00
Plaza Ciudadana	\$ 2,581,500.00	\$ 13,698,236.00
Casitas de Colores	\$ 2,774,500.00	\$ 16,272,415.00
Iron	\$ 907,516.00	\$ 944,766.93
The Sterling Downtown	\$ 4,000,000.00	\$ 16,469,246.00
Solar Villa Preservation	\$ 2,400,000.00	\$ 19,515,174.00
Generations at West Mesa	\$ 2,400,000.00	\$ 9,836,663.00
Inca NE Apartment Acquisition	\$ 862,500.00	\$ 3,262,500.00
Nuevo Atrisco	\$ 2,990,000.00	\$ 15,752,859.00
Santana Apartments	\$ 950,000.00	\$ 20,641,390.00
TOTALS	\$ 41,260,120.00	\$ 290,776,735.56

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 2018 WHTF Report, three (3) multi-family housing developments have been completed and/or are nearing construction completion and two (2) additional multi-family housing projects have been procured and are in the process of obtaining City funding. The following Affordable Housing Developments illustrate the creation of quality, affordable housing developments that are a result of leveraging City WHTF and HUD HOME Investment Partnerships funding. The three developments nearing completion include: Inca Apartment Acquisition/Rehabilitation, Generations at West Mesa, and Nuevo Atrisco.



INCA NE APARTMENT ACQUISITION/REHABILITATION- 3701, 3705, and 3711 Inca Street NE, Albuquerque, NM 87111, are 3 separate single story 4-plex apartment buildings. The Project consists of the substantial rehabilitation and management of the three, multi-family buildings, landscaping, access, parking lots and grounds located on the property. The Project includes the improvements of twelve residential units, including three 1-bedroom, six 2-bedroom, and three 3-bedroom rental housing units between the three buildings, designed to serve households with children at or below 60% AMI. The acquisition of Inca was funded with WHTF money and the project was also awarded HUD HOME funds

for the rehabilitation. Inca is scheduled to be complete in early 2020 and is intended to serve single-parent households with children.



GENERATIONS AT WEST MESA- Located at 5710 Avalon NW, Albuquerque, NM 87105. Generations at West Mesa consists of a variety of apartments for seniors, including seniors caring for their grandchildren. The project is arranged to flow with the existing neighborhood. Most are composed of single-story buildings and the apartments feel like the bordering residential homes in size and arrangement. The project consists of 54 apartments, of which 45 are affordable and nine are market rate apartments. Of the 45-affordable units, 18 units are for households at or below 30% AMI, nine at or below 50% AMI, and 18 units at or below 60% AMI. Generations was funded with WHTF and is scheduled to be complete in the first quarter of 2020.



NUEVO ATRISCO - Located at 7909 Central Avenue NW, Albuquerque, NM 87121. The project is an 80-unit, mixed income/mixed use community consisting of one-, two- and three-bedroom apartments. Of these 80 apartments, there will be 68 affordable and 12 market rate units. Nuevo Atrisco is designed for households with children, containing 21 one-bedroom, one-bath apartments, 42 two-bedroom, two-bath apartments, and 17 three-bedroom, two-bath units. Nuevo Atrisco was funded with WFHTF and is currently under construction with plans for completion in late 2020.

In 2019, there were two Requests for Proposals (RFPs) released to procure future WHTF and HOME projects. The scope of the first RFP was for multi-family rental housing developments. Fortunately, the RFP resulted in the two projects that were recommended for funding Santana Apartments (\$950,000 WHTF), Luminaria Senior Community (\$3,248,123 HOME). Both projects are subject to City Council approval and are seeking a Low Income Housing Tax Credit (LIHTC) award from the New Mexico Mortgage Finance Authority in its 2020 LIHTC round.

The scope of the second RFP was for a single-family homeownership development on the City-owned Cibola Loop site, a 5-acre parcel that was purchased with CDBG dollars in 2018. The RFP was released in 2019 and resulted in the submittal of two (2) proposals. The proposals are in the evaluation phase of procurement, with hope of a recommendation of award in 2020.

Finally, the DFCS is planning to issue an RFP to develop the property located at 2525 4th NW (also known as the “Brown Property”) in the first half of 2020. This 5-acre lot was purchased with WHTF dollars in 2015 as a land-banking activity.

CONCLUSION

Work Force 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, the use of Green building technology in these developments helps attract builders and developers. 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.