

## **I. HNEDF ECONOMIC DEVELOPMENT**

Current Account Balance: \$2.5 million

a) HNEDF Plan Element #1.a.: **Fund for Small Business Preparation in the Central**

### **Corridor**

- i) Purpose: Provide Central Corridor independently owned small business targeted technical and financial assistance to best prepare them for the disruption in sales likely to be incurred from the anticipated BRT construction.
- ii) Targeted Beneficiaries:
  - (1) Corridor local, independent small businesses (<\$2 million in sales)
  - (2) Low income workers whose jobs will be retained when businesses do not close or contract their workforce
  - (3) Long term hires of low income workers (via First Source Agreements) if and when businesses grow over time.
- iii) Geography: Phase 1 &2: Eligibility for low-moderate income sections of Central Avenue addresses only; Phase 3: Extend eligibility 1 block N&S of Central, or for businesses employing at least 51% of low-moderate income employees.
- iv) Leverage
  - (1) TOD Strategies:
    - To maximize Transit Oriented Development, it's easiest to retain the existing development from which to build on, rather than have to replace it.
    - Independently owned, small businesses with \$2 million or less in annual sales are known to be the most vulnerable business types during major transit project construction.
    - Preparing these businesses with tailored technical and possibly financial assistance is a proven method to keep them in business.
    - Retail sector not only provides jobs predominantly to low income persons, but along with health care is our region's fastest growing employment sector
    - Corridor businesses are most likely to hire persons close by, or within easy transit commutes. Transit also provides reliable transportation, critical factor for successful job retention.
- v) Administration/Implementation:
  - (1) A loan Administrator(s) will be selected from the nonprofit Small Business Resource Collaborative (SBRC) made up of WESST, Accion, The Loan Fund, New Mexico Community Capital, SCORE and SBDC.
- vi) Anticipated (Approximate) Benefits
  - (1) Retain up to 142 independent, small businesses, employing approximately 400-600+ people, many of whom are low-moderate income, and live in the central city neighborhoods.
- vii) Recommended funding:
  - (1) Loan fund itself: [\$1million, with up to two additional phases of \$450,000 ea., if needed]
    - (a) If either or both phases 2 and 3 prove to be not needed because of low small business loan demand, any unused fund allocations would be authorized by the plan to be shifted by the

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Department to the TOD building Repositioning Fund (see HNEDF Plan Element 1.b. below) after the transit project construction is complete in September 2017.

- (2) Program Delivery and Administration: up to \$100,000, for Business Advancement Team staffing and costs, development and provision of SBRC Partner technical or other assistance for local small businesses, if and as needed after June 30, 2016.

Comparing a Successful Loan Fund in Minneapolis-St. Paul with ABQ's Characteristics:

<u>St. Paul, MN - NDC Loan Fund Performance</u>	<u>ABQ Proposed Fund Characteristics</u>
\$1 billion, 11 mile, 3 year Light Rail construction	\$100 million, 10 mile, 2 year Bus Rapid Transit construction
~1,000 businesses in corridor	~800 businesses along Central Ave
540 met the eligibility requirements	374 appear eligible from available data
450 businesses requested technical assistance	
Of those, 214 loans were made to 170 unique businesses (some had more than one loan which the program allowed)	At that average loan size
	Loan fund of \$500,000 would support ~36 loans
	\$750,000 54 loans
	\$1 million 71 loans
	\$1.45 million 103 loans
	\$1.9 million 135 loans
	\$2 million 142 loans
Avg loan size: \$13,000	
Loan fund disbursed: \$2.8 million	
31% of the 540 eligible businesses requested loans.	

a) **HNEDF Plan Element #1.b.: TOD Building Repositioning Fund**

i) **Purpose:** To promote neighborhood redevelopment, remove blight, and accelerate investment toward the \$2 billion dollars of development possible in the 5/8 mile target development areas around transit stops by removing barriers to physical re/development. Common barriers include predevelopment costs such as planning, engineering and other technical studies or analyses, financial projections, plans that can increase density and mix of uses such as more efficient and profitable urban design, shared parking arrangements, placemaking, improved façade treatments, private connections to the public right of way that “read” like an extension of the public realm to pedestrians (e.g. terraces, expanded walkways, tree canopies and pocket park strips, as well as seating and small gathering areas, and the like, on undevelopable square footage). Regional builders often are set in their delivery of standard building products, and to get more tailored, and unique solutions costs more. Over time, investments in higher quality design and design with more public benefits increases the regional “palette” of what’s possible, preferable and cost-effective in building and site design.

- Geography: Priority would be given to projects in the original POP, eligibility would be given to low-mod census block groups or tracts within any broader HNEDF boundary defined by the PLAN.
- Preference will be for projects of some scale or clustering in the POP that hopefully will come out of the TOD planning grant work mid 2016-late 2017 and will serve as a pilot. After the first year of the PLAN, Projects will be permitted to be entertained beyond the PoP as the committee sees whether the TOD planning work is generating sufficient interest.

ii) **Targeted Beneficiaries:**

- (1) Business owners in the collective (approximately) 80-1000 vacant or underutilized acres in buffer areas around BRT stops along Central or 4<sup>th</sup>, the former of which might also take advantage of SBRC member small business financing.
- (2) The area benefit of reducing the blight of vacancy, and benefits of increasing investment and economic activity.
- (3) Prospective low income job seekers interviewed for any eventual job creation through First Source Agreements and through TalentABQ’s services, a condition of the business owner receiving final assistance from this fund.
- (4) Prospective low income entrepreneurs who could lease retail / commercial space in mixed use re/developments with the potential assistance of SBRC partner organizations (their own technical and small business loan assistance)

iii) Geographies: Transit Oriented Development 5/8 mile circles from transit stops along Central (priority) and 4<sup>th</sup> St. (allowed)

iv) Program / Project Components/Details:

(1) The program will be structured as a revolving loan program, administered by a qualified nonprofit lender or CDFI, with loans anticipated to be taken out by longer term construction financing.

(2) Grants:

(a) Up to 30% of the fund is allowed to be used as independent small grants (typically up to \$20,000), to encourage property owners and developers to envision and assess the feasibility of such improvements that current local practices do not typically include or may be locally untested or untried under current market conditions.

(3) Loans:

(a) A loan administrator with a UDAG loan-making track record will be designated in the Plan and that administrator will provide annual reports to the department.

(b) Loan administrator will be authorized to both raise and/or accept additional funds into this pool for these purposes, such as private donations, Community Reinvestment Act contributions, as well as leverage with existing tax credit and existing small business and reinvestment loan products.

v) Leverage

(1) TOD Strategies: There are few such grant and loan funds in the US to encourage TOD. The fund is a response to countless complaints by urban developers and building owners in Albuquerque as to the barriers encountered when trying to increase density, walkability, mixed use and other desirable development characteristics, particularly in non-primary neighborhood localitons.

(2) Administration/Implementation: There is real potential for a revolving loan fund, similar to those done in the past with UDAG monies, and housed with the Loan Administrator, which removes work load burden from departmental staff.

(3) Programmatic and/or partnering: By partnering with the \$860,000 Transit Oriented Development Planning Grant awarded to the city by the FTA, these grant and loan funds can catalyze implementation of the planned activities and development. It is hoped that a cluster of such activities might be identified and conceived of with private sector partners that result from the TOD planning process.

vi) Recommended funding: Up to \$300,000.

a) **HNEDF Plan Element #1.c.: Job Linkage**

- i) **Purpose:** To target individuals in the original Pocket of Poverty, assess their skills and prepare them to be competitive candidates, interviewed first, for jobs created in the 12,000 acre TOD areas along Central Avenue by employers participating in a “First Source” hiring environment.
- ii) **Targeted Beneficiaries:**
  - (1) Low income workers and job seekers from the Pocket of Poverty boundary
- iii) **Geography:** Job seekers and holders residing in the original PoP only
- iv) **Program / Project Components/Details:**
  - (1) As jobs are created by new development in the TOD areas, voluntary First Source Agreements (FSAs) will be sought from employers, particularly major employers such as Presbyterian Hospital, Innovate ABQ, as well as smaller retailers and commercial businesses seeking assistance from the SBRC, and as well as other local governmental sources over time.
  - (2) Talent ABQ/Tech Hire Skills Based Assessments of Individuals: a nationally recognized program funded to work citywide that connects job seekers and employers through the common language of skills, so that all residents have access to opportunity and employment. POP residents would be sought to participate in this existing program.
  - (3) Skill Up Centers: Once an individual’s skills base was assessed, and a desired job type identified, the employer could specify the desired additional skills desired to make them eligible to be hired. This customized training is already funded to be delivered at three locations in the POP, including:
    - (a) Hispano Chamber of Commerce
    - (b) Workforce Connections Center
    - (c) South Broadway Library
    - (d) Main Library
    - (e) Special Collections Library
- v) **Leverage**
  - (1) TOD Strategies: With the City’s Transit Oriented Development strategies of coupling a major transit improvement with a major overhaul of its zoning and permitting regulations within a half mile of those station areas, and associated job creation strategies such as the Innovation District, the local Living Cities work, entrepreneurial growth efforts, AED’s work and others, the potential for economic prosperity grows exponentially.

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- (2) Administration/Implementation: Administrative costs are covered through other programs (see section below). Local Skill Up centers in four POP neighborhoods are also already funded and can provide this program their services.
  
  - (3) Programmatic and/or partnering: Because Talent ABQ and Tech Hire programs (and associated workforce development partner programs) are already funded to serve residents citywide, a substantial portion of the HNEDF funds could be focused on outreach partners rather than direct service provision to individuals.
- vi) Timing: Developing the local outreach partnerships can begin immediately.
- vii) Recommended funding: \$50,000 would provide local partner organizations in the pocket capacity to reach deeply into these neighborhoods for job seekers and existing workers seeking higher paying (or easier to get to) jobs.

a) HNEDEP Plan Element I.d.: **Builder → Developer Project**

- i) Purpose: To replicate a successful training and mentoring program deployed elsewhere in which persons having construction or related industry experience learn to develop small, neighborhood-scale development projects phased in a way that they are eligible for market rate financing, with the income of initial phases enabling the construction of subsequent phases. This project will serve the purposes of low-moderate income person economic mobility wealth building (the “builder who would be transformed into a developer”), job creation, and spurring neighborhood infill development which most developers avoid due to a lack of scale.
  
- ii) Targeted Beneficiaries:
  - (1) low-moderate income persons with experience in relevant building or construction industries interested in learning how to become neighborhood scale developers, primarily recruited from the POP, and low-moderate income census areas.
  - (2) POP neighborhoods, within TOD nodes, in need of infill development, as well as infill opportunities citywide.
  
- iii) Geography: Recruit trainee class first from PoP, then broader *if needed*.
  
- iv) Program / Project Components/Details:
  - (1) Proprietary owner of proven training program to deliver training for up to 100 prospective developers, heavily recruited from PoP.
  - (2) Subsequent 2 day training for 40 to validate project ideas, formal application process for up to 7 “Small Development Fellows” for technical assistance support through successful financing and property acquisition.
  - (3) Include \$30,000 for credit enhancements for a challenge grant pool for special situations (e.g. fixing up a historic building, challenged site, etc.). In time, as model matures, such challenge grants could help push down costs so the program can aspire to add 5-10 targets of 80-100% AMI affordability.
  
- v) Leverage
  - (1) TOD Strategies: While the program’s success depends in part on final development sales values, efforts will be made to focus infill within TOD nodes.
  - (2) Administration/Implementation: The successful program has been supported elsewhere by the Knight Foundation, and can be implemented here efficiently using existing program materials.
  - (3) Programmatic and/or partnering: A local partner(s) will be sought to assist in the identification and recruitment of motivated candidates and the delivery of the program in desired language(s).
  
- vi) Timing: The project can begin immediately, schedules permitting.
  
- vii) Recommended funding: \$150,000

## **HNEDF Plan Element EL ENCANTO Fund,**

### **Economic Development Sub Fund**

Current Account Balance: \$125,000

a. Purpose: To construct a mixed *use* project at 4<sup>th</sup> & Coal to provide some residential density and small business incubator-type space for micro enterprise.

This project has been previously allocated \$237,500 in HNEDF *El Encanto* Economic Development Funds for the Developer, and the City land is to being conveyed to the developer to build the project. What remains is tenant benefits such as reduced rents for the micro businesses and recruitment and training of those tenants, some or all of which could be done with these proposed funds after the developer completes the project agreements and requirements.

b. Targeted Beneficiaries:

(1) The project is targeted at those businesses who are clients of the South Valley Small Business Development Center or the Railyards development, and are looking to establish a low-cost first location. It would also bring desired retail/services to the neighborhood. It would serve low-moderate income entrepreneurs, among possibly others.

c. Geography: This project is in Barelás and is using the El Encanto funds designed for that neighborhood by Council.

d. Program / Project Components/Details:

(1) Those familiar with the project can speak to the details.

c. Leverage

(1) TOD Strategies: The project is within the 4<sup>th</sup> St. TOD Corridor and close to downtown.

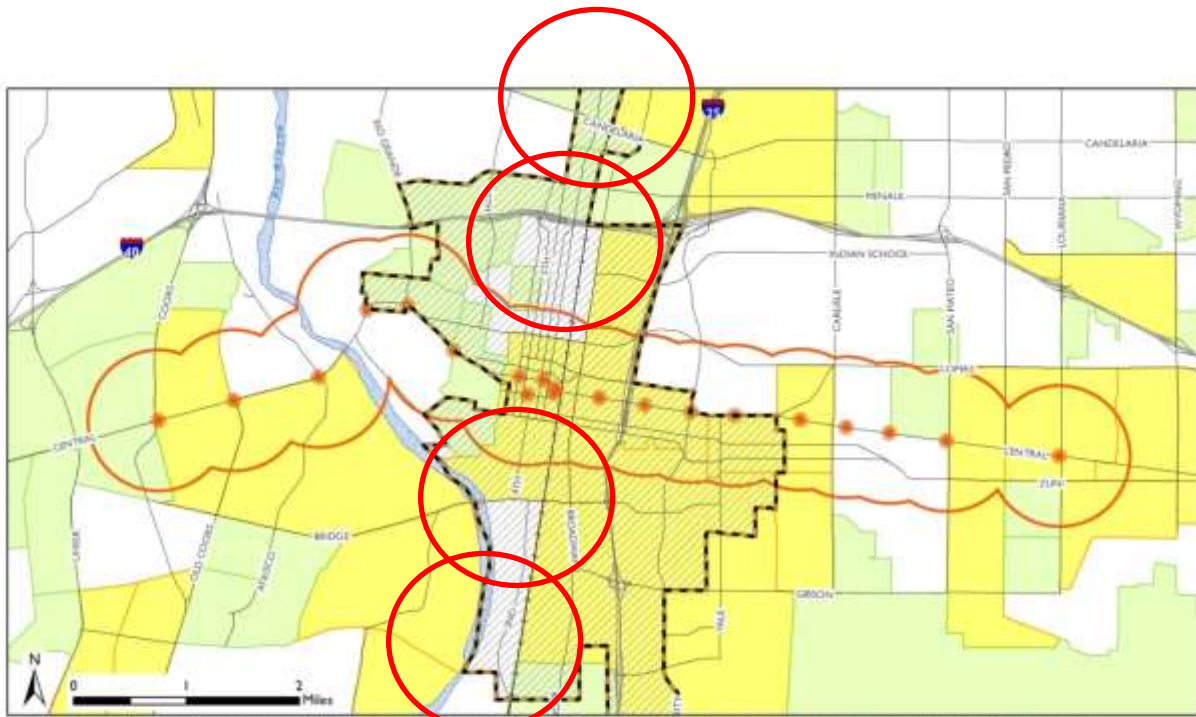
d. Timing: The project is many years in the making and the development agreement is being put together in the next few months.

e. Recommended funding: \$125,000



## Transit Oriented Development Nodes

(Approx. 5/8 of a mile around Transit Stops along Central Ave and 4<sup>th</sup> St Transit Corridors)



**Original Pocket of Poverty, Low to Moderate Income by Census Block Group, CDBG Eligible Census Tracts, BRT stops, and Transit Oriented Development Opportunity nodes**

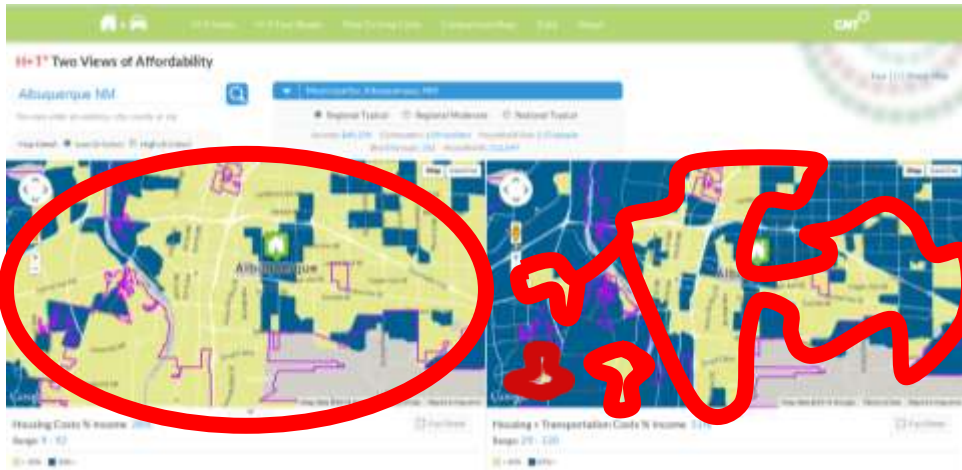
- ART Station Locations
- 5/8 Mile Around Stations
- CDBG Eligible Census Tracts
- Low to Moderate Income by Block Group
- Pocket of Poverty

**NOTES:**

- Low to Moderate Income Population by Block Group data are based on the 2000 Census, updated through fiscal year 2013, and obtained from HUD.
- Qualified CDBG eligible census tract data were obtained from HUD and based on 2010 Census tracts.
- More than 50 percent of the population of each block group or CDBG eligible Census Tract earns 80 percent or less of the area median income.

Housing Strategies focused in TOD nodes can help reduce household expenditures for the 72,000 additional households stuck paying >30% of income for “H+T” (Housing plus Transportation) costs which for this many in ABQ exceeds national average costs.

Housing in these areas is “2x” beneficial



**II. HNEDF AFFORDABLE HOUSING**

Current Account Balance: \$2.5 million

b) HNEDF Plan Element #2.a.: **Home Ownership Loan Fund**

- i) Purpose: to create a homeownership loan fund to create new homeowners with access to transit in the neighborhoods that make up the PoP and transit corridor.
- ii) Targeted Beneficiaries:
  - (1) Low to Moderate Income home buyers or current homeowners in the PoP or within 5/8 mile of transit stops whose income does not exceed 120 percent of Area Median Income
- iii) Geography: Priority and marketing efforts will be concentrated in the PoP but eligibility extends to housing in any low to moderate income census or block group within 5/8 mile of a transit stop.
- iv) Leverage : The Albuquerque Homeownership Loan Fund would be capitalized by a combination of equity and debt. The most likely source of equity would be grants from foundations and/or local government. HomeStart would then leverage this equity with debt from financial institutions and social investors. One million dollars in equity will typically leverage \$4 million in debt, creating a \$5 million fund which would provide for loans that would be held in Homestart’s portfolio. These portfolio loans will then leverage Fannie Mae secondary market first mortgages of **about \$27 million** for a total investment of **\$32 million**:

Sources	\$ Amount
Foundations & Local Government	\$ 1,000,000
Debt: Financial Institutions & Social Investors (secured by Homestart)	\$ 4,000,000
<b>TOTAL Fund</b>	<b>\$ 5,000,000</b>
Leverage from Fannie Mae for Purchase and Purchase/Rehab Loans	\$27,000,000
<b>TOTAL Community Investment</b>	<b>\$32,000,000</b>

- v) Administration/Implementation:
  - a) The Fund would originate fixed-rate mortgage loans with terms of up to 30 years and will be deployed in four loan product types:
    - 1. **Home Purchase Loans.** Neighborhoods cannot be viable unless young families choose to make them their home. New homebuyers need access to affordable mortgage financing combined with support services. Homestart’s home purchase

mortgage requires a down payment of only 2% and combines 30-year fixed-rate first and second mortgages to eliminate the cost of FHA insurance, saving the typical buyer over \$100 on their monthly payment.

2. **Purchase/Rehab Mortgages.** Many homes in existing neighborhoods need work and can't be purchased unless the new buyer has the means to make improvements. A purchase/rehab mortgage enables the buyer to purchase the home while placing additional funds in escrow to pay for needed improvements.
3. **Acquisition/Rehab and Infill Development Loans.** Some homes need much more work than homebuyers can take on, and vacant lots present opportunities to build new homes. There are neighborhood-based community development corporations and small private developers who are willing to take on these projects but they often lack the financing needed. Financing these highly visible construction projects would boost confidence in the neighborhood. These projects also increase the density of the neighborhood by occupying previously vacant homes, and possibly also be coupled with the building repositioning and/or builder→developer elements.
4. **Home Improvement Loans.** These loans would allow existing homeowners to make needed repairs, reduce operating costs via energy and water conservation, and enable residents to remain in the neighborhood, without the typical restrictions of HUD-related sources.

vi) Anticipated (Approximate) Benefits

The table below shows the estimated number of loans that would be originated.

Uses	Average Amount	Est. #	Total Direct Investment	Fannie Mae Leverage	Total Investment
Home Improvement Loans	\$20,000	100	\$2,000,000	\$0	\$ 2,000,000
Purchase & Purchase Rehab Loans*	\$10,000	300	\$3,000,000	\$27,000,000	\$30,000,000
Acquisition/Rehab and Infill Development**		?			
<b>Total Investment</b>		<b>250</b>	<b>\$5,000,000</b>	<b>\$27,000,000</b>	<b>\$32,000,000</b>

\*Assumes average purchase or purchase/rehab cost is \$100,000 per home.

\*\*Assumes acquisition/rehab and infill development loans are short term

Recommended funding: \$250,000

c) HNEDF Plan Element #2.b.: **Innovative Energy Efficient Affordable Housing Fund**

- i) Purpose: to work in collaboration with UNM School of Architecture to design and build, with Habitat for Humanity, homes that are affordable to build and that are affordable to maintain.
- ii) Targeted Beneficiaries:  
Families who make 60 percent or less of area median income
- iii) Geography: Home sites will be selected in the PoP.

iv) Leverage :Habitat for Humanity and the University of New Mexico will leverage resources by bringing in volunteers, homeowner sweat equity, and expertise of students from various departments and special skills including architecture, landscape architecture, engineering, construction management, law and planning. UNM School of Architecture is writing grant proposals so program can expand the number of houses built.

v) Administration/Implementation:

Homeowners will be recruited by Habitat for Humanity and meet Habitat for Humanity’s selection criteria. UNM students will design and build one house and then students do evaluation process: Did it meet needs of homeowner, how affordable was it, how energy efficient is it. Students will use lessons learned to design next house to be built. Managed by Albuquerque Habitat for Humanity with MOA with UNM School of Architecture.

Recommended funding: \$250,000;

Remaining \$750,000 will be put out to an RFP for multi-family housing in the PoP.

**HNEDF Proposed Plan Elements (as of 22 Feb 2016)**

Summary Table for Discussion

**Economic Development Fund (\$2.5 Million fund balance)**

	<b>Plan Element</b>	<b>Amount</b>	<b>Geography</b>	<b>Requirements</b>
1.A	<b>Small Business Preparation in the Central Corridor Fund</b>	Phase 1: \$1 million Phase 2: \$450,000 Phase 3: \$450,000; \$100,000 (if needed for staffing the Biz Advancement Team’s door to door outreach July2016- Jun17)	Pocket of Poverty (PoP) 11 of the 19 ART Stations to be constructed are in the Pocket.  The Council has authority to change the boundary.  Eligibility for this fund is recommended to include addresses on and one block north and south of Central for the other 8 stations (this means extending the boundary west of the river and east of Yale to Louisiana to encompass the full construction zone.)  Phase 1 &2 Eligibility for Central Avenue addresses only, Phase 3 Extend eligibility 1 block N&S of Central.	Plan designates 2-3# of nonprofit Loan Administrators with demonstrated experience; If portion or all of \$100K if able to be funded by other sources, it can be added to Phase 3 loan funds.
1.B	<b>Job Linkage Program</b>	\$ 50,000	Pocket of Poverty	TalentABQ will work with partners in PoP to conduct an estimated 900 assessments, 750 skill up enrollees, 25 partner employers who will

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				interview 300 for jobs based on their skills.
1.C	<b>Builder →Developer Project</b>	\$150,000	Pocket of Poverty	<ul style="list-style-type: none"> <li>• Proprietary owner of proven training program to deliver training for up to 100 prospective developers, heavily recruited from PoP.</li> <li>• Subsequent 2 day training for 40 to validate project ideas, formal application process for up to 7 “Small Development Fellows” (priority given to PoP residents) for technical assistance support through successful financing and property acquisition.</li> <li>• Include \$30,000 for credit enhancements for a challenge grant pool for special situations (e.g. fixing up a historic building, challenged site, etc.). In time, as model matures, such challenge grants could help push down costs so the program can aspire to add 5-10 targets of 80-100% AMI affordability.</li> </ul>
1.D	<b>TOD Building Repositioning Fund</b>	\$300,000	Pocket of Poverty (within 5/8 of a mile of transit stops) along Central and 4 <sup>th</sup> Street.	30% small grants; 70% low interest revolving loans to be managed by an experienced Loan Administrator

**HNEDF Proposed Plan Elements (as of 22 Feb 2016)**

**Housing Fund (\$2.5 Million fund balance)**

	<b><u>Plan Element</u></b>	<b><u>Amount</u></b>	<b><u>Geography</u></b>	<b><u>Program Element Components</u></b>
	<b>Housing Loan Fund</b>	\$1.5+ million	Pocket of Poverty	<ol style="list-style-type: none"> <li>1. Home purchase loan program</li> <li>2. Rehabilitation loan program</li> <li>3. Home remodeling program</li> <li>4. Developer loans</li> </ol>
	<b>Innovative Affordable Housing Project</b>	Approx.\$250,000	Pocket of Poverty	<ol style="list-style-type: none"> <li>1. UNM model home prototype</li> </ol>
	<b>Multi-Family Housing</b>	Approx. \$750,000	Pocket of Poverty	<ol style="list-style-type: none"> <li>1. Construction or expansion of existing multi-family affordable housing</li> </ol>

**El Encanto Fund (\$125,000 unallocated fund balance)**

**DRAFT for DISCUSSION**

*Through the Original Ordinance/Past Plans City Council Created an El Encanto Fund for Housing and Economic Development in the Barelmas Neighborhood, a subsection of the Pocket of Poverty*

	<i>El Encanto Housing Sub Fund</i>	\$237,500	RFP'd for a rehab program, RFP response yielded no qualified recipients. Balance remains in fund.	
	<i>El Encanto Economic Development Sub Fund</i>	\$237,500	Allocated to 4 <sup>th</sup> & Central Project a few years ago. Project is moving forward.	
		\$125,000	Proposed for 4 <sup>th</sup> & Central Project now, for subsidized rents, entrepreneur recruitment and/or small business training	

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# **Questions and Answers about the Draft HNEDF Plan Elements**

## **What is this meeting about?**

This meeting is to discuss the elements of the plan proposed for the Housing and Neighborhood Economic Development Fund Plan (HNEDF).

## **What is HNEDF; where did it come from; what is the purpose?**

The program formerly known as "UDAG" (for Urban Development Action Grant) was developed under then President Jimmy Carter. In the 1970s UDAG funds provided cities an alternative to the exceptionally high interest rates (up to 17%!) at the time, and reflected the federal government's "urban renewal" mindset that government money, deployed at the neighborhood level could plausibly affect poverty. And appropriate to the time Albuquerque's most central neighborhoods -downtown and immediately surrounding (Martineztown, South Broadway, Huning Highland, Wells Park, Barelás, and Sawmill)--showed the highest poverty census tracts. A boundary was drawn--dubbed the Pocket of Poverty--and these funds deployed within it for about 25 years. The decades-old fund has "recirculated" from loans to the Hyatt, and some industrial projects in the 80s and early 90s. The economic development elements of this fund are focused on low-moderate income census tracts, and designed for job creation and retention. This fund was established through the hard work of a number of community organizations, and is now referred to as the Housing and Neighborhood Economic Development Fund or HNEDF.

## **Why are we doing this now; what are the needs/opportunities?**

The update of the HNEDF plan is overdue. And, right now in Albuquerque, there is a tremendous opportunity to leverage resources to change the course of poverty and economic inclusion in low-moderate income communities.

For HNEDF funds, there is an opportunity in the new plan to get the remaining funds on the street to make a difference now. Most of the last allocations from the fund occurred around 9 years ago, when it had about twice the remaining balance it has today.

This money, and the \$860,000 TOD grant process, will create a launching off point for a new engagement with the community, unlock resources to put a new focus on main economic corridors, and change the economic fundamentals in these communities. To create renewable value rather than one-time program spending.

## **What is the TOD grant and why does it matter?**

The Albuquerque Rapid Transit (ART) project is creating such opportunities. Other cities across the country have used such transit investments to leverage millions of dollars in housing and economic development around station stops (a strategy commonly referred to as "Transit Oriented Development" or T.O.D.). The city recently won an \$860,000 federal TOD planning grant that can help implement this approach here.

**How will it benefit the PoP?**

Eleven of the nineteen station stops soon to be under construction for ART are located in the traditional “Pocket of Poverty” (PoP), bringing the opportunity for a community-focused economic development strategy unlike any we have seen. An additional six stops are located in other low-moderate income census tracts along the Corridor in our city’s economic core. Better connecting low income residents to areas of existing jobs, and focusing future growth in places accessible to those residents is a nationally acknowledged anti-poverty strategy. A second proven strategy nationally has been to accelerate re/new development with better transit connections –this is possible with strategies focused on enhancing the existing transit corridors of Central Avenue and 4<sup>th</sup> Street— which encompass almost all of the PoP. Finally, just looking at official affordable housing data to judge economic viability does not include the 72,000 residents who are paying more than the national average for annual household transportation costs, meaning that many more residents of the PoP are economically worse off than we knew from this official housing data. Those residents being able to reduce some of their extraordinary transportation costs would increase their net annual household income by 8-16%.

**Why extend the boundaries of the plan area now?**

The City remains committed to the residents of the original PoP. The original boundaries were established decades ago, and reflected a core community need at the time, and a now-outdated federal anti-poverty approach. Since then, however, some of the census tracts in the original PoP no longer qualify as low-moderate income, and other nearby areas also present economic challenges and opportunities. The City Council has the authority to adjust the boundaries where the money can be spent, to reflect current conditions in low-mod communities, using the same criteria for eligible census tracts. Elements of the proposed plan are focused strictly on the original PoP, while others have a strong concentration in the PoP. All elements will serve eligible low-moderate income areas of the city’s core.

**Committee Members and HNEDF Process**

The original Housing and Economic Development in the Pocket of Poverty Ten-Year Comprehensive Neighborhood Plan outlined the purpose and composition of the HNEDF Committee, which is *“the primary mechanism intended to provide an opportunity for neighborhoods to participate in the allocation decisions.*

*Committee responsibilities include:*

- *Designing and recommending plans for program elements in both the Barelas neighborhood and broader Pocket of Poverty,*
- *Updating 10 year plan*
- *Identifying uses that leverage finances for housing and economic development from other public and private sources;*
- *Recommending fund allocations to the City Council and*
- *Monitoring the performance of agencies and organizations receiving funding allocations.”*

**Guiding principles for the fund allocations included**

1. *“Neighborhoods should have significant role in fund allocation*



2. *Funds should be used to finance programs that benefit the area as a whole rather than benefit individual neighborhoods*
3. *Monies should be used to create new programs or expand programs rather than to substitute these funds with those from other existing programs*
4. *Funds should benefit the residents within the boundary as much as possible.”*

**Current Additional Desired Principles:**

1. Transformative (benefits continue after the funds are spent)
2. Leverage of other non HNEDF funds
3. Ability to implement/speed of Deployment and Realization of benefit to Low Income Persons
4. Measureable Outcomes

**Purpose of the 10 year plan and Eligible Fund Activities**

*“Eligible housing activities include: maintenance, rehabilitation and construction (not other purposes such as rent subsidies),*

*Eligible economic development activities include projects and incentives that*

1. *Encourage businesses to locate or expand in the boundary*
2. *Improve existing business*
3. *Lead to new business creation or permanent employment opportunities for low and moderate income residents.*

*The Committee is responsible for preparing the Council resolution with recommended allocations that are consistent with the plan and applicable programs. “*

**Committee Members**

Name	Representing
Ms. Susan Wheeler Diechel	N.A. Downtown
Ms. Marie Robinson-Marmash	N.A. South Broadway
Ms. Barbara Maddox	N.A. Huning Highland
Mr. Makhpiya Black Elk	N.A. Barelas
Mr. Douglas Heller	Architect
Ms. Kelle Senye	Housing
Mr. Pat Sanchez	Banking
Dr. Reba Eagles	Business
Ms. Roxanna Meyers	Business

**What is the Barelas project, and why does this neighborhood get special treatment?**

Many years ago, part of the original UDAG funding was used to develop the Bueno Foods facility in Barelas. When it was repaid, the funds were set aside by Council and designated for the Barelas neighborhood only in a fund called “El Encanto”.

The proposed element in this plan is a project several years in process for the creation of a multi-use development that would provide a housing and small business development facility. The project is targeted at those businesses who are clients of the South Valley Small Business Development Center or the Railyards development, and are looking to establish a low-cost first location. It would also bring desired retail/services to the neighborhood.

**What are the elements of the proposed plan?**

d) The elements of the proposed plan are summarized below:

**HNEDF Proposed Plan Elements (as of 22 Feb 2016)**

Summary Table for Discussion

**Economic Development Fund (\$2.5 Million fund balance)**

	<b><u>Plan Element</u></b>	<b><u>Amount</u></b>	<b><u>Geography</u></b>	<b><u>Requirements</u></b>
1.A	<b>Small Business Preparation in the Central Corridor Fund</b>	Phase 1: \$1 million Phase 2: \$450,000 Phase 3: \$450,000; \$100,000 (if needed for staffing the Biz Advancement Team's door to door outreach July2016-Jun17)	Pocket of Poverty (PoP) 11 of the 19 ART Stations to be constructed are in the Pocket.  The Council has authority to change the boundary.  Eligibility for this fund is recommended to include addresses on and one block north and south of Central for the other 8 stations (this means extending the boundary west of the river and east of Yale to Louisiana to encompass the full construction zone.  Phase 1 &2 Eligibility for Central Avenue addresses only, Phase 3 Extend eligibility 1 block N&S of Central.	Plan designates 2-3# of nonprofit Loan Administrators with demonstrated experience; If portion or all of \$100K if able to be funded by other sources, it can be added to Phase 3 loan funds.
1.B	<b>Job Linkage Program</b>	\$ 50,000	Pocket of Poverty	TalentABQ will work with partners in PoP to conduct an estimated 900 assessments, 750 skill up enrollees, 25 partner employers who will interview 300 for jobs based on their skills.
1.C	<b>Builder → Developer Project</b>	\$150,000	Pocket of Poverty	<ul style="list-style-type: none"> <li>Proprietary owner of proven training program to deliver training for up to 100 prospective developers, heavily recruited from PoP.</li> <li>Subsequent 2 day training for 40 to validate project ideas, formal application process for up to 7 "Small Development Fellows" (priority given to PoP residents) for technical assistance support through successful financing and property acquisition.</li> <li>Include \$30,000 for credit enhancements for a challenge grant pool for special situations (e.g. fixing up a historic</li> </ul>

**DRAFT for DISCUSSION**

				building, challenged site, etc.). In time, as model matures, such challenge grants could help push down costs so the program can aspire to add 5-10 targets of 80-100% AMI affordability.
1.D	<b>TOD Building Repositioning Fund</b>	\$300,000	Pocket of Poverty (within 5/8 of a mile of transit stops) along Central and 4 <sup>th</sup> Street.	30% small grants; 70% low interest revolving loans to be managed by an experienced Loan Administrator

**Housing Fund (\$2.5 Million fund balance)**

<u>Plan Element</u>	<u>Amount</u>	<u>Geography</u>	<u>Program Element Components</u>
<b>Housing Loan Fund</b>	\$1.5+ million	Pocket of Poverty	<ol style="list-style-type: none"> <li>5. Home purchase loan program</li> <li>6. Rehabilitation loan program</li> <li>7. Home remodeling program</li> <li>8. Developer loans</li> </ol>
<b>Innovative Affordable Housing Project</b>	Approx.\$250,000	Pocket of Poverty	<ol style="list-style-type: none"> <li>2. UNM model home prototype</li> </ol>
<b>Multi-Family Housing</b>	Approx. \$750,000	Pocket of Poverty	<ol style="list-style-type: none"> <li>1. Construction or expansion of existing multi-family affordable housing</li> </ol>

**El Encanto Fund (\$125,000 unallocated fund balance)**

*Through the Original Ordinance/Past Plans City Council Created an El Encanto Fund for Housing and Economic Development in the Barelmas Neighborhood, a subsection of the Pocket of Poverty*

	<i>El Encanto Housing Sub Fund</i>	\$237,500	RFP'd for a rehab program, RFP response yielded no qualified recipients. Balance remains in fund.	
	<i>El Encanto Economic Development Sub Fund</i>	\$237,500	Allocated to 4 <sup>th</sup> & Central Project a few years ago. Project is moving forward.	
		\$125,000	Proposed for 4 <sup>th</sup> & Central Project now, for subsidized rents, entrepreneur recruitment and/or small business training	