

## HOUSING AND NEIGHBORHOOD ECONOMIC DEVELOPMENT FUND PLAN 2002

### INTRODUCTION

In the 1980's, the City of Albuquerque received several Urban Development Action Grants from the U.S. Department of Housing and Urban Development. The City used the funds to make loans to El Encanto, Inc. (dba Bueno Foods) for two expansions of its food production facilities and to Albuquerque Plaza Partners for the development of the Hyatt Regency Hotel and the adjacent Beta West office building. In 1987 the City of Albuquerque established a Housing and Neighborhood Economic Development ("Fund") to utilize the proceeds from Urban Development Action Grant (UDAG) loan repayments by Albuquerque Plaza Partners and El Encanto, Inc. City ordinance (4-2-2-1, ROA 1994) legislates that the funds may only be used for housing and economic development activities in the targeted geographic area in the City of Albuquerque. See the attached map of the Pocket of Poverty.

The Fund, half of which must be expended for housing and half for economic development activities, is dedicated to increasing affordable housing, creating jobs, and promoting small-business development to enhance the well being of low to moderate income residents of the federally designated Pocket of Poverty (POP) in the City of Albuquerque. Furthermore, the El Encanto proceeds must be utilized for projects located in the North Barelás community development area. The Housing and Neighborhood Economic Development Fund has expended over seven million dollars for housing, education/training and economic development projects since 1994.

Revenues include interest earned and repayments on El Encanto I & II loans. The El Encanto I loan is repaid at \$3,123.64 per quarter until September of 2008. El Encanto II is repaid at \$6,405.43 per month until May of 2003. The Albuquerque Plaza loan of ten million dollars was repaid, in total, in 1996.

In accordance with R-47-076-2000, the City Council will appropriate the El Encanto funds of \$715,458 plus future loan payments and interest directly to the Department of Family and Community Services (DFCS). The Department will use these funds to contract with the Barelás Community Development Corporation (BCDC) to implement projects submitted by the BCDC that are in conformance with the Barelás Community Development Corporation Community Revitalization Plan for El Encanto I and II Funds and that follow the broad funding categories and priorities of housing and economic development contained in this document.

To establish priorities for funding projects a Ten-Year Comprehensive Neighborhood Development Plan was prepared in 1993 by the UDAG committee with assistance from the City Department of Family and Community Services. To support the Ten-Year plan, Two-Year Plans were prepared for 1995-96 and 1998-99.

The process for developing this document included an analysis of past projects and their effectiveness, resident and business focus groups, interviews with service providers, a survey of recipients receiving commercial façade improvements and two public hearings including neighborhood representatives to assess whether current projects are achieving the goals and objectives set forth in the Ten-Year Comprehensive Neighborhood Development Plan. The Housing and Neighborhood Economic Development Fund Committee met twice a month for five months to develop the Plan, which was approved at their regularly scheduled meeting on June 13, 2002. This current document is intended to outline priorities for current and future spending. The funds may only be used in accordance with the requirements contained in this document and the Housing and Neighborhood Economic Development Comprehensive Plan (1993-2003). If

there is a conflict in requirements between this document and the Comprehensive Plan, the requirements of this document shall control.

This document establishes the requirements for expending proceeds of the Housing and Neighborhood Economic Development Fund. The current available balance totals \$8,620,919 and derives from Albuquerque Plaza Partners repayment dollars and additional revenues realized through interest payments and program income. The final appropriation contained in the City Council Resolution may increase or decrease by a small amount and would be proportionately added or subtracted to the housing and economic development categories. Considering past appropriations into housing and economic development and the requirement that half of the total fund proceeds must be expended for housing and half for economic development activities, the proposed appropriation for housing development is \$2,325,000, economic development is \$3,000,000 and additional use is \$3,295,919 of which \$2,000,000 is a re-appropriation for the Revolving Construction Loan Fund.

### **GUIDING PRINCIPLES**

To ensure the continuation of the Housing and Neighborhood Economic Development Fund and to assure project effectiveness and efficiency, the Housing and Neighborhood Economic Development Fund Committee established the following guiding principles for both housing and economic development activities. Although not absolute requirements, all of these principles should be considered when Request for Proposal's are prepared and projects are reviewed for funding.

1. Sustainability of the UDAG dollars by, where possible, funding projects that return the dollars for future/continued use, i.e. construction loans or reinvesting pre-development costs recouped after the sale of homes.
2. Promote programs and projects that have long term, sustainable benefits to the POP.
3. Where possible, link UDAG housing and economic development activities in specific areas to promote neighborhood revitalization.
4. Focus and link projects with other public/private investment to maximize impact in a specific geographic and/or priority area.
5. Establish consistent, appropriate and measurable evaluation criteria and monitor the performance of each provider.
6. The overall impact of the fund should benefit the POP as a whole, as well as individual neighborhoods.
7. UDAG funds should not be used to substitute for other revenue sources that support existing programs or duplicate existing services. Funds may be used to complement or enhance existing programs.
8. POP residents should directly or indirectly benefit from funded programs.
9. Revitalization activities should be conducted in such a manner that neighborhood values and lifestyles are protected.
10. Promote economic development of POP residents by supporting the growth of self-employment, entrepreneurship and local businesses.

## GENERAL PREFERENCES

The following general preferences should be considered when selecting both economic development and housing projects for funding.

1. When targeting areas for revitalization and/or housing projects, consideration should be given to the neighborhoods that have not previously benefited from UDAG efforts.
2. Administrative and operating costs should be appropriate to the scale of the proposed project.
3. Funded projects should leverage additional dollars.
4. All projects that directly benefit residents must be targeted at households with family incomes at or below 80% of the median family income for Albuquerque. Where possible, projects should make every effort to target low-income households defined as those residents whose annual family income is 50% or below the median family income for Albuquerque.
5. Consideration should be given for innovative projects with the potential for significant long-term benefits to the POP.
6. Where appropriate, projects may be designed in such a way as to build capacity and expertise within the sponsoring organization while keeping resources focused on tangible outcome goals.
7. Where appropriate, projects should avoid unnecessary duplication of services, improve system capacity and endeavor to deliver services in the most collaborative, efficient and responsive manner possible.

## TEN-YEAR GOALS AND OUTCOMES - 1996-2001

The following are goals contained in the Ten-Year Comprehensive Neighborhood Development Plans. The statement of the goals is followed by outcomes, as of March 2001, resulting from the implementation of projects designed to meet each goal.

**Goal 1: Construct new single-family and multi-family housing that is affordable to lower income residents.**

Total Affordable Homes Completed	76 more projected/under construction
Total Homes Rehabilitated	8
Total Apartments	160
Purchased the Warehouse property in Barelmas	25 homes projected

**Goal 2: Acquire and rehabilitate existing rental housing**

Total Rental Units Rehabilitated	26
----------------------------------	----

**Goal 3: Create new permanent jobs for lower income residents of the POP at a growth rate equal to that of the metropolitan area.**

Total Jobs Created/Retained:	230 (180 low/moderate income persons)
Jobs Filled by POP Residents	126
Wages Paid:	\$6-\$15 an hour
Benefits Provided:	Not available

**Goal 4: Eliminate blighted conditions, and initiate projects and public services that create a sound environment for public and private investment, commercial revitalization and neighborhood stabilization.**

Total Facades Completed/Private Investment:

CORRIDOR	FACADES	PRIVATE INVESTMENT
Broadway Blvd.	36	\$410,423
South 4 <sup>th</sup> Street	27	\$436,521
North 4 <sup>th</sup> Street	2	\$2,000
Central Avenue	6	\$42,531
Mountain Road	13	\$22,480
Total Private Investment	84	\$913,961
Total UDAG Investment		\$523,398

**Goal 5: Retain, expand and attract new businesses to commercial districts.**

Total Number of Loans to Businesses:	94			
Number of Individual Businesses/Nonprofits	45/11=56			
Number of Businesses and Number of Loans Received	29/1	11/2	4/3	1/4
Number of Nonprofits and Number of Loans Received	3/1	5/2	2/3	1/8
Type of Nonprofit	School, arts, social services, housing, sewing co-op			
Type of Business:	Graphics, service, retail, wholesale, manufacturing			
Total Loan Amount:	\$2,423,072 (nonprofits received \$1,404,392 of total)			
Total Receiving Technical Assistance:	592			

**Goal 6: Ensure neighborhoods are enhanced while encouraging private investment. Encourage development in the neighborhoods while working to stabilize and revitalize them.**

A number of the activities funded addressed this goal.

**Goal 7: Increase education levels and training levels of residents.**

Total Students/Participants in Educational Programs 1,061

Most of the funded youth educational projects were after-school, mentoring, tutoring and reading programs that did not provide outcome information beyond number of attendees and anecdotal information. In one entrepreneurial training program 15 of 68 participants completed a Business Plan, applied for a loan and/or started a business.

**Goal 8: Increase awareness of the available programs and resources for the POP.**

Funded programs have done a good job marketing their services and utilizing other available resources.

## HOUSING

A study undertaken since the previous UDAG Plan was developed is the *Vacant Land Inventory Study* completed in July 1999 for the neighborhoods of Barelmas, San Jose, and South Broadway in Albuquerque. The study identified a total of 468 vacant lots of which approximately 50% of these parcels were estimated to be suitable for development. Even in those cases where the lots are suitable for development, it is anticipated that there are certain barriers to development or those lots would have been developed by the private marketplace. The breakdown for vacant lots by neighborhood is as follows: 131 in Barelmas, 153 in San Jose, and 184 in South Broadway. Between July 1999 and July 2001, the following permits were issued:

Neighborhood Area	New Building Permits	Foundation Permits	Demolition Permits
Barelmas	15	0	1
San Jose	0	3	4
South Broadway	6	0	1
TOTAL	21	3	6

The purpose of creating this inventory was to provide information needed to identify the incentives required to create an Infill Housing Program, a recommendation made in a *1988 Infill Development Study* undertaken by the City. Two goals of the Infill Housing Program were to a) identify vacant lots to purchase for the development of ownership housing, and b) to identify incentives required to make it cost effective for the not-for-profit and for profit sectors to build affordable housing on these lots. The Infill Housing Program will remain a "work in progress" as the City implements each project and assess what incentives and mechanisms are needed to make the Infill Housing Program work.

Martineztown is another neighborhood that has individual lots and small parcels where housing can be built. Since the last UDAG Plan, 14 new homes have been built on infill sites by a not-for-profit housing developer. In one project, the developer teamed up with social service organization to incorporate a job-training component for neighborhood youth.

Another housing and revitalization initiative ongoing in the POP resulted from the revision of the Wells Park/ Sawmill Sector Plan. This plan identified areas for potential redevelopment, the largest area being the Old Duke City Lumber Company property that was purchased by the City in 1995. In 1997, the City contracted with the "community" to create the master plan for this twenty-seven acre property. The master plan called for this project to be developed in three phases. The first phase is completed and consists of 23 units of housing and a community plaza. Phase 2 calls for the construction of 68 housing units, including a public park and a facility for community meetings and office space. Phase 3 will consist of the development of senior housing and commercial or industrial use. A focus on acquisition and rehabilitation, as well as infill development, may be appropriate for parts of the Sawmill and Wells Park neighborhoods.

### Housing Goals from the Ten Year Plan

**Goal 1: Construct new single-family and multi-family housing that is affordable to lower income residents**

**Goal 2: Acquire and rehabilitate existing rental housing**

It is the intent of the Pocket of Poverty Housing and Neighborhood Economic Development Ordinance to use the appropriated funds for the benefit of low- and moderate-income residents in the Pocket of Poverty. In addition to that requirement, the following

preferences shall be considered when selecting projects for funding. These preferences were identified based on previous UDAG plans and information provided by the community.

### **Housing Preferences**

The following preferences should be considered when selecting housing projects for funding.

1. The project provides ways/mechanisms and people with the required skills and experience to deal with the challenges of purchasing vacant lots at a reasonable price.
2. The houses will be affordable for purchase by low-moderate income residents in the POP.
3. Improve the affordability of housing through planning and design strategies such as energy efficiency, reduced water usage, innovative construction, low maintenance, and, where appropriate the use of live-work spaces.
4. The housing development will have a positive impact on revitalizing the surrounding neighborhood.
5. Allow for the development of some projects that leverage other funds to provide for mixed-income developments.
6. Consideration for projects that promote long-term affordable home ownership.
7. Preference should be given to increasing the percentage of ownership units in neighborhoods that identify a priority for single family, ownership housing.
8. If the developer does not have successful development experience, they must respond to a Request for Proposal (RFP) with an experienced developer as a co-developer. An experienced developer is defined as someone who has built at least 10 homes.
9. The developer's fee is reasonable relative to the total development cost.
10. Special preference will be given to projects that bring money, other than City subsidies, to the project that lower the cost of the home to the buyer.
11. Mixed residential/commercial development and higher density development will be considered in appropriate areas while respecting the predominant character of the neighborhoods.
12. Housing development projects that include training and employment opportunities for POP residents are encouraged.
13. The proposed project must show that it complements other development plans and activities being undertaken in adjacent neighborhoods and the POP in general.
14. Higher density infill development will be considered in areas with closest proximity to downtown.

### **UDAG Recommendations for Use of Housing Funds**

**A total of \$2,325,000 is allocated for housing with an additional \$400,000 set-aside for the Opportunity Fund. The following recommended uses of UDAG funds are based on the**

belief that the data suggests that "Infill Housing Development" can be a catalyst that continues revitalization in the POP. This is reflected in recommending that UDAG funds be used a) to provide incentives to not-for-profit and for-profit developers and builders who will build new houses; b) to support the rehabilitation of existing homes located in close proximity to vacant lots where it is expected that new houses will be built; and c) to provide UDAG funds for technical services to hire individuals experienced in such areas as purchasing property, conducting title searches, identifying other barriers and advising programs on ways to eliminate those barriers.

**1. New Construction Homeownership**

**\$1,425,000**

Identify and provide the incentives necessary for developers to develop housing that is affordable to low-moderate income POP residents and provide UDAG funds in the form of grants, loans or any other acceptable investment form based upon what the project requires.

**2. Rehabilitation of Housing**

**\$800,000**

Rehabilitation of housing will be focused to support neighborhood revitalization efforts in targeted areas and in conjunction with infill housing projects.

- a. Funds will be made available for the acquisition/rehabilitation and/or rehabilitation of housing in the targeted revitalization areas.
- b. Funds will be made available for owners of residential properties to improve the exterior facades of their homes.
- c. Low interest loans will be made available as an incentive to owners of rental housing to undertake rehabilitation of the property. The owner would be required to bring the property up to standard City codes.

**3. Technical Services**

**\$100,000**

This category of funds will be available for eligible organizations to hire professionals needed to support the goal of purchasing vacant lots and developing affordable housing. Agencies would apply for these funds in conjunction with a specific Committee approved project.

**TOTAL Appropriation for Housing**

**\$2,325,000**

**Other Non Funded Recommended Strategies for Housing**

- 1. Meet with private sector builders to increase their understanding about UDAG funded projects and the potential for leveraging additional projects.
- 2. Communicate with staff from the Housing Rehabilitation Programs working in the POP to determine shared goals for POP neighborhoods and identify potentially complimentary projects or target areas.
- 3. Develop marketing materials that show POP neighborhoods are "neat" places to live.
- 4. Monitor the development of any Planned Growth Strategy activities that could create incentives for infill development, or negatively impact the potential for infill development.

5. Monitor the development of the Infill Development Task Force Report and relevant recommendations.

### **Housing Monitoring Standards**

The housing monitoring standards will track the number of units constructed or rehabilitated, cost per unit, total project cost, timelines, lot purchase costs, site development costs, developer fees, amount of leveraged funds, amount and source of subsidies, occupancy costs including a post-occupancy evaluation and information on purchasers (demographics and qualifying information).

## **ECONOMIC DEVELOPMENT**

### **Economic Development Goals from the Ten Year Plan**

**Goal 1: To create new permanent jobs in the Pocket of Poverty for low and moderate income residents by generating new jobs, especially those with higher wages, and reducing existing unemployment.**

Albuquerque, along with the U.S. economy in general, experienced an economic boom during the 1990's that was spurred by the expansion of the Intel plant in Rio Rancho, expansion of Indian gaming, and relocation or opening of new call centers. While the U.S. economy is faltering, the Albuquerque economy has been maintained by the reconstruction of the Big I and ongoing housing construction, mainly in the nearby Southwest Mesa. Although the service industry has had to increase wages to recruit and retain employees, the majority of the jobs in the Pocket of Poverty remain low paying. Roses Paper in the Barelás area added 140 manufacturing jobs to the local economy and two new projects, the relocation of the headquarters of Gap from California to downtown and the relocation of the Social Security office from the Southeast Heights to downtown, will add professional jobs in the Pocket. When the downtown theatre and the other retail establishments and restaurants open, more service jobs will be available in the Pocket of Poverty. None of the current growth in employment is targeted either to low to moderate-income individuals or to residents in the Pocket of Poverty. The City of Albuquerque has issued industrial revenue bonds for several projects but the majority of them are not located in the Pocket of Poverty and do not have any restrictions about living wages, benefits or geographical targeting.

One of the strategies in the Ten Year Plan was to pursue federal enterprise zone designation for the Pocket of Poverty. While not mirroring exactly the boundaries of the Pocket, an Enterprise Community was created that encompasses major portions of the Pocket of Poverty. Whereas there are no longer any direct dollars coming to the Pocket in Enterprise grant funds, some tax incentives remain in effect.

**Goal 2: To help eliminate blighted conditions in the Pocket of Poverty to create a sound environment for public and private investment, commercial revitalization, and neighborhood stabilization mainly through improving physical conditions.**

The most dramatic change in the POP since the Ten Year Plan was written in 1993 has been the revitalization of South Fourth Street with the completion of the streetscape, the opening of the National Hispanic Cultural Center and the location of the Hispano Chamber of Commerce headquarters in a remodeled building on South Fourth Street. In the near future, striking physical changes are in store for the downtown core when the current projects, the theatre, parking structures, transportation center, new housing and retail units are finished and also in the Huning Highland area when the renovation of Old Albuquerque High is completed. There are currently plans in place to bring the old railroad yards back to life with a museum, shops, and possibly housing but the impact will probably not be felt for years to come. The commercial corridor along



Lomas Boulevard has seen significant improvements from public and private investments including two new courthouses, beginning construction for another courthouse, a parking structure, a new gas station, a fast food restaurant and a motel. While other commercial corridors have seen some enhancement from the façade program and City Capital Improvement Program investments such as median enhancements on South Broadway and Lomas, and sidewalk improvements on Mountain and Yale, other commercial corridors such as North Fourth Street, and the north Broadway area are still experiencing decline although there are plans to remediate the superfund site along First St. and Lomas and to redevelop North Fourth Street.

**Goal 3: To retain and expand existing businesses; attract new businesses to commercial district by increasing the number of small businesses in neighborhood oriented commercial development.**

Several strategies from the Ten Year Plan have been implemented. A Business Improvement District (BID) has been created in the Downtown Historic District. Money from the tax revenue generated from the BID has been used to hire staff to promote downtown and make it cleaner and safer. A new merchants organization has been started for the North Fourth Street Corridor. Training is offered for small business development through the Hispano Chamber of Commerce's Barelas Job Opportunity Center and capital for starting or expanding a small business is available through the Women's Economic Self Sufficiency Team, the New Mexico Community Development Loan Fund and Accion.

**Goal 4: To ensure neighborhoods are enhanced while encouraging private investment by maintaining the existing population base and encouraging population growth where appropriate and protecting neighborhood values and lifestyles.**

The population in the census tracts encompassing the Pocket of Poverty was 36,000 in 1980. According to the 2000 census data the population has increased to 53,870.

**Goal 5: To increase educational and training levels of Pocket residents by raising the high school graduation rate among POP residents, raising the college graduation rate for POP residents and increasing usage of training programs linked to available jobs.**

Since 1990, the City of Albuquerque has invested money in trying to raise the high school graduation rate through its middle school initiative and its high school retention program. Although the majority of the educational and training programs are not specifically targeted for residents of the Pocket of Poverty, they are targeted to low to moderate-income individuals. The funding formula for schools is tied to the number of students on reduced or free lunches and the dropout rate. Both the middle school initiative and the high school retention block grant program are mandated to work with neighborhood level groups in planning their strategies for reducing the dropout rate. The programs, along with a growing emphasis on accountability, seem to have had some impact. Albuquerque High went from an 18.82% dropout in 1994-95 to a 10.15% dropout rate in 1997-1998; Rio Grande High went from an 18.92% dropout rate in 1994-95 to a 12.66% dropout rate in 1997-1998. Valley High School went from a 12.40% dropout rate in 1994-95 to an 8.46% dropout rate in 1997-1998. In the last few years the State of New Mexico Lottery Scholarship program has been available to students including those in the Pocket of Poverty to provide scholarships for them to attend state supported universities. This academic year, two charter schools that are responsive to the needs of students who are having difficulty succeeding in a traditional academic framework are starting and classes will be held in facilities located in the Pocket of Poverty. The Hispano Chamber of Commerce has opened the Barelas Job Opportunity Center that focuses on developing a work force from the Albuquerque downtown area, the Barelas business district and the South Valley and targets job training to high school drop-outs from 18 - 30 years of age.

APS does annual testing and compiles scores for all schools and most grade levels (3-9). The test is the TeraNova, a Normed Reference Test that shows achievement of the test taker relative to a large national sample of students. APS's composite scores (reading, language arts, math) for the 2000-2001 school year shows POP Elementary Schools (grades 3-4-5), on average, are 18 points below the district average and 40 points below the higher scoring schools. Washington Middle School (grades 6-7-8) is 18 points below the district average and 34 points below the higher scoring Middle Schools. Albuquerque High (grade 9) is 10 points below the average of the other High Schools and 22 points below the higher scoring High Schools.

It is the intent of the Pocket of Poverty Housing and Neighborhood Economic Development Ordinance that the appropriated funds be used for projects that provide economic benefits in the Pocket of Poverty through physical improvements, education and training, employment and promotion of neighborhood businesses.

### **Economic Development Preferences**

The following preferences shall be considered when selecting economic development projects for funding.

1. Activities providing benefits to existing businesses should result in job generation/retention, business expansion/growth and/or retention of businesses that provide important services to the neighborhood.
2. Activities for physical improvements that target smaller areas that are also receiving other public improvements so as to leverage and attract private investment rather than scattered improvements that have a lesser impact.
3. Corridors that are identified for revitalization are:
  - a. South Fourth Street from Coal to Bridge.
  - b. Broadway Boulevard from I-40 to Gibson.
  - c. Mountain Road from Rio Grande to Broadway.
  - d. Central Avenue between Broadway Blvd. and University Blvd.
  - e. North Fourth Street from Lomas to I-40.
4. Additional areas identified as appropriate for revitalization are:
  - a. Fourth Street from I-40 to the northern boundary of the Pocket of Poverty at San Lorenzo Avenue.
  - b. Other corridors, blocks and/or intersections, where a high degree of business participation and significant impact can be anticipated, may be targeted.
5. Projects that create sustainable jobs with a living wage for residents of the POP.
6. Where activities result in job creation, both the number and quality of the jobs should be considered.

7. Activities that leverage private investment for the project and/or the surrounding area.
8. Projects that encourage the creation of new businesses that provide important services to the neighborhoods.
9. Activities that reduce business turnover and encourage growth.
10. Activities that reduce blight and create a sound environment for private investment.
11. Projects that do not have a negative impact on the surrounding neighborhoods.
12. Educational programs for school aged children that utilize research based models of service delivery and result in demonstrated improvements in reading, math, language arts, science or social studies.
13. Training programs that build a small business' capacity to create or retain jobs including the use of curriculum that improves financial literacy.
14. Education and Training programs that are done collaboratively between community organizations and educational institutions, and have identified common goals for the specific project for which UDAG funding is sought. An example would be funding programs that are part of the Albuquerque Community/Schools Project (ACSP).

**UDAG Recommendation for Use of Economic Development Funds**

**A total of \$3,050,000 is allocated for economic development with an additional \$600,000 set aside for the Opportunity Fund.**

<b>1. Acquisition and Rehabilitation</b>	<b>\$2,000,000</b>
In areas appropriate for commercial revitalization, make available funds for the purposes of acquisition, demolition, environmental remediation or other rehabilitation of commercial properties that need subsidization to become economically feasible to redevelop. This can include the acquisition of nuisance property to eliminate blight and for future development by public, private, or community-based groups. The activities must result in the creation or retention of jobs.	
<b>2. Physical Improvements</b>	<b>\$800,000</b>
In areas appropriate for commercial revitalization, make available funds for making physical improvements in the Pocket to create a sound environment for private investment. The funds can be used for physical improvements that complement or enhance existing City programs in the public right of way or for making grants, loans or reimbursing appropriate expenses for making improvements to the facades of businesses.	
<b>3. Training and Education</b>	<b>\$250,000</b>
Make available grants or loans for training and educational activities that directly benefit residents of the Pocket.	
<b>TOTAL Appropriation for Economic Development</b>	<b>\$3,050,000</b>

### **Other Non Funded Recommended Strategies for Economic Development**

1. Work with economic development organizations to recruit industrial and other large employers to locate, where appropriately zoned, in the Pocket of Poverty.
2. Develop industrial park sites to attract manufacturing firms.
3. Develop marketing materials that identify all of the possible federal, state and city incentives for locating or expanding in the Pocket.
4. Encourage the organization of more active merchants' associations along commercial corridors.
5. Institute more Business Improvement Districts to provide funding for commercial revitalization.

### **Economic Development Monitoring Standards**

Monitoring Standards to evaluate economic development includes:

1. Separate jobs by created or retained and track number of jobs by full or part-time positions, number of jobs filled by low-mod persons, jobs filled by POP residents, wages paid, benefits provided, job status after 1 year and new business creation/retention/expansion.
2. Track leveraged dollars through linked activities, public/private investment in the POP, business turnover/growth rate, changes in tax base, changes in leased commercial/industrial space, increases/decreases in building permits, demolition and new construction, and monitor POP population changes including school enrollment changes.
3. Educational programs focused on increasing skill levels must utilize City approved pre/post testing.

### **ADDITIONAL USE OF FUNDS FOR HOUSING AND ECONOMIC DEVELOPMENT**

#### **Opportunity Fund**

\$1,000,000

The purpose of this flexible allocation category is to encourage innovation and creativity, provide options that allow for responses to changing and unforeseen priorities, and to offer opportunities for housing and economic development projects that do not fit into the specific funding recommendations described in this plan but that do meet the UDAG fund's priorities and fall within the appropriate categories. Grants to a maximum of \$100,000, for non-profit organizations, or loans, to either non-profits or for-profits, to a maximum of \$200,000 will be offered.

Review criteria for proposals would include, at a minimum, a preferences for mixed-use projects addressing existing housing and/or economic development needs, the proposed activity results in new affordable housing, new business creation or expansion, job creation or improves the environment for public and private investment, demonstrated experience in the proposed activity, leveraging of additional dollars, sustainability of UDAG dollars and documented support from effected neighborhoods.

**Revolving Construction Loan Fund** **\$2,000,000**

The purpose of the fund is to assist housing developers in providing more affordable owner occupied housing in the POP by providing low interest construction loans. Loans may be used for site development, demolition, labor and materials needed for construction, marketing and design/engineering. Loans may not be used to pay existing obligations, buy land or to purchase fixed assets such as heavy equipment. An applicant may seek up to \$1,000,000 per project with loan maturity negotiated on a project by project basis, but cannot, together with all extensions, exceed 24 months. The project should include some degree of private sector debt and risk sharing. An organization may apply multiple times for a loan, however, only one loan may be active at any given time.

The loan fund is the responsibility of DFCS and the Housing and Neighborhood Economic Development Committee. Eligible housing projects must serve low-income families below 80% of the median income for Albuquerque and dedicate at least 50% of the proposed units as affordable. Interest rates are negotiated with the DFCS and any savings must be passed on to the homebuyer as a subsidy.

**Planning and Evaluation** **\$50,000**

These funds will be used for future planning and evaluation activities that will further the goals contained in this document.

**DFCS Administrative Costs @ 3%** **\$195,919**

DFCS has considerable expenses associated with staffing the committee, planning and evaluation, accounting functions, conducting the RFP process, and preparing and monitoring contracts and program services(35 contracts since 1996).

**TOTAL New Appropriation for Additional Uses** **\$3,245,919**

#### **SUMMARY OF TOTAL APPROPRIATION**

<b>Housing</b>	<b>\$2,325,000</b>
<b>Economic Development</b>	<b>\$3,050,000</b>
<b>Revolving Construction Loan Fund</b>	<b>\$2,000,000</b>
<b>Opportunity Fund</b>	<b>\$1,000,000</b>
<b>Planning and Evaluation</b>	<b>\$50,000</b>
<b>DFCS Administration</b>	<b>\$195,919</b>
<b>TOTAL APPROPRIATION</b>	<b>\$8,620,919</b>

]

### **Additional Non Funded Recommended Strategies**

1. Work with City Code Enforcement to target areas for improvement.
2. Strategically use the Nuisance Abatement Ordinance to target criminal activity in the commercial corridors and infill areas of the Pocket.
3. Ensure that strategies for housing, commercial revitalization, job generation, and eliminating blight are incorporated into Neighborhood Action Plans.
4. Form technical teams of city staff responsible for ongoing services in the Pocket to meet on a regular basis and ensure that Neighborhood Action Plans are implemented.
5. Use the Centers and Corridors legislation and the work of the Infill Task Force to identify appropriate sites for infill and work with surrounding neighborhoods to ensure that neighborhood character is protected.
6. Encourage private actions to beautify the neighborhoods and corridors by making available information on appropriate resources for beautification.
7. Work with those neighborhoods with high number of non-conforming uses for appropriate rezoning.

## **APPENDIX 1**

### **POCKET OF POVERTY DEMOGRAPHIC PROFILE**

## Pocket Of Poverty Area – Demographic Profile

Analysis of elements of the 1990 Census data provides a profile of the POP relative to the City of Albuquerque and Bernalillo County as a whole, respectively. The data reflects the following:

### 1. Housing – Table 1

Place	Total Units	# Owner Occupied	%	Median Value	# Renter Occupied	%	Median Rent
POP	26,010	10,907	41.9%	\$65,459	12,494	48.0%	\$382/mo
CABQ	166,870	88,186	57.3%	\$85,900	65,392	39.3%	\$353/mo
BernCo	201,235	185,582	60.7%	\$85,300	72,933	36.3%	\$351/mo

From Table 1, we can make the following observations:

- Of the 26,010 housing units in the POP, 10,907 are owner occupied (41.9% versus 57.3% in the CABQ).
- The median value of a house in the POP in 1990 was \$65,459 versus \$85,900 (76% of median value for CABQ).
- There is a higher percentage of renter occupied units in the POP (48%) than in the City as a whole (39.3%).
- The median monthly rent in the POP is \$282 versus \$353 in the City of Albuquerque.

### 2. Income levels – Table 2

Place	Total Persons	Low/Moderate Income Persons #	%	Per Capita Income	Total Hseholds	# in Hseholds	Persons Per Hsehold	Median Hsehold Income
POP	47,993	33,898	62.8%	\$9,230	26,647	56,438	2.10	\$16,497
CABQ	372,395	140,460	38.1%	\$14,013	153,818	378,697	2.46	\$27,555
BernCo				\$13,594	185,582	473,263	2.55	\$27,382

From Table 2, we can make the following observations:

- Of the 47,993 persons living in the POP, 33,898 are low to moderate income (62.8% versus 38.1% in CABQ).
- Per Capita Income in the POP was \$9,230 versus \$14,013 in the City of Albuquerque and \$13,594 in Bernalillo County. (POP Per Capita Income is 66% of City as a whole).
- Median Household Income in the POP was \$16,497 versus \$27,555 in the City of Albuquerque and \$27,382 in Bernalillo County (POP Median Household Income is 60% of City as a whole).
- The average household size in the POP was 2.10 versus 2.46 in City of Albuquerque and 2.55 in Bernalillo County.
- There were 26,010 housing units in the POP (see Table 1) and 26,647 households (see Table 2). In the City of Albuquerque there were 166,870 housing units and 153,818 households. In Bernalillo County, there were 201,235 housing units and



185,582 households. **NOTE:** There are more households than units in the POP. This could mean that households in the POP are doubling up for economic reasons, it could mean that there are more intergenerational households based on cultural preferences, it could mean both or there may be other reasons. Further research could be done to determine whether the cause warrants a programmatic response by the UDAG Committee.

**3. Age Data – Table 3**

Place	Total Population	% Under 5	% 5-17	% 18-54	% 55-64	%65+
POP	58,324	7.7%	17.2%	56.8%	6.9%	11.3%
CABQ	384,736	7.4%	17.6%	55.9%	7.9%	11.1%
BernCo	480,577	7.7%	18.4%	55.5%	7.9%	10.5%

From Table 3, we can make the following observations:

- a. The age breakdown data for the POP for ages 0-17 (14,523 persons) and 65+ (6,586 persons) show a .3% or less difference relative to the City of Albuquerque as a whole.
- b. In the POP, 56.8% of the population (33,128 persons) was 18-54 (versus 55.9% in CABQ) in 1990 which means they are 28-64 in 2000.
- c. In the POP, 6.9% of the population (4,037) was 55-64 (versus 7.9% in CABQ) in 1990 which means they are 65+ in 2000.
- d. The percentage of people in the POP between 18-64 in the 1990 Census is very similar to the percentage of that population in the City of Albuquerque as a whole.
- e. There were over 10,000 people in the 5-17 age group. In 2,000 they moved into the 15-27 age group and some of the persons may have become homeowners in the POP.
- f. There were over 4,000 persons in the 55-64 age group in 1990. They are now 65+.

**4. Home Owners 65+, Age of Housing - Table 4**

Place	Owner Occupied	# Owners 65+	%	# Housing Units	# Built Before 1970	%
POP	10,907	3,346	31%	26,010	19,534	75%
CABQ	88,186			166,870	77,757	47%
BernCo	185,582			201,233	94,458	47%

From Table 4, we can make the following observations:

- a. Of the 10,907 owner occupied units in the POP, 3,346 (31%) of those units were owned by persons 65+.
- b. If you add the owner occupants who were 55-64 in 1990 (1,897 persons) and who are now 65+, 49% of the units (5,243) in 2000 are owned by persons 65+. That assumes that all of the 65+ homeowners in 1990 still own their homes. It also does

not take into account how many new homeowners under 65 entered the homeowner market.

- c. 75% of the housing units in the POP were built before 1970 versus 47% in CABQ and Bernalillo County.

Between January 1, 1997 and December 31, 2000, 40% (102) of the housing units rehabilitated under the City's Housing Rehabilitation Program were in the POP. Depending on how many of the new 65+ age group continue to live in the POP in 2000 and are homeowners, the need for housing rehab may be increasing. Additionally, the need for reverse equity mortgages may be increasing. Reverse equity mortgages are a special type of mortgage for persons over age 62 who have equity in their homes and who need to turn some of their equity into income so they can meet their everyday costs of living. Reverse equity mortgages can also be a neighborhood preservation tool. Funds from the reverse equity mortgage could be used to make necessary repairs on the home thereby maintaining or increasing its value. In order to be considered by lending institutions for these HUD insured mortgages, a family is required to receive a special type of counseling called Home Equity Conversion Mortgage (HECM) counseling. Currently, there is only one organization in Albuquerque providing this counseling.