



# **Affordable Housing Collaborative**

## **Best Practices in Affordable Housing Albuquerque, New Mexico**

Researched By Annette Fryman,

Annette Fryman Consultancy

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## Executive Summary

The purpose of this project is to research five select cities in the U.S. that are similar to Colorado Springs, to determine what are their most effective or best practices in preserving and creating additional affordable housing. This paper focuses on Albuquerque, New Mexico.

Extensive online research and Zoom interviews with Rick Giron II, Community Services Project Manager, Albuquerque Family and Community Services Department (DFCS) and Anita Cordova, Chair, Albuquerque Affordable Housing Coalition (AAHC), were the sources of information and data contained in this report.

The population of Colorado Springs is smaller than Albuquerque but enjoys a higher median household income and substantially lower poverty level. It is more expensive to both rent and own a home in Colorado Springs. With four military installations, the number of people employed and economic impact of the military in Colorado Springs is higher than that of Albuquerque.

Albuquerque is at a critical moment in its efforts to supply affordable housing and reduce homelessness. The number of renter households with extremely low incomes has increased while the supply of rental units affordable to them has decreased. More households are struggling to pay their rent, and as affordable housing has become less available, homelessness has increased. From 2013 to 2019, street homelessness in Albuquerque nearly quadrupled— from 144 to 567 people. The city has a gap of about 15,500 units of affordable housing for renter households.

The City of Albuquerque, Family and Community Services Department is the lead agency for affordable housing and is joined by a substantial number of long-standing, large and small non-profits who are critical to the cause. The Albuquerque Affordable Housing Coalition is a 501(c)(3) that functions much like the Affordable Housing Collaborative of El Paso County.

The current working strategic plan for affordable housing, public housing and homelessness is the *City of Albuquerque 2018-2022 Consolidated Plan*. Examination of American Community Survey (ACS US Census) and Comprehensive Housing Affordability Strategy (CHAS) data, in addition to local data, as well as consultation with citizens and stakeholders revealed 17 priority needs for the anticipated investment of \$49 million in Community Development Block Grant (CDBG), HOME, and Emergency Solutions Grants (ESG) funds over the five-year period. Additionally, another \$15 million of city general funds will be used primarily for homelessness assistance/fair housing and about \$11.6 million in Workforce Housing Trust Fund monies for the development and/or through acquisition and rehabilitation of affordable housing.

An examination of the topics under “Areas of Engagement” revealed:

- Financial/Funding – The primary funding sources for implementing the Workforce Housing Plan are HOME and CDBG funds available through HUD as well as the city’s Workforce Housing Trust Fund (WHTF). Other funding, such as Low-Income Housing Tax Credits (LIHTC) and city general funds are secured on a project-by-project basis.
- Land Use – The city is the primary land banking entity in Albuquerque and the non-profit Sawmill Community Land Trust is the only land trust.
- Capacity Building – Primary activities have been the conversion of the city’s procurement process from a completely paper-based process to the proprietary Bonfire eProcurement system and the use of HOME program set aside for developer operating funds.
- Regulations/Advocacy – Albuquerque’s *Integrated Development Ordinance (IDO)* has a process for affordable housing developers to apply for waivers/variances of regulations. Individual nonprofits and coalitions, play the largest role in promoting the cause of adequate affordable/workforce housing in the city.
- Incentives - Pre-development costs, impact fee waivers, property tax abatement (by Bernalillo County), development incentives (density bonus, fee rebates, infill rebates etc.) and Fast Track Development Review for Family Housing Developments (FHD) are utilized.

When Rick Giron (DFCS) was asked what he considered to be Albuquerque’s most effective, best practices in adding new and preserving the supply of affordable housing, he identified the following:

- Creation of the Workforce Housing Trust Fund that is leveraged 4 to 1 to create a large resource pool.
- Purchase of the Bonfire eProcurement system and improvement of procurement processes.
- Use of LIHTC as a significant funding source for affordable housing projects.
- Alignment of the mayor and city council to produce strong political will and ongoing community advocacy that results in the renewal of the WHTF every two years.
- Change in the community’s perception of affordable housing through a commitment to mixed income levels in affordable housing developments. Also, the design of large development projects with inviting community spaces, environmentally green features, and public art that adds aesthetic and cultural value.

## Albuquerque

Located in west central New Mexico between the Sandia Mountains and the Rio Grande, Albuquerque is the largest city in the state. Albuquerque represents a synergy of Native American, Hispanic and Anglo cultures where traditional and modern cultures coexist. The University of New Mexico is centered in Albuquerque, and several Native American reservations and Pueblos exist in and near the city.

Albuquerque is a center for timber, agriculture, and a growing area for high-technology industries. The city is home to Intel's largest manufacturing facility. At Kirtland Air Force Base south of the city is Sandia National Laboratories, a center for electronic and industrial research run by the U.S. Department of Energy. Other industries important to the economy include health services, banking, film making and tourism.

Like Colorado Springs, the area has much natural splendor to offer. Albuquerque has numerous city-owned parks and the Sandia Lakes Recreation Area, with its great fishing lakes, is just 10 miles north of the city. The Sandia Peak Ski Area and its 10,300-ft summit is accessible via an aerial tramway that offers scenic views of the area. The nearby Petroglyph National Monument holds thousands of prehistoric rock etchings created by Native Americans who initially inhabited the region.

## City Demographics

### Population

#### United States Census Bureau Estimates for 2019

Population: 560,513 people (Bernalillo County - 679,121), 224,166 households, and 2.47 persons per household.

Racial makeup: 73.9% - White, Native American - 4.7%, Black/African American - 3.3% , Asian - 2.9%, and Hawaiian/Pacific Islander - 0.1%.

Ethnic makeup of the city is 49.2% - Hispanics/Latinos.

Age distribution: 5.9% - under 5, 22.4% - under 18, 62% from 18 to 64, and 15.1% - 65 or older. The median age is 37 years.

Median household income: \$52,911, persons in poverty: 16.9%.

Median value of owner- occupied housing units: \$198,200. Median gross rent: \$873

#### Roofstock Real Estate Market Statistics for 2021

Home values have increased 17.7% in the last year and in the past 5 years, more than 41%. Median sale price of a single-family home is \$305,000. Rents have increased 14%, year over year. Average rent for an 809 sq. ft. apartment is \$1,117.

### **Form of Government**

The City of Albuquerque uses a strong mayor and city council system. The mayor serves as the city's chief executive and is responsible for proposing a budget, signing legislation into law, appointing departmental directors, and overseeing the city's day-to-day operations. The mayor also represents the city on the state, national, and international levels. The current Mayor of Albuquerque is Tim Keller, a registered Democrat. Keller assumed office on January 1, 2017.

The Albuquerque City Council is the city's primary legislative body. It is responsible for adopting the city budget, approving mayoral appointees, levying taxes, and making or amending city laws, policies, and ordinances. The Albuquerque City Council has nine members. Each member is elected by one of the city's nine districts.

### **Military Presence**

The United States Air Force has had a presence in Albuquerque for nearly 80 years. "The military has played an important and longstanding role in Albuquerque's history and economy," said Mayor Tim Keller (City website). "The Army Air Corps opened at the Albuquerque Airport in 1939, before construction of the airport was even complete, as a major hub for bomber pilot training in preparation for our entry into WWII." The Albuquerque Army Air Base was renamed Kirtland Air Force Base (KAFB) in 1942.

Since that time, the City of Albuquerque and the Air Force have shared the runways. "When the United States entered WWII, the federal government took over the airfield to support the war effort," said Peter Pierotti, Assistant City Attorney, Aviation. "When the airfield was turned back over to the city in 1962, we entered into our first agreement with the Air Force. That agreement was recently amended, and in 2022 a new joint use agreement will be negotiated." In addition to this agreement, the city, and the Air Force work hand-in-hand on many efforts, including airport rescue response provided by the KAFB Fire Department.

The military presence in Albuquerque has brought many opportunities to the community for decades. In addition to the partnership with the airport, KAFB is home to numerous mission partners from the Department of Defense, Department of Energy, Sandia National Laboratory, Air Force Research Laboratory, and many others.

#### Kirtland Air Force Base (KAFB) 2018 Economic Impact Study

KAFB 's economic impact to the area is significant. It makes up more than 10 percent of the local economy and accounts for 13% of the jobs in the greater Albuquerque and Rio Rancho area.

KAFB's local economic impact has grown from \$4.1 billion in FY2016 to a measure of \$4.5 billion in FY2018.

The Kirtland Air Force Base workforce includes Air Force Active Duty, Guard and Reserve, Department of Defense and Department of Energy civilian employees, contractors, and public employees. Kirtland's 23,000 strong workforce is growing. All mission partners, to include Sandia National Laboratories, are projected to add more than 2,000 jobs in the next two fiscal years. Nearly 59,000 employees, family members and retirees contribute to the city of Albuquerque and the State of New Mexico.

KAFB has a housing management office with the primary mission of providing military families with priority-access to safe, quality, affordable housing. Available housing referral services include, but are not limited to, assistance with residential rental or home purchases, help with rental and lease arrangements and free landlord-tenant dispute resolution.

## Existing Affordable Housing Challenges

The following is taken from the *Metropolitan Housing and Communities Policy Center*, May 2020, report and the *Albuquerque Affordable Housing and Homelessness Needs Assessment*.

"The City of Albuquerque is at a critical moment in its efforts to provide affordable housing and reduce homelessness. The number of renter households with extremely low incomes has increased while the supply of rental units affordable to them has decreased. More households are struggling to pay their rent, and as affordable housing has become less available, homelessness has increased. From 2013 to 2019, street homelessness in Albuquerque nearly quadrupled—from 144 to 567 people. And the COVID-19 pandemic is likely to exacerbate housing instability among these vulnerable households"

The following are the report's main findings of housing needs in Albuquerque:

- The supply of rental units affordable to renter households with extremely low incomes is shrinking. From 2006–10 to 2012–16, the number of rental units increased by about 8,400, but the number of rental units affordable to renter households with extremely low incomes decreased by 700 (from 7,600 to 6,900).
- The number of renter households with extremely low incomes is increasing. In 2012–16, 22,300 renter households had extremely low incomes, a 9% increase from 2006–10. Households with extremely low incomes made up about 1 in 4 renter households.
- More than 40% of rental units affordable to households with extremely low incomes are occupied by households with higher incomes. Of the 6,900 rental units affordable to renter households with extremely low incomes, about 3,000 (43%) are occupied by renters with higher incomes.
- 9 in 10 renter households with extremely low incomes are rent burdened. This includes 82% of households whose monthly rent is more than half their monthly income.

- An estimated 2,200 Albuquerque households need permanent supportive housing. This estimate was produced using the number of individuals who were experiencing chronic homelessness from the 2019 point-in-time count, coordinated entry assessment data, and local estimates of individuals not previously known to the homeless system.
- The city also has a gap of about 15,500 units of affordable housing for renter households with extremely low incomes and a gap of nearly 800 units of rapid rehousing for people experiencing homelessness.

In an interview with Rick Giron (DFCS), he said – “our biggest challenge in filling the need for an additional 15,500 units of affordable housing rentals is the fact that these projects are very large, high-dollar endeavors that take on average three years to complete. Components of the funding, like LIHTC can take years to secure. It often feels as though we are just chipping away at the problem and can’t keep up.” As seen in the *Metropolitan Housing and Communities Policy Center Report* - the need for affordable housing is growing faster than the construction of new units.

**Demographics (2013) from the *City of Albuquerque 2018-2022 Consolidated Plan***

Population - 549,812, Households - 222,491, Median Household Income (AMI) - \$47,989

Percent of households in income levels defined by HUD:

- 0-30 percent of AMI: extremely low-income – 11 percent of all households.
- 30-50 percent of AMI: low-income – 10 percent of all households.
- 50-80 percent of AMI: moderate-income – 15 percent of all households.
- 80-100 percent of AMI: medium-income – 9 percent of all households.
- >100 percent of AMI: high-income – 55 percent of all households.

The City of Albuquerque has 103,120 households, or 46% of all households, with earnings less than 100% of AMI and 82,495, or 37.1 % of all households, which earn less than 80% of AMI.

37,628, or 36%, of the City’s 113,117 households earning less than 100% of AMI experience at least one housing problem. HUD defines the four different housing problems as:

1. Lacks complete kitchen facilities: household lacks a sink with piped water, a range or stove, or a refrigerator.
2. Lacks complete plumbing facilities: household lacks hot and cold piped water, a flush toilet and a bathtub or shower.
3. Overcrowding/severe overcrowding: A household is considered to be overcrowded if there are more than 1.01 people per room, excluding bathrooms, porches, foyers, halls, or half-rooms. A household is considered severely overcrowded if there are more than 1.5 people per room.

4. Cost burden/severe cost burden: A household is considered cost burdened if the household pays more than 30% of its total gross income for housing costs. A household is considered severely cost burdened if the household pays more than 50% of its total income for housing costs. For renters, housing costs include rent paid by the tenant plus utilities. For owners, housing costs include mortgage, taxes, insurance, and utilities.

The most common housing problem in the city is cost burden. For households earning 0-100% of AMI who experience housing problems, the highest priority housing needs for both Renter and Owner households include the alleviation of severe cost burden (45.86%) and cost burden (40.44%). Overcrowding, Severe Overcrowding, and Substandard Housing together account for fewer than 8% of all housing problems for Renters and Owners.

In Albuquerque, the greatest risk of homelessness is among renters. The cost burdened, 15,895 other/single person renter households earning no more than 80% of AMI include some 6,380 extremely low-income households earning 30% or less of AMI, who, along with 4,975 small, related extremely low-income renter households, are most at risk of homelessness.

Based on evaluation of ACS and CHAS data, the highest priority housing need for the City of Albuquerque is the development of more rental housing units affordable to low- and moderate-income households. 56,383 of the households earning 0-80% of AMI are cost burdened households. 32,673 of the cost burdened households are actually severely cost burdened households. Of the 32,673 severely cost burdened households, 20,374 are renters. Of those severely cost burdened renter households, 18,550 households earn less than 50% of AMI and are considered the most at risk of becoming homeless.

The following racial groups were found to have a disproportionately greater level of housing problems relative to the percentage of all households in the given income range experiencing housing problems:

- Black/African American households with incomes 50-80% of AMI
- Asian households with incomes 0-30% of AMI

## Entities Involved

### City

The City's Department of Family and Community Services acts as the lead agency for developing and maintaining affordable and workforce housing in Albuquerque. The City Planning Department, responsible for urban design and development, plays a supportive but integral role in administering permits, applications, grants, zoning, and regulations.

### County of Bernalillo

Bernalillo County provides public housing for elderly, handicapped or disabled county residents, Section 8 voucher programs (through the Albuquerque Housing Authority) and housing



rehabilitation programs. According to Albuquerque Community Development staff, the County acts as a “Sister City” in its efforts to combat the challenges of affordable housing. County funding is often attached to city affordable housing projects.

## **State of New Mexico**

### **New Mexico Mortgage Finance Authority (MFA)**

The MFA is a self-supporting, quasi-governmental entity that supplies financing to make quality affordable housing and other related services available to low- and moderate-income New Mexicans. Using funding from housing bonds, tax credits (LIHTC) and other federal and state agencies (New Mexico Housing Trust Fund), MFA partners with lenders, realtors, nonprofit organizations, local governments, tribal communities and developers throughout the state to make these programs and services available to all eligible New Mexico citizens.

## **Nonprofits**

### **The Albuquerque Affordable Housing Coalition (AAHC)**

AAHC is a 501(c)(3) corporation of affordable housing providers, technical assistants, financial agencies, and affordable housing advocates that was founded in 2011. Its mission is: “to speak with a collective voice for funding and public policies that preserve and increase a diverse array of quality homes that residents of the Albuquerque region can afford.” The AAHC’s ongoing advocacy efforts have resulted in sustained community support for the WHTF, which the citizens of Albuquerque vote on biannually.

### **Catholic Charities**

Catholic Charities addresses homelessness and housing shortages by providing housing aid and affordable housing for individuals and families. With the use of the WHTF, Catholic Charities received a contribution of land and \$2.4 million from the city to build the Generations at West Mesa, 54 apartment building for seniors, including seniors caring for their grandchildren.

### **Greater Albuquerque Housing Partnership**

Founded in 1993, the Greater Albuquerque Housing Partnership (GAHP) is a 501(c)(3) nonprofit affordable housing developer working to revitalize Albuquerque’s older, economically distressed neighborhoods, through the development of new quality affordable housing opportunities. The GAHP is the only Community Housing Development Organization (CHDO) in the City and utilizes federal HOME/CDBG monies as well as WHTF funds. GAHP has received contributions of land and \$6.6 million in WHTF funds from the city since the inception of the trust fund. In partnership with the city, it built the Luminaria Senior Community project, a mixed-income project consisting of 92 residential units, 77 of which are affordable. The project also received a 2020 Low Income Housing Tax Credit (LIHTC) allocation from the New Mexico Mortgage Finance Authority.

### Sawmill Community Land Trust

Incorporated in 1994, the Sawmill Community Land Trust is a 501(c)3 nonprofit membership organization. It is the only land trust in Albuquerque. Sawmill is responsible for one of the largest contiguous community land trust projects in the United States, Arbolera de Vida (Orchard of Life). Arbolera de Vida encompasses 27-acres of reclaimed industrial property that is now a livable community. Its housing serves low- to moderate-income families and individuals who earn 80%, or less, of the Area Median Income. The development is made up of 93 homes that include single family detached, duplexes, townhomes and live/work flex spaces. Arbolera de Vida encourages social connection through award-winning plazas, parks, playgrounds and community gardens. More recently the Sawmill Land Trust has been focused on the development of affordable rental housing. Through 2020, Sawmill has received \$3.9 million of WHTF funding and land for home ownership, rental and land banking projects.

### YES Housing, Inc.

YES was created in 1990 as a Nonprofit Community Development Corporation in Arizona and New Mexico. The role of YES typically, is that of developer/owner of affordable housing, charged with assembling the development team and determining the projects feasibility, arranging financing and community relations and establishing partnerships to benefit the development. YES is the only Affordable Housing Development Organization (AHDO) in Albuquerque, a designation unique to the city for developers who do not qualify as CHDOs under HUD, due to service area, board composition or other situations. (See Conclusions/Best Practices).

YES has partnered with the city on several large projects, becoming the largest recipient of WHTF monies and land thus far (\$14.4 million). One of the most recent projects, Nuevo Atrisco was completed in September 2020. 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.

### Supportive Housing Coalition (SHC)

SHC was started in 1996 in response to local service providers' recognition of a community-wide gap in safe and affordable housing for homeless and near-homeless persons with behavioral health disorders. Founding agency members were Albuquerque Health Care for the Homeless, St. Martin's Center (now Hopeworks), Transitional Living Services (now Therapeutic Living Services), and University of New Mexico Psychiatric Center. SHC later welcomed the New Mexico Veterans Administration Medical Systems of Albuquerque as a member.

From 2010 to 2012, SHC received \$8.12 million in WHTF funding. One notable, WHTF funded project is Silver Gardens I and II. It includes 122 units with a mixture of studios, one-bedroom, and two-bedroom units. Prices range from zero income units to various below market rates on most, with nine units at market price. The apartments feature a community garden, on-site parking garage, and playground. This award-winning development has achieved a LEED Platinum

certification and is the first affordable housing development in the country to sell carbon offsets. Sustainable "green" features include rooftop solar panels and wind turbines. Currently, SHC coordinates services for all residents who live in the complex.

#### Homewise

Homewise is an effective nonprofit social enterprise, promoting sustainable homeownership in a way that improves the long-term financial well-being of modest-income families. Homewise uses CBDG funding primarily.

#### NewLife Homes Inc.

Founded in 1993, NewLife is one of Albuquerque's premier award-winning non-profit developers of supportive housing. NewLife develops housing that reflects the wider community needs and includes housing individuals in the workforce alongside families and vulnerable residents with disabilities. NewLife provides a nurturing supportive community where residents look out for each other and are invested in the broader community.

The city has provided \$4.4 million in WHTF monies to NewLife homes to fund various projects like the Sundowner, a motel built in 1960 on Route 66 which was home to Microsoft visionaries Bill Gates and Paul Allen in the mid-1970s. It has been transformed into 71 efficiencies, one-two-and three-bedroom apartments, commercial space, a historic Microsoft display window, computer training center and community garden. The complex houses veterans as well as individuals with disabilities, the formerly homeless and low- and middle-income residents.

#### **Business Community**

The City of Albuquerque staff do not work directly with members of the business community. However, the city's non-profit partners often create partnerships with for-profit developers, professional management companies and other entities.

#### Existing Strategic Plan

The *City of Albuquerque 2018-2022 Consolidated Plan* is its current, working strategic plan for affordable housing, public housing and homelessness. The plan is renewed every 5 years. The executive summary of 2018-2022 Consolidated Plan states "the Plan sets forth a new lexicon of forward-looking programmatic concepts intended to foster stability and mobility, helping vulnerable communities become stable communities—stably housed and stably employed—places where all residents may advance toward economic opportunity and a better quality of life. "

A Consolidated Plan is required by the U.S. Department of Housing and Urban Development (HUD) to secure Federal Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME) funds, and Emergency Solutions Grants (ESG) funds. The plan provides HUD with a comprehensive assessment of the city's housing and community development needs and outlines the city's priorities, objectives and strategies for the investment of federal

funds to address these needs. The consolidated planning process also serves as the framework for a community-wide dialogue to identify housing and community development priorities. The City of Albuquerque reports on accomplishments and progress toward plan goals in action plans (Consolidated Annual Performance and Evaluation Report or CAPER) that are prepared and submitted to HUD prior to each program year.

*The Albuquerque, New Mexico Consolidated Plan and Workforce Housing Plan, 2008-2012* included the initial goals of the Workforce Housing Trust Fund (WHTF) that was created in 2007 when the voters of Albuquerque passed the \$10 million Workforce Housing Bond (See Financial/Funding). *The City of Albuquerque, 2020 Workforce Housing Trust Fund Program Report* provides a summary of the overall achievements of the WHTF Program, including a comprehensive list of projects funded since 2007.

## Areas Engagement

### Financial/Funding

In Albuquerque, the primary funding sources for implementing the Workforce Housing Plan are HOME and CDBG funds available through HUD as well as the WHTF authorized in Albuquerque's Workforce Housing Ordinance. Other funding, such as LIHTC and city general funds are secured on a project-by-project basis.

#### Federal

The city receives federal HOME, CDBG, and ESG funds from HUD on a formula basis each year, and in turn, implements projects and activities in furtherance of the goals of its Consolidated Plan.

The CDBG Program was created with three primary objectives: decent housing, suitable living environments, and expanded economic opportunities for low- and moderate-income persons. According to Richard Giron (DFCS), "the City prioritizes most of its CDBG funding towards Public Services and Public Facility projects. The only housing related project that the City typically allocates its CDBG funds for, is mortgage reduction assistance related to homeownership."

The purpose of the HOME program is to expand the supply of affordable housing for low- and moderate-income households. Often used in partnership with local nonprofit housing development organizations, the HOME program can support a wide range of affordable housing activities, including building, buying, and/or rehabilitating rental and ownership housing or providing direct rental assistance to low- and moderate-income people.

The ESG Interim Rule that took effect in January 2012, changed the program focus from addressing the needs of homeless people in emergency or transitional shelters to helping people to quickly regain stability in permanent housing after experiencing a housing crisis and/

or homelessness. In Albuquerque, ESG funding is generally used for mitigating homelessness and not for developing workforce housing.

The LIHTC program is the largest federal program encouraging the creation of affordable rental housing for low-income households in the country. The LIHTC gives investors a dollar-for-dollar reduction in their federal tax liability in exchange for providing financing to develop affordable rental housing. Investors' equity contribution subsidizes low-income housing development, thus allowing some units to rent at below-market rates. LIHTC subsidizes the acquisition, construction, and rehabilitation of affordable rental housing for low- and moderate-income tenants. Efficiencies arise from harnessing private-sector business incentives, such as the LIHTC, to develop, manage, and maintain affordable housing for lower-income tenants.

Most investors in LIHTC projects are corporations that have sufficient income tax liability to fully use nonrefundable tax credits. Financial institutions traditionally have been major investors because they have substantial income tax liabilities, have a long planning horizon, and often receive Community Reinvestment Act credit from their regulators for such investments. Taxpaying investors cannot claim credits until the project is placed into service.

Federal Stimulus Funding – According to Rick Giron (DFCS), the City of Albuquerque has received an allocation of HOME-ARP funding for \$7.4 million and approximately \$7 million in CDBG-CV funding.

### City

The following was derived from the *City of Albuquerque, 2020 Workforce Housing Trust Fund Program Report* and a conversation with Anita Cordova (AAHC).

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 Workforce Housing Bond must be voted upon and approved biannually. 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)*. 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 City's Department of Family and Community Services has administered the Workforce Housing Trust Fund since 2007, when the voters of Albuquerque passed the Workforce Housing Bond in the amount of \$10 Million. This amount reflected the ordinance requirement that the mayor set aside 8% (up to \$10 Million) of the city's General Obligation bond funds to be directed to the WHTF for workforce housing. Bond amounts of \$10 Million were also passed in subsequent bond years (2009, 2011). However, in January 2012, the *Workforce Housing Opportunity Act* was amended to state that **8% or less** of the G.O. Bond Capital Improvement Program bond funds can be set-aside for workforce housing.

In 2013, the bond amount was reduced to \$2,500,000. In the last three bond cycles, the amounts fluctuated from \$ 4,450,000, \$3,788,000, and 5,000,000, respectively.

*The Workforce Housing Opportunity Act Ordinance* recommended that there be a network of public agencies, housing development organizations, service organizations, and other interests that work collaboratively to leverage resources for development of workforce housing. To promote this philosophy, the ordinance included the requirement that affordable housing projects receiving funding or land be leveraged at 4:1 ratio (non-city to city resources), on completed development projects.

### **Land Use**

- Land Banking – The city is the primary land banking entity in Albuquerque and the WHTF provides funds for land banking projects.
- Land Trust – The non-profit Sawmill Community Land Trust is the only land trust in Albuquerque. (See under Entities Involved). The use of land trusts is not seen as a critical approach to increasing the supply of affordable housing in Albuquerque at this time.
- Land Mapping – The City Planning Department does do land mapping but not specifically for affordable housing.
- Identifying and Acquiring Infill Lots – The city does not currently have a defined process for finding and acquiring infill lots.

### **Capacity Building**

- During the COVID “shutdown,” the city streamlined its entire procurement process by converting a completely paper-based process into a user friendly automated one. Previously, grant applicants had to submit multiple binders of paperwork. Now, every aspect of the process is online; applications, contracting, approval process, etc. It is a proprietary eProcurement system, named “Bonfire” that was purchased by the City of Albuquerque.

- The city provides funding for capacity building to its recognized CHDO from HOME program set aside funds. Funding is typically used for operating funds; wages for staff that work on current and/or future HOME/CHDO projects.

### **Regulations**

- Affordable/workforce housing developers can apply for site plan approvals, amendments, deviations and variances from Albuquerque's *Integrated Development Ordinance* (IDO) regulations. Some examples of these are: reduction in parking space requirements, approval of accessory dwelling units, zoning amendments, and density variances, etc.

### **Advocacy**

- In Albuquerque, individual nonprofits (See Entities Involved- Nonprofits) and alliances like the Albuquerque Affordable Housing Coalition (AAHC) and Supportive Housing Coalition, play the largest role in promoting the cause of adequate affordable/workforce housing in the city. These organizations are particularly active in the lead up to the renewal of the WHTF every two years.

### **Incentives**

- Pre-development costs – The city prefers to fund “hard” construction costs over “soft” costs and will not do a standalone contract to cover the cost of pre-development costs. However, funding of soft costs (up to 20%) is covered under a typical development agreement. Typical soft costs are architectural/engineering fees, financing fees, etc.
- Impact fee waivers – The City of Albuquerque's Planning Department waives impact fees (for rental housing only) for those projects developed under an agreement with the city that requires a specified number of units to be available at affordable rents – to households at or below 60% of MFI, for a period of not less than 15 years. The agreement must specify the income test used to identify renters that qualify for affordable units.
- Sales and Property Tax Abatement – Bernalillo County provides property tax abatement to non-profits for affordable housing development.
- Development Incentives – These are available for developers and/or builders who produce a subdivision in which at least 20% of the units are family affordable ownership units. Incentives have included: density bonus (no more than 20% higher than normally allowed); fee rebates (cover design review fees, utility expansion charges, parks fees and building permit fees); infill rebates that receive the highest level of rebate, at 100%.

- Fast Track Development Review for Family Housing Developments (FHD) – The City Engineer's Office, in the Department of Public Works assigns an individual on staff to follow, track and expedite the city's review of proposals for FHDs.

## Conclusions/Best Practices

During my telephone interview with Rick Giron (DFCS), I asked what he considered to be Albuquerque's most effective, best practices in adding new and preserving the supply of affordable housing. He identified the following:

- **WHTF**

According to the *2020 Work Force Housing Trust Fund Program Report*, WHTF money supplies 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. With the use of WHTF funds, the public/private partnership model has proven to be invaluable in providing new affordable housing opportunities in Albuquerque.

Rick Giron (DFCS) states "the use of WHTF and general funds, along with federal funding and has created a resource pool large enough to attract both in- state and out- of- state developers who compete for proposals. It has also made it easier to obtain the necessary contribution to secure LIHTC funds. Having access to multiple developers allows the City to issue multiple RFPs a year. Simultaneous development has sped up the creation of new housing units in Albuquerque."

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 aids developers in meeting permanent affordability requirements and insures WHTF dollars create long-term benefits.

From the *2021 Albuquerque Action Plan*: Since 2007, more than \$40 million in WHTF money 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 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 MFI, with most units being affordable to some of the City’s most vulnerable households, residents with incomes at or below 50% of the City’s MFI.

Permanently affordable housing works to financially stabilize individuals, families and the workforce and shows a long-term commitment to the success of the community. The positive impact that WHTF has had in providing quality, affordable housing to the residents of Albuquerque is undeniable.

- **The Bonfire eProcurement system and improved processes**

As mentioned earlier, the city streamlined its entire procurement process by converting from a completely paper-based process to an automated one. The computer program is much more manageable, saving time and effort for both developers and city personnel.

In addition to the Bonfire eProcurement system, the following processes have been big improvements for his department. The application process for WHTF funding was mirrored after the application process for HOME funding, resulting in a familiar, easy to adopt process for developers. In addition, the city changed its bid process from a Request for Qualifications (RFQ) to a Request for Proposal (RFP). Instead of requesting specific companies to submit their qualifications to be considered for a project, the RFP allows all interested firms to submit a proposal for a specific project. The RFP process levels the playing field, minimizes any potential “politics” or preferential treatment of applicants and results in the selection of the most qualified candidate at the best price.

- **Use of LIHTC**

LIHTC (See Financial/Funding Low Income Housing Tax Credit) is a very significant funding source for affordable housing projects in Albuquerque. According to Rick Giron (DFCS), the considerable “local contribution” of WHTF, general funds and HUD HOME funds towards a project can earn added points in the scoring by the New Mexico Mortgage Finance Authority (MFA) in allocating the LIHTC. LIHTC funding on a high dollar (often \$20+ million) housing project makes it much easier for developers to attract investors and other large corporations that need and want tax credits.

- **Political Will/Community Advocacy**

To create and sustain a bond fund such as the WHTF; citizens, community partners and city government must want to make it happen. When Albuquerque’s mayor and city council are aligned and committed to affordable housing; the amount of bonds put out

to vote every two years, is more substantial. Anita Cordova (AAHC) states it is essential that affordable housing advocates engage with city council. She recommends providing relevant affordable housing data and information to council members in a format that is specific to the districts they represent. The AAHC also prioritizes “getting in front” of the City’s Environmental Planning Commission to garner their support on various affordable housing issues.

*ABQ at Home* is Mayor Tim Keller’s administration’s four prong approach to helping residents “get into and stay in their homes” and end housing insecurity. *ABQ at Home* covers four categories of housing support: affordable housing; supportive housing vouchers; market rate housing and home rehabilitation. Over the last four years (2017-2020) of Mayor Tim Keller’s administration, the city has invested and leveraged nearly \$550 million for housing.

Community advocacy on the part of individual nonprofits and alliances like the Albuquerque Affordable Housing Coalition (AAHC) and Supportive Housing Coalition, have been highly effective in promoting the cause of adequate affordable/workforce housing in the city. These organizations are particularly active in the lead- up to the renewal of the WHTF every two years.

- **Changing the Perception of Affordable Housing**

Despite the need for more affordable housing across the U.S., numerous neighborhoods are skeptical of having these communities built. Without educating area residents on the positive effects of affordable housing, many jump to stereotypes of what they think these properties will bring. Some of the most common misconceptions of affordable developments are that buildings will be unsightly; property values will be lowered, and higher crime rates will occur.

The City of Albuquerque has long recognized the need to change and improve the community’s perception of what affordable housing can be. With the use of WHTF grants, developers are often able to gain the added financing needed to design large development projects with multiple unit types, inviting community spaces, environmentally green features, and located in target areas. This and the installation of public art at many of these developments help to facilitate a positive shift in the perception of affordable housing by adding aesthetic and cultural value that enhances sense of place.

Anita Cordova (AAHC) emphasized the importance of communicating the relationship between fair housing, affordable housing and basic human rights. She stated that the passing of Albuquerque’s WHTF ordinance was aided by its ties to the City’s Human Rights ordinance. Indeed, the federal *Fair Housing Act* of 1968 provides for fair housing

throughout the country and the Act prohibits any person from discriminating in the sale or rental of housing. HUD and its associated CDBG and HOME funds were created to monitor fair housing and the impediments to fair housing.

Another significant factor aiding successful outcomes and reshaping public perception of affordable housing in Albuquerque is the mixed income component. Not concentrating people with low incomes helps to ease the stigmatization of affordable housing developments and humanizes income differences.