APPENDIX B:
City of Albuquerque
Workforce Housing
Opportunity Act
CITY of ALBUQUERQUE
SEVENTEENTH COUNCIL

COUNCIL BILL NO. F/S(3) O-06-8    ENACTMENT NO. ________________________

SPONSORED BY: Debbie O'Malley & Isaac Benton

1 ORDINANCE
2 DEFINING AFFORDABLE HOUSING OPPORTUNITIES FOR ALBUQUERQUE’S
3 WORKING FAMILIES; DIRECTING AN ON-GOING FIVE YEAR STRATEGIC
4 WORKFORCE HOUSING PLAN AND NEEDS ASSESSMENT; REQUIRING
5 PROGRAM ELEMENTS; PROVIDING FUNDING IN THE CITY CAPITAL
6 IMPROVEMENT PROGRAM AND GENERAL OBLIGATION BOND PROGRAM;
7 CREATING A WORKFORCE HOUSING TRUST FUND; ASSURING THAT
8 RESOURCES ARE DIRECTED TO FAMILIES ACCORDING TO INCOME AND
9 NEED; PROVIDING FOR A PACKAGE OF INCENTIVES TO SUPPORT THE
10 EFFICIENT AND COST EFFECTIVE PRODUCTION OF WORKFORCE HOUSING;
11 REQUIRING NOTIFICATION OF RESIDENTS IN LAND USE ACTIONS THAT MAY
12 RESULT IN DISPLACEMENT; REQUIRING WORKFORCE HOUSING
13 RECOMMENDATION BE INCLUDED AS AN ELEMENT IN CITY PLANS AND
14 INCORPORATED INTO THE PLANNED GROWTH STRATEGY
15 IMPLEMENTATION.
16 BE IT ORDAINED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF
17 ALBUQUERQUE:
18     Section 1. SHORT TITLE. This Ordinance may be cited as the Workforce
19 Housing Opportunity Act (the “Act”).
20     Section 2. FINDINGS.
21     (A) The Albuquerque/Bernalillo County Comprehensive Plan’s goal is to
22 increase the supply of affordable housing and ameliorate the problems of
23 homelessness and displacement; and
24     (B) The City’s Five Year Consolidated Plan 2003 to 2007 shows that 33% of
25 all households in Albuquerque have some housing affordability problem and
nearly 80% of households whose income is under 50% of median income are rent burdened or living in overcrowded conditions; and

(C) Through a combination of forces including rapidly rising land prices, slow wage growth, declining real wages, increasing utility costs and increasing construction costs we find that hard working families, after paying the rent, are having difficulty paying for the necessities of life; and

(D) There are an estimated 3,000 homeless individuals in Albuquerque whose path to independent living depends upon permanent, affordable housing; and

(E) The City of Albuquerque adopted R-05-255 calling for an update and review of City affordable housing policy, interviews with Stakeholders, analysis of best practices in other cities and consideration of innovative approaches to addressing Albuquerque’s affordable housing needs; and

(F) Working families having safe, decent and affordably priced housing in stable neighborhoods is advantageous for personal success in school and work and is therefore a prerequisite for the economic success of our community; and

(G) Albuquerque can look to other regional western cities for models of innovative and successful approaches to producing affordable housing to meet the needs of its working families; and

(H) An increase in commitment to Workforce Housing will allow affordable housing providers to leverage additional funding from foundations, financial intermediaries and other community resources; and

(I) Meeting the housing needs of working families through well designed, quality built housing and apartments leads to stable, mixed income, diverse neighborhoods and adds to the economic vitality of the community.

Section 3. DEFINITIONS.

(A) **Workforce Housing.** Dwelling units serving residents and their families whose annualized income is at or below 80% of the Area Median Income for Albuquerque (AMI) as adjusted for household size and determined by the U.S. Department of Housing and Urban Development, and whose monthly housing payment does not exceed 30% of the imputed income limit applicable to such unit or 35% under special conditions to be defined in the Workforce Housing
Plan. Dwelling unit is used in this Act as defined in the Comprehensive City Zoning Code.

(B) A Workforce Housing Project or a Workforce Housing Subdivision is the entire development in which at least 30% of the dwelling units meet the definition of Workforce Housing.

(C) Workforce Housing meeting the requirements of the Workforce Housing Opportunity Act are Workforce Housing Projects and Subdivisions that receive funds and/or land from the Workforce Housing Trust Fund as the result of meeting eligibility criteria pursuant to that Plan.

Section 4. CREATION AND ADMINISTRATION OF THE WORKFORCE HOUSING TRUST FUND (TRUST FUND).

(A) The Mayor is authorized and directed to set aside eight percent (8%) of the biannual General Obligation Bond Capital Improvement Program, up to a maximum of $10,000,000 per two-year cycle, to be directed to the Trust Fund for the purpose of providing Workforce Housing. This set aside shall be presented as a separate bond question for the 2007 CIP and subsequent CIP bond programs which solely addresses permanently affordable housing. If this question is turned down by the voters no CIP funds from that election shall be spent on Workforce Housing. The set aside shall not be included in any bond cycle that begins six years after the enactment date of this ordinance unless extended by the Council. All interest earnings of funds in the Trust Fund shall be re-appropriated to the Trust Fund. No funds in the Trust Fund can be appropriated or used for any other purpose than as described in the Workforce Housing Opportunity Act.

(B) The Fund income and interest earnings shall be appropriated for the purposes set forth in this Act after recommendation by the Mayor and approval of the Council.

(C) Programming and Selection. The projects funded by the Trust Fund shall be selected and programmed as provided below:

(1) The Affordable Housing Committee (the “Committee”). The Affordable Housing Committee shall serve as the advisory committee to develop the Workforce Housing Plan and Needs Assessment and shall conduct an annual review of Plan progress.
Workforce Housing Plan and Needs Assessment. The Committee, with the staff support of the Department of Family and Community Services (the Department) or its successor and technical support from representatives of the Office of Economic Development and the Planning Department, shall develop a Five Year Workforce Housing Plan (the Plan), which shall be updated every five years. The Plan shall be based on a thorough needs assessment conducted by the Department showing the housing conditions of families at and below 80% of median income broken out by community planning areas, income classification, special needs, seniors, homeless and addressing the displacement of low income families. The Plan shall identify the change in the City of Albuquerque of the number of market rate, affordable and non-affordable housing units, by income category and tenure, over the previous five years. The Plan shall include all resources available to address affordable housing needs including, but not limited to, CDBG, HOME, other grants, the City General Fund, Enterprise Funds, other City Housing Funds, State of New Mexico, and Low Income Housing Tax Credits, five year goals and objectives and one year objectives, recommended strategies for implementation and standards for monitoring and evaluation of completed projects. The Plan shall include a matrix showing the annual and five year housing production goals and objectives and organizations committed to its production. The Plan shall address expansion of the capacity of the non-profit housing development organizations and identify resources necessary to carry out needed expansion. The Plan shall identify, based on housing market data standards, City neighborhoods as “Stable”, “Disinvesting”, or “Gentrifying” and shall make it clear that different housing and affordable housing strategies are being pursued within the different categories of neighborhoods. The Committee shall hold at least three public hearings on the draft plan prior to making recommendations to the Mayor and the Council. The Plan shall serve as the housing component of the Consolidated Plan after review and comment by the Albuquerque Citizen Team. The Plan shall be conveyed by the Mayor to the Council by a resolution within 12 months of the enactment of this Ordinance and shall be adopted by the Council with or without amendments. The Plan shall be reviewed and
progress evaluated annually by the Committee and a report sent to the Council.

(3) **Priorities and Uses of Funds.** At least fifty (50) percent of the available funds in any five year program shall be used for land acquisition for Workforce Housing Projects and Subdivisions in areas designated as Metropolitan Redevelopment Areas, Centers and Corridors and land zoned for mixed use development under the yet to be approved zones called for in the adopted Planned Growth Strategy (Planned Village Development, Transit Oriented Development Centers and Corridors, Commercial Center, Campus, Infill Development, and Conservation Subdivision). Up to fifty (50) percent of the available funds in any five year program may be used for zero to low interest or, in certain cases, loans that may be forgivable that meet the requirements of the Workforce Housing Opportunity Act and fall within the geographic areas described above. At least 25% of the funds shall be used for scattered site, single-family housing purchase, rehab, lease-to-own and resale of existing housing stock. The priorities for use of all funds shall be determined by reference to the Program Elements as shown in Section 5 but in all cases the following requirements shall be met.

a) Resources shall be allocated according to need in any five year program with at least 50% of all resources benefiting families at or below 50% of AMI and at least 30% of all resources benefiting families at or below 30% AMI. Loans that may be forgivable may be considered for use only in projects benefiting families whose income is at or below 30% AMI.

b) Not more than 20% of resources shall be used for project related soft development costs as defined by the Plan.

c) Projects shall be sponsored by City approved, locally based, non-profit housing development organizations. It is recognized that non-profits will partner with for-profit builders and developers to accomplish Workforce Housing projects. Criteria for approval of non-profits and sponsorship shall be included in the Workforce Housing Plan.

d) Projects receiving funding or land under the Workforce Housing Opportunity Act shall leverage non-City funds by at least a 4:1 ratio (non-City to City resources). The Plan may make exception to this ratio for
certain hard to develop projects to be defined. Federal and State funds flowing through the City are not considered City funds for purposes of this requirement.

(4) **Project Priorities.** The Committee shall develop a policy-based ranking system so that proposed projects can be prioritized. The system of ranking shall be included in the Workforce Housing Plan. Priority shall be given to financially sound proposals that rank the highest according to the priorities based on guidelines found in the Program Elements. Priority with respect to newly constructed projects shall also be given to proposals that demonstrate a commitment to energy efficiency and utility conservation. The Committee can establish minimum standards below which a project will not be approved. The Department shall issue a standing request for proposals so that developers have adequate time to secure land and formulate proposals for City consideration.

Section 5. **PROGRAM ELEMENTS.** The following elements, among others, shall be used to develop a priority setting and project ranking system for development under the Act.

(A) **Neighborhood Conditions.** Workforce Housing should be designed, located and integrated into the community so as to serve to stabilize that neighborhood, with the long term goal of creating “Stable” neighborhoods, not “Disinvesting” or “Gentrifying” ones. Thus, in a disinvesting neighborhood, the goal is to increase housing and other investment, enhance the neighborhood image, upgrade the existing housing inventory, encourage higher income families and serve as a catalyst for additional investment. In a neighborhood with increasing housing prices the goal is to preserve a mixed income environment and avoid the dislocation of low income residents by creating a reserve of permanent workforce housing protected from price increases and danger of converting to market rate housing, allowing renters to own their housing, and otherwise financially insulating low income residents from financial burdens of gentrification while accruing its benefits.

(B) **Design and Location Criteria.** Access to public transportation; jobs and housing balance; pedestrian access to shopping, schools and recreation; retail in close proximity to residential; energy efficient construction; water

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conservation; Universal Design Standards, quality design and construction all
enhance the value of Workforce Housing and, as required, the design
standards in the approved zones called for in the adopted Planned Growth
Strategy.

(C) Preservation. Mechanisms are available for preserving existing and
new Workforce Housing. Neighborhoods with rising land values will most
benefit from tools that work for permanent affordability while shorter term
mechanisms will achieve goals of attracting investment into neighborhoods
that are experiencing declining land values. All rental housing shall be
permanently affordable. All ownership housing shall remain permanently
affordable through restrictions imposed on resale. Rental properties shall
enter into a monitoring agreement with the City or other entity as approved by
the City to provide an annual audit of compliance with affordability
requirements. Income eligible families will not be evicted from their rental
dwelling unit if over time their income increases above the eligible level.
However, provision should be made to relocate the family within a mixed
income Workforce Housing project to a market rate dwelling or adjust their
rents appropriately if their income warrants such a change. No funds from
sources other than the biannual General Obligation Bond Capital Improvement
Program or interest earnings of such funds shall be considered as part of the
Trust Fund nor shall such funds from other sources be subject to the
requirement for permanent affordability. Projects funded in part from the Trust
Fund and in part from other sources shall be subject to the requirement of
permanent affordability.

(D) Link to Growth Management Plan. In developing and adopting the
Plan, there should be consistency with and support for the City’s growth
management plan as defined by the Planned Growth Strategy. This
requirement for consistency and support is not intended to mandate the
development of workforce housing, specific distribution or locations for
Workforce Housing but may be a factor in such decisions.

Section 6. NOTIFICATION OF TENANTS. In all City land use actions that
will result in the displacement of tenants, subject to federal and state law as
appropriate, the applicant is required to notify the residents affected by first
class mail at least two weeks prior to the public hearing on the action. If names of tenants impacted by displacement cannot be readily obtained in a City directory then applicant may address tenants as “Resident” in required notifications.

Section 7. RULES AND REGULATIONS. The Department of Family and Community Services or its successor, or another city department as designated by the Mayor, shall establish rules and regulations to provide for implementation of this Act. The Mayor, shall publish a draft of the rules and regulations for public comment within 120 days of the adoption of the Workforce Housing Plan.

Section 8. SEVERABILITY. If any section, paragraph, sentence, clause, word or phrase of the Workforce Housing Opportunity Act is for any reason held to be invalid or unenforceable by any court of competent jurisdiction, such decision shall not affect the validity of the remaining provisions of this ordinance. The Council hereby declares that it would have passed this ordinance and each section, paragraph, sentence, clause, word or phrase thereof irrespective of any provision being declared unconstitutional or otherwise invalid. The Council further declares that certain provisions of this ordinance, specifically the provisions related to zero to low interest loans that may be forgivable, may violate Article 9, Section 14 of the New Mexico Constitution and that an election will be held in November of 2006 on a constitutional amendment to change that section. It is the Council’s intention that any provision herein determined to violate Article 9, Section 14 of the New Mexico Constitution as of the date of adoption of this Ordinance shall become effective, to the extent applicable, upon adoption and implementation of the proposed constitutional amendment.

Section 9. COMPILATION. This ordinance shall be incorporated in and compiled as part of the Revised Ordinances of Albuquerque, New Mexico 1994.

Section 10. EFFECTIVE DATE. This ordinance shall take effect five days after publication by title and general summary.
RESOLUTION

ESTABLISHING CITY POLICY TO SUPPORT AND ENHANCE THE DEVELOPMENT OF WORKFORCE HOUSING; MAKING AN APPROPRIATION TO THE DEPARTMENT OF FAMILY AND COMMUNITY SERVICES TO CARRY OUT A NEEDS ASSESSMENT AND WORKFORCE HOUSING PLAN; REQUESTING THE CREATION OF A PACKAGE OF INCENTIVES FOR DEVELOPMENT OF WORKFORCE HOUSING; PROVIDING TECHNICAL ASSISTANCE, TRAINING AND SUPPORT TO EXPAND THE CAPACITY OF NON-PROFIT HOUSING DEVELOPMENT ORGANIZATIONS TO CARRY OUT THE PRODUCTION OF WORKFORCE HOUSING; REQUESTING THE INITIATION OF A DEMONSTRATION WORKFORCE HOUSING PROJECT ON CITY LAND; REQUESTING THE ALBUQUERQUE BERNALILLO COUNTY WATER AUTHORITY TO INCLUDE THE UTILITY EXPANSION CHARGE IN THE PACKAGE OF INCENTIVES; APPROPRIATING FUNDS FOR COMMUNITY EDUCATION.

WHEREAS, the Albuquerque/Bernalillo County Comprehensive Plan’s goal is to increase the supply of affordable housing and ameliorate the problems of homelessness and displacement; and

WHEREAS, the City’s Five Year Consolidated Plan 2003 to 2007 shows that 33% of all households in Albuquerque have some housing affordability problem and almost 80% of the households earning under 50% of median income are rent burdened or living in overcrowded conditions; and

WHEREAS, through a combination of forces including rapidly rising land prices, slow wage growth, declining real income and construction cost increases we find hardworking families, after paying the rent, are having difficulty paying for the necessities of life; and
WHEREAS, there are an estimated 3,000 homeless individuals in Albuquerque whose path to independent living depends upon permanent, affordable housing; and

WHEREAS, the City of Albuquerque adopted R-05-255 calling for an update and review of City affordable housing policy, interviews with Stakeholders, analysis of best practices in other cities and consideration of innovative approaches to addressing Albuquerque’s affordable housing needs; and

WHEREAS, working families having safe, decent and affordably priced housing in stable neighborhoods is advantageous for personal success in school and work and is therefore a prerequisite for the economic success of our community; and

WHEREAS, Albuquerque can look to other regional western cities for models of innovative and successful approaches to producing affordable housing to meet the needs of its working families; and

WHEREAS, meeting the housing needs of working families through well designed, quality built housing and apartments leads to stable, mixed income, diverse neighborhoods and adds to the economic vitality of the community; and

WHEREAS, the Workforce Housing Opportunity Act mandates that a housing needs-assessment and Workforce Housing Plan be developed with significant public involvement to provide a policy based ranking system for the selection of projects and expansion of production to meet the affordable housing needs of working families; and

WHEREAS, a package of incentives was made available under the Family Housing Development Ordinance as an inducement to produce housing serving low and moderate income working families; and

WHEREAS, the Family Housing Development Program is not accepting applications for new projects; and

WHEREAS, the package of incentives including fee waivers, a density bonus and fast tracking of applications should be updated to be utilized for projects approved under the Workforce Housing Opportunity Act; and
WHEREAS, the Albuquerque Bernalillo County Water Authority now controls the Utility Expansion Charge (UCEC) and requires a majority of the members of its Governing board to waive its fees; and

WHEREAS, an increase in housing production under the Workforce Housing Opportunity Act requires collaboration between the City, non-profit affordable housing development organizations and for-profit builders and developers; and

WHEREAS, technical assistance, training, non-profit advocacy, constituency participation in design, development and policy-making; and transparent decision-making are essential elements for achieving production goals and creating a framework of accountability as determined by the Workforce Housing Plan; and

WHEREAS, community education with regard to quality design, density, mixed-income and mixed-use developments, neighborhood stabilization, transit-oriented development and workforce housing will further the potential for collaboration between the City and its neighborhoods to achieve the goals of the Workforce Housing Opportunity Act; and

WHEREAS, developing an effective educational program is best accomplished through a joint effort of the Department of Family and Community Services, the Planning Department and the University of New Mexico School of Architecture and Planning; and

WHEREAS, a model Workforce Housing development on City land would provide an educational opportunity; and a demonstration of cooperation among the City, its neighborhoods, non-profit affordable housing developers, and builders and an immediate action to begin to address the production of Workforce Housing.

BE IT RESOLVED BY THE COUNCIL, THE GOVERNING BODY OF THE CITY OF ALBUQUERQUE:

Section 1. The effective implementation of the Workforce Housing Opportunity Act is the policy of the City of Albuquerque. It is hereby acknowledged that in order to achieve the production of housing to serve the city workforce an inter-related set of organizations and interests must work collaboratively to utilize the scarce resources available to carry out this policy.
Section 2. The amount of Seventy Five Thousand Dollars ($75,000) is hereby appropriated from the unreserved fund balance of the General Fund to the Department of Family and Community Services (DFCS) for the Workforce Housing Plan and Needs Assessment as required by the Workforce Housing Opportunity Act. The Plan will serve as the affordable housing component of the Five Year Consolidated Plan.

Section 3. The Mayor is requested to develop a package of incentives to support the goals of the Workforce Housing Opportunity Act including but not limited to: a density bonus, fast-tracking of development review for Workforce Housing Projects and Subdivisions, fee waivers and an ombudsman program. After review and analysis by the appropriate City agencies and Commissions the Mayor shall make recommendations to the Council for legislation as needed.

Section 4. The amount of Two Hundred and Fifty Thousand Dollars ($250,000) is hereby appropriated from the unreserved fund balance of the General Fund to the Department of Family and Community Services for the purpose of providing research and legal services as needed to set up the Workforce Housing Trust Fund, developing a collaborative model of decision-making for DFCS and the non-profit housing developers: increasing capacity of the housing delivery system to utilize City and non-City available resources; supporting a coalition of non-profit housing development organizations; developing recommendations for expanding operating funding for non-profit housing developers; involving constituencies being served to participate in development and policy-making; enhancing the capacity for non-profits to carry out their role as advocates and developing a system of accountability all for City agencies and non-profit housing development organizations. Recommendations and principles resulting from this work shall be considered for inclusion in the Workforce Housing Plan.

Section 5. The Mayor is hereby requested to initiate a model Workforce Housing project meeting the requirements of the Workforce Housing Opportunity Act on City owned land to demonstrate collaboration among the City, non-profit housing development organizations, private sector builders and the neighborhood(s), the utilization of quality design as applied to mixed-
use and mixed-income development and the leveraging of non-City resources to creatively finance the project.

Section 6. The Affordable Housing Committee is hereby requested to determine a means by which housing lost to use by low income families as the result of actions by the City Nuisance Abatement Team can be replaced or rehabilitated and that such actions be made a high priority in the Workforce Housing Plan.

Section 7. The City hereby requests the Albuquerque Bernalillo County Water Authority to implement a program where its Utility Expansion Charge is waived for projects meeting the requirements of the Workforce Housing Opportunity Act.

Section 8. The amount of Seventy Five Thousand Dollars ($75,000) is hereby appropriated from the unreserved fund balance of the General Fund to the Department of Family and Community Services to develop and implement, in collaboration with the UNM School of Architecture and Planning and the City Planning Department, a community educational program supporting the Workforce Housing Opportunity Act.