

For Rail Yards Advisory Board Meeting – 12/14/09

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Workforce Housing Trust Fund Overview

What is a housing trust fund?

- A housing trust fund is a dedicated funding source that is used to develop housing.
- The type of housing is generally not restricted. Funds may be used to develop new housing, rehabilitate existing housing or purchase land for future housing development.
- Funds are commonly used for single family housing, multifamily housing and may also be used for home ownership, including land trusts and condominiums and rental housing.
- Funds are generally targeted to a specific population within certain income categories.

Does Albuquerque have a housing trust fund?

- The City Council adopted F/S(3) O-06-08 establishing the Workforce Housing Opportunity Act (the “Act”). This legislation was enacted in September 2006.

What is the intent of the Act?

- The Act was established to increase affordable housing opportunities within the city of Albuquerque.

What is “affordable housing”?

- Affordable housing is defined as “Dwelling units serving residents and their families whose annual income is at or below 80% of the Area Median Income . . . and whose monthly housing payment does not exceed 30% of the imputed income limit applicable to such unit or 35% under special conditions. . .”.

What are the provisions of the Act?

- The Act sets aside 8% or up to \$25,000,000 in the General Obligation Bond Capital Improvement Program over three cycles. Voters approved \$10,000,000 each in the 2007 and 2009 bond cycles. The next vote will be for \$5,000,000 in the October 2011 bond cycle. These funds are placed in a “Workforce Housing Trust Fund” (WFHTF).
- The funds are restricted to developing housing for persons below 80% of area median income (AMI).
- The funds are further stratified as follows:

- 50% for land acquisition in Metropolitan Redevelopment Areas, Centers and Corridors and land zoned for mixed use development;
- Up to 50% may be used for zero to low interest loans. In certain cases loans may be forgivable;
- At least 25% shall be used for scattered site housing, single family housing purchase, rehabilitation, lease-to-own and resale of existing stock;
- At least 50% of funds must benefit families below 50% AMI and at least 30% of the funds must benefit people below 30% AMI;
- No more than 20% of the funds may be used for soft development costs.
- All projects must be sponsored by a locally based non-profit organization. The non-profit may partner with for-profit builders and developers.
- All projects must leverage additional funds by at least a 4:1 ratio.
- All projects funded through WFHTF must be permanently affordable.
- The City's Affordable Housing Committee approves projects funded by the WFHTF.
- As required by the Act, the city developed a Workforce Housing Plan and Needs Assessment. The Needs Assessment documented the types of housing needed. The Plan set forth a strategy to expand affordable housing in Albuquerque.

How have the funds been used so far?

- Rail Yards Projects: \$1.9 million for land banking. A minimum of 30 units of workforce housing must be built on the site.
- Downtown @ 700 2nd: \$2.6 million for development of rental housing. 59 of 72 units must be affordable.
- Sawmill Village: \$.7 million for development of rental housing. All 146 units are affordable.
- Silver Gardens/Phase 1: \$1.9 million for development of rental housing. 56 of 66 units are affordable.
- Newlife Homes 4: \$1 million for development of rental housing. All 48 units are affordable.