

## **Housing Forward Fund - FY24 Report**

On June 6, 2022, the Albuquerque City Council amended the Adopted Capital Implementation Program of the City of Albuquerque by approving new projects from the proceeds of the City's Gross Receipt Tax Improvement Revenue Bond Series 2022. One such project appropriated \$20,000,000 for Affordable Housing.

In accordance with Council Resolution R-23-177, the City's Department of Family and Community Services (FCS) reports the following progress on all projects allocated funding from its ***Housing Forward Fund*** (Fund' 305-Misc.' Activity #7272040).

On December 4, 2023, City Council approved R-23-193, to make adjustments for Fiscal Year 2023 appropriations, which included an additional \$3,000,000 for the Housing Forward Fund. Therefore, the ***Housing Forward Fund*** amount appropriated for use is **\$23,000,000**. The following descriptions provide information about how the funding has been allocated to affordable housing initiatives, to date.



### ***SureStay Motel/Los Altos Lofts Conversion – \$6,000,000 Housing Forward Fund***

On April 10, 2023, the City of Albuquerque acquired the **SureStay** motel property for the purpose of converting the hotel rooms into affordable housing units. The property was acquired for \$5,700,000 (utilizing \$2.85M of HUD CDBG-CV and \$2.85M of State ARPA-Casa Connection funding). The conversion from a motel into apartment units is currently budgeted at \$6,000,000 from the ***Housing Forward Fund***. Once complete, the approximate \$11.7 Million project will have no debt service, allowing it to operate based on the revenue generated from rental income.

Following the acquisition, the City contracted 24/7 on-site security and installed fencing around the perimeter of the property. On May 12, 2023, an architect was given the NTP to begin preliminary design. On June 1, 2023, a general contractor was given the NTP to begin evaluating structures. Architect provided 35% Construction Documents and Contractor had an electrical load study completed.

FCS contracted with Monarch Properties to carryout day-to-day management and begin working on leasing policies and property management once the construction is complete. Additionally, the Architect and General Contractor evaluated the SureStay property and identified necessary

improvements to convert the motel into housing. The Contractor completed the exploratory demolition work necessary to provide details to the architect and identify any environmental issues. Instances where mold was identified was abated. Architect/Contractor collaboration resulted in the completion of 100% Construction Documents, designing the 104-room motel into 90-units of Affordable Housing with kitchenettes (as allowed under the 2022 amendment to the City's IDO). Where there were adjoining rooms, those will now be converted into one-bedroom units. The final unit mix is 7 studios, 69 efficiencies, and 14 1-bedroom units. The property also retained the indoor swimming pool as an amenity for the future residents.

Building Permit for the renamed **Los Altos Lofts** was obtained in mid-November 2023 and the project is currently under construction. The project will be completed in a phased approach, with the first round of units to be put online by spring 2024 and all units planned to be completed by summer 2024. The property will have rents set at \$700-\$900 per month (depending on unit size) and will include utilities. Monarch will have a property manager on-site, along with a services coordinator, and maintenance staff.



### **2023 Request for Proposal (RFP-2023-413-FCS-RG) - \$8,000,000 Housing Forward Fund**

On February 19, 2023, FCS released the *Affordable Rental Housing Request for Proposal Utilizing GRT Funding for 4% LIHTC Project (RFP-2023-413-FCS-RG)*, to provide up to **\$8,000,000** of local Gross Receipts Tax (GRT) Funds, towards the new construction and/or rehabilitation of a multi-family, affordable rental housing development within the Albuquerque city limits.

FCS utilized the City's eProcurement system for this RFP and received four (4) proposals, which were distributed to the Ad Hoc Committee. Each committee member reviewed the proposals individually. On August 21, 2023, the Ad Hoc Committee reviewed the final scores for each project. There was a consensus of the Committee of the final scoring averages with the highest score prevailing.

The project awarded was an application submitted by YES Housing, Inc., titled **West Mesa Ridge**, a new construction project, located at 701 Coors NW, that includes a total of 128 affordable housing units and is the first of three phases of a large, mixed-use development. All units in Phase 1 will be restricted at 60% of the Area Median Income (AMI) or below, including 19 Units restricted at 50% AMI or below and 13 units restricted at or below 30% AMI. The units will include 1, 2, and 3 bedrooms to serve families with larger households, including (34)

1-bedroom, (46) 2-bedroom one-bathroom, (24) two-bedroom two-bathroom units, and 24 three-bedroom two-bathroom units. The West Mesa Ridge project requested \$8,000,000 as the *local contribution* to apply for 4% Low Income Housing Tax Credits (LIHTC) from the New Mexico Mortgage Finance Authority (MFA) in 2024.

On August 24, 2023, YES Housing was notified of its successful application. Since then, FCS has drafted a Development Agreement, which is under negotiation with the YES Housing. The West Mesa Ridge Development Agreement will be sent as an *Executive Communication* to City Council for its review and approval in FY24.



#### **Quality Suites Acquisition/Conversion - \$5,761,839 *Housing Forward Fund***

On February 23, 2023, FCS released a Request for Information (RFI) to have property owners submit information on any hotel/motel properties that they may be interested in selling to the City for converting into housing units. The RFI garnered 15 responses of which, FCS evaluated based on priority criteria. The **Quality Suites**, located at 1501 Gibson SE, ranked the highest among properties in response to the RFI, due to its larger suites, most of which have kitchenettes. A letter of offer for \$5,300,000 (based on appraised value), was accepted by the property owner on February 29, 2024. The City is currently in its due diligence period and conducting inspections. FCS has also budgeted \$461,839 of *Housing Forward Funding* for inspections, any necessary improvements, and/or additional requirements that must be addressed for the conversion to residential use.

#### **RFP: Commercial Property to Housing Conversion - \$3,000,000 *Housing Forward Fund***

Over the past six months, FCS has collaborated with the City's Metropolitan Redevelopment Agency (MRA) to discuss new opportunities to create housing using resources from both departments. The idea of providing incentives for developers to convert commercial properties into residential became the focus, as there are a number of underutilized properties throughout the city. The incentive will be in the form of a subsidy to ensure that there are a percentage of affordable units within any awarded conversion project. This RFP released March 14, 2024, provides \$4,000,000, including \$1,000,000 from the MRA.

PROJECT	HOUSING UNITS CREATED	HOUSING FORWARD FUND AMOUNT
SureStay Motel/Los Altos Lofts Conversion	90	\$6,000,000
RFP: West Mesa Ridge Apartments	128	\$8,000,000
Quality Suites Acquisition/Conversion	73	\$5,761,839
RFP: Commercial to Residential Conversion	TBD	\$3,000,000
Indirect Overhead	N/A	\$238,161
Total	291	\$23,000,000