


CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

Mayor Timothy M. Keller

INTER-OFFICE MEMORANDUM

June 6, 2023

TO: Patrick Davis, President, City Council

FROM: Timothy M. Keller, Mayor 

SUBJECT: 2022-2023 Workforce Housing Trust Fund Report

The 2022-2023 Workforce Housing Trust Fund (WHTF) Report provides a summary of the overall achievements of the WHTF Program from July 2022 through June 2023, and provides an in-depth look into what makes the program so successful.

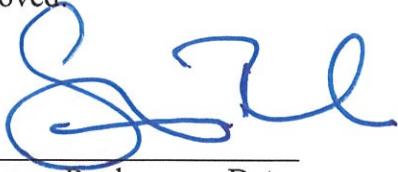
WHTF dollars are often used as financing for multi-million dollar housing development projects. These funds make it easier for housing developers to bring in other investors and reduce the amount of high interest loans that they would otherwise have to take. This, in addition to allowing the developers to incorporate long term energy efficient amenities into their designs, helps 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 June of 2023 \$50,636,455 of WHTF bonds have been approved to further affordable housing opportunities. The City's Department of 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 \$45 Million of WHTF to leverage more than \$315 Million in project activities.

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


2022-2023 Workforce Housing Trust Fund Report

Approved:



Lawrence Rael Date
Chief Administrative Officer

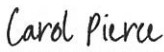
Approved as to Legal Form:

DocuSigned by:
 6/7/2023 | 6:09 PM MDT

1A21D96D32C74EE...
Lauren Keefe Date
City Attorney

Recommended:

DS
PP

DocuSigned by:
 6/7/2023 | 1:23 PM MDT

72F4E1370046A1B...
Carol M. Pierce Date
Director

Cover Analysis

1. What is it?

The 2022-2023 Workforce Housing Trust Fund (WHTF) Report provides a summary of the overall achievements of the WHTF Program and other Affordable Housing developments from July 2022 through June 2023.

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 is required to report on it.



City of Albuquerque
Timothy M. Keller, Mayor

2022-2023 Workforce Housing Trust Fund Program Report



TABLE OF CONTENTS

INTRODUCTION	3
WHTF: HELPING THE VULNERABLE.....	10
WHTF: A MECHANISM FOR GAP FINANCING	11
PROJECT PROFILES: CHANGING THE PERCEPTION OF AFFORDABLE HOUSING	11
CONCLUSION.....	15

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 *2022 Albuquerque Point in Time Count*, there are approximately 1,311 homeless individuals in Albuquerque on any one night. Additionally, 52.3% of all renters in Albuquerque are rent burdened (*2023 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 July 2022 through June 2023. 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	Project Type	WHTF	Federal HOME/CDBG	City Local Funds or Land Contribution	TDC
2007	COA	Railyards	TBD	TBD	Land Banking	\$ 1,915,729		TBD	TBD
2010	Supportive Housing Coalition	Downtown @ 700 2nd	72	59	Rental	\$ 2,607,441			\$ 12,399,604
2010	Supportive Housing Coalition/Romero Rose	Silver Gardens Phase I	66	56	Rental	\$ 1,898,412			\$ 13,215,758
2011	Newlife Homes	NLH4	48	48	Rental	\$ 1,051,561	\$ 200,000		\$ 6,965,802
2011	Sawmill CLT	Villa Nueva/ Senior	46	44	Rental	\$ 544,000			\$ 9,190,475
2011	Sawmill CLT	Artisan @ Sawmill Village	62	60	Rental	\$ 760,000			\$ 10,171,877
2011	Sawmill CLT	Blue Linx	TBD	TBD	Land Banking	\$ 1,069,140			TBD
2012	Greater Albuquerque Housing Partnership	Plaza Feliz	66	55	Rental		\$ 2,850,000	\$ 620,000	\$ 12,290,007
2012	Newlife Homes	Luna Lodge	30	30	Rental	\$ 1,241,523			\$ 4,339,523
2012	Supportive Housing Coalition/Romero Rose	Silver Gardens Phase II	55	45	Rental	\$ 2,500,000			\$ 8,983,668
2012	Supportive Housing Coalition	Sunport Plaza Phase II	20	20	Rental	\$ 1,118,390			\$ 1,118,390
2013	Newlife Homes	Sundowner	71	60	Rental	\$ 2,112,908			\$ 8,846,479

2013	New Mexico AIDS Services	1023 Central/ Sleepy Hollow	10	10	Rental		\$ 1,578,802	N/A	\$ 1,879,772
2013	Habitat for Humanity	Trujillo Road	16	16	Owner		\$ 826,581	N/A	\$ 1,926,581
2014	Greater Albuquerque Housing Partnership	Plaza Ciudadana	68	55	Rental	\$ 2,581,500	\$ 121,196		\$ 13,698,236
2014	YES Housing/Romero Rose	Casitas de Colores	71	49	Rental	\$ 2,774,500	\$ 1,524,500		\$ 16,272,415
2015	Sawmill CLT	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	TBD
2016	Greater Albuquerque Housing Partnership	Cuatro Senior Housing	56	55	Rental		\$ 2,416,000		\$ 12,171,350
2016	Sawmill	Madera Crossing	57	23	Rental		\$ 4,149,288		\$ 12,645,820
2016	YES Housing/Silverman	Imperial Building	74	60	Rental	\$ 3,375,000			\$ 16,428,141
2017	Greater Albuquerque Housing Partnership	Casa Feliz	89	89	Rental		\$ 2,600,000	\$ 355,800	\$ 15,002,556
2018	Family Housing Development Corp.	Casa Grande	32	24	Rental		\$ 1,900,000	\$ 890,000	\$ 6,154,443

2018	Greater Albuquerque Housing Partnership	The Sterling Downtown	107	106	Rental	\$ 4,000,000		\$ 16,469,246
2018	YES Housing	Solar Villa Preservation	100	99	Rental	\$ 2,400,000		\$ 19,515,174
2020	Catholic Charities	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 Housing	Nuevo Atrisco	80	68	Rental	\$ 2,990,000		\$ 15,752,859
2022	HopeWorks	Hope Village PSH	42	42			\$ 2,000,000	\$ 9,333,153
2022	Greater Albuquerque Housing Partnership	Luminaria Senior	92	77	Rental		\$ 3,248,123	\$ 20,653,240
Construction underway	Greater Albuquerque Housing Partnership	Hiland Plaza	92	75	Rental		\$ 3,586,843	\$ 18,347,535
Project in process	Sawmill Community Land Trust	Revolving Loan for Acquisition of Single-Family Homes	7	7	Owner	\$ 1,625,000		\$ 1,625,000
Construction to begin July 2023	YES Housing	Calle Cuarta	61	61	Rental/ Owner/ Econ	\$ 3,500,000	\$ 1,200,000	\$ 18,209,543
2023 4% LIHTC Application	Albuquerque Housing Authority	Casitas del Camino	88	88	Rental	\$ 3,500,000		\$ 29,786,020

2023 9% LIHTC Application	High Desert Housing	Route 66 Flats	47	47	Rental	\$ 1,701,335			\$ 15,753,403
	CUMULATIVE TOTALS		1795	1589		\$ 50,636,455	\$ 27,601,332	\$ 5,471,300	\$ 363,190,000

WHTF: HELPING THE VULNERABLE

Since 2007, more than \$50 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 1,795 total housing units. Of these units, 1,589 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 2022 as published by the United States Department of Housing and Urban Development (HUD).

Table B: Albuquerque MSA 2022 Income Limits

	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5 Person Household
30% of MFI Extremely Low	\$15,900	\$18,150	\$20,400	\$22,650	\$24,500
50% of MFI Very Low	\$26,450	\$30,200	\$34,000	\$37,750	\$40,800
80% MFI Low Income	\$42,300	\$48,350	\$54,400	\$60,400	\$65,250

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 \$50 Million in Workforce Housing Trust Funds and nearly \$30 Million in HOME funds or other local funds will result in more than \$363 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.

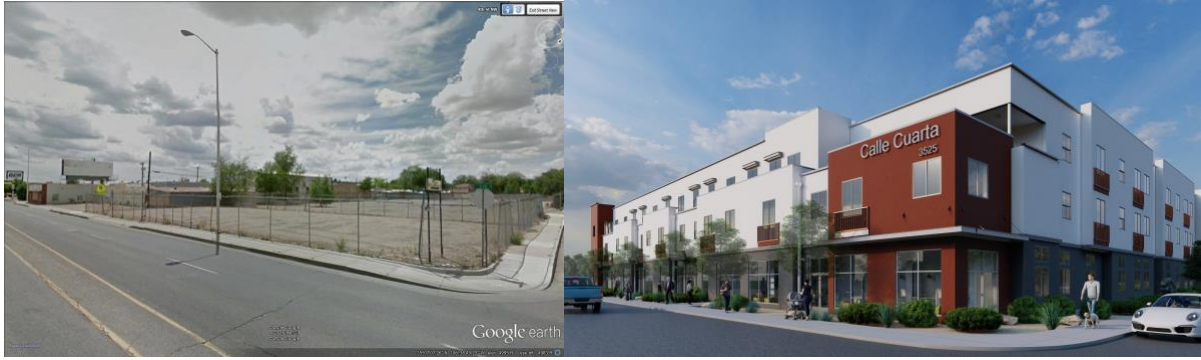
Since the previous WHTF Report, one (1) multi-family housing development is nearing completion, while another one (1) is set to commence construction, and one (1) single-family reinvestment project has begun acquiring homes to preserve their affordability. Additionally, two (2) multi-family housing projects 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.

CURRENT PROJECTS UNDERWAY



As discussed in the previous WHTF Report, the **PAH! 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. This project is scheduled to be completed in July 2023.



Also mentioned in the previous WHTF Report, 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 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, which has begun its pre-development site work. Construction is planned to commence in July 2023.



Another WHTF project discussed in the previous WHTF 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 single-family homes for SCLT’s inventory, with the intent to market and resell to income-eligible households. The repayment of the loan will occur upon the resale of each home. Therefore, the entire \$1,625,000 of WHTF will be

repaid to the City’s WHTF and will be reprogrammed in a future program year to further additional opportunities for permanent affordability.

Additionally, the City funded a new contract in 2022 with Sawmill Community Land Trust (SCLT) for \$600,000 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.

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 have been 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 of WHTF will be used to rehabilitate the existing 42-unit duplex and single-family homes 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, multifamily, 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

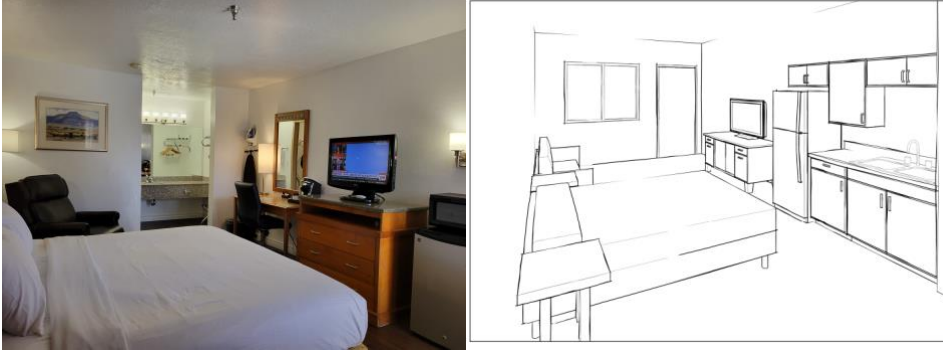
preferential basis, to the maximum extent permitted by applicable federal law) for households with children. The Project will also provide Supportive Services to all interested residents at no charge.



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

NEW CITY INITIATIVES

There have been considerable efforts made by the City over the past year to address the overall lack of housing inventory which has contributed the local *Housing Crisis*. From the \$20 Million allocation Gross Receipts Tax bond funds in 2022 and the nearly \$15 Million allocation of City General Funds towards Housing Vouchers, has emphasized the City's commitment to addressing this crisis. These new funding sources coupled with the one-time federal grant funds such as CDBG-CV, HOME ARP, and ARPA Treasury have provided additional resources to assist with the crisis as it relates to the COVID-19 pandemic.



Additionally, the *Housing Forward ABQ* initiative has created new and innovative strategies such as converting hotels/motels into housing and promoting zoning changes that allows the flexibility to address the increased housing demand. As these strategies continue to evolve, the City has taken the first step by acquiring a hotel for conversion into housing. The SureStay Plus hotel located near Lomas and Eubank NE, was purchased in April 2023. The City is currently working with an architect and contractor on the conversion project to provide 100 units of mixed-income affordable housing by early 2024. Once completed, the City will continue to own the property and it will be professionally managed by its contracted property manager. The property manager will administer the 25 Project-based vouchers allocated to the newly-converted apartment community and will also have an on-site services coordinator to assist residents with their needs.

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.