

341  
**City of Las Cruces**<sup>®</sup>  
 PEOPLE HELPING PEOPLE

**Council Action and Executive Summary**

Item # 15 Ordinance/Resolution# 11-161 Council District: 4

For Meeting of January 18, 2011

(Adoption Date)

**TITLE:** A RESOLUTION APPROVING COMMITMENT OF PROGRAM YEAR 2011 HOME FUNDS TO A FEDERAL LOW INCOME HOUSING TAX CREDIT (LIHTC) PROJECT FOR AFFORDABLE HOUSING TO BE LOCATED AT 575 S. ALAMEDA BLVD.

**PURPOSE(S) OF ACTION:** Commitment approval of Program Year (PY) 2011 HOME funds for a Federal Low Income Housing Tax Credit project.

<b>Drafter and Staff Contact:</b> Jan Lauterbach <i>JL</i>		<b>Department:</b> Community Development <i>MD</i>		<b>Phone:</b> 528-3134	
<b>Department</b>	<b>Signature</b>	<b>Phone</b>	<b>Department</b>	<b>Signature</b>	<b>Phone</b>
Department Director	<i>DW</i>	528-3066	Budget	<i>Richard [unclear]</i>	541-2107
Other			Assistant City Manager	<i>[Signature]</i>	541-2271
Legal	<i>[Signature]</i>	541-2128	City Manager	<i>[Signature]</i>	541-2076

**BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:** The Cranston-Gonzales National Affordable Housing Act (NAHA) of 1990 created the HOME Investment Partnerships Program (HOME). The City of Las Cruces, as a recipient of HOME funding, desires to provide funds in accordance with the goals of the City's 2006-2010 Consolidated Plan which outlines affordable housing and community development needs. The Neighborhood Services Section of the Community Development Department advertises its Letter of Intent to apply for funding each program year. For Program Year 2011 (City Fiscal Year 2012) staff received a total of eleven (11) Letters of Intent to apply for funding and one (1) application to use HOME funding for a Federal Low Income Housing Tax Credit (LIHTC) project to be located at 575 S. Alameda Blvd. Applications for LIHTC projects were due December 15, 2010, and applications for Non-LIHTC projects are not due until January 14, 2011.

The Supportive Housing Coalition of New Mexico is seeking \$250,000.00 for a 60-unit affordable housing project located at the vacant City Office Center site on the corner of Alameda and Lohman having a street address of 575 S. Alameda Blvd. The development will be comprised of studio and one-bedroom units and will serve mixed-income households at 60% or less than the area medium income (AMI). This commitment of funding is contingent upon the Supportive Housing Coalition accepting the terms of the City of Las Cruces' established HOME and CDBG Multi-family Rental Loan Policies.

The Federal Low Income Housing Tax Credit (LIHTC) funding process requires that agencies applying for tax credit funding must apply with the New Mexico Mortgage Finance Authority

(MFA). In order to secure funding for the projects and meet MFA's LIHTC application deadline (February 1, 2011), the agencies applying for funding of their projects request a commitment of City's HOME funds to their projects be made prior to January 31, 2011.

For Program Year 2011, staff anticipates receiving HOME entitlement funds of approximately \$535,000.00 plus an estimated \$45,000.00 in program income. The total estimated amount will be reduced by 10% for administration expenses, 15% for mandatory Community Housing Development Organizations (CHDO) set aside, and 5% for CHDO operating, leaving a balance of approximately \$419,500.00 for all Non-CHDO activities.

The breakdown of estimated calculations is:

Estimated Entitlement = \$535,000.00	Program Income = \$45,000.00	Total = \$580,000.00
HOME Admin. Fees (10% of Entitlement Amt.)		= \$ 53,500.00
CHDO Operating ( 5% of Entitlement Amt.)		= \$ 26,750.00
CHDO Set Aside ( 15% of Entitlement Amt.)		= \$ 80,250.00
Amount available for Non-CHDO activities		= \$419,500.00
Amount available for all activities (\$419,500.00+\$80,250.00)		=\$499,750.00

Staff has received the Supportive Housing Coalition of New Mexico's application for HOME funding in the amount of \$250,000.00 for their LIHTC project. Based on the preliminary review of the request and anticipated entitlement amount, staff is in the position to recommend to Council to support the request for \$250,000.00 for the LIHTC project proposed by the Supportive Housing Coalition of New Mexico. The Neighborhood Services Section normally tries to alternate funding years between multi-family and single family projects. PY 2011 is a multi-family year for funding. Staff did impose a \$250,000.00 limit on the applications to enable funding to be provided to more than one organization.

Also, as previously noted, funding to the project is contingent upon adherence to the City of Las Cruces CDBG and HOME Multi-family Rental Loan Policies. **City Staff is not supportive of this allocation if the HOME funds are not provided to the project as a loan, as required by adopted City policies.** Staff is in a position to support a modification in the loan terms to make the financing work for the project, but it should be done as a repayable loan. The City policy for CDBG and HOME multi-family rental projects was established to maintain long-term viability of the two programs by ensuring guaranteed revenue streams (program income) in the future. Also, all other LIHTC projects previously funded with City HOME funds have been made in the form of loans with payback of the principal and interest.

Although the recommendation is at the discretion of Council, the proposed resolution is written to recommend funding to the Supportive Housing Coalition of New Mexico LIHTC project. Other options to Council which would require an amendment to the proposed Resolution, are:

1. Fund the project at a lesser or greater amount than requested, or
2. Not to fund the project.

**SUPPORT INFORMATION:**

1. Resolution

**SOURCE OF FUNDING:**

<b>Is this action already budgeted?</b>	Yes	<input type="checkbox"/>	See fund summary below
	No	<input checked="" type="checkbox"/>	If No, then check one below:
	<i>Budget Adjustment Attached</i>	<input type="checkbox"/>	Expense reallocated from:
		<input checked="" type="checkbox"/>	Proposed funding is from a new revenue source ( <b>FY2012 HUD HOME Funds</b> )
	<input type="checkbox"/>	Proposed funding is from fund balance in the _____ Fund.	
<b>Does this action create any revenue?</b>	Yes	<input type="checkbox"/>	Funds will be deposited into this fund: _____ in the amount of \$_____.
	No	<input checked="" type="checkbox"/>	There is no new revenue generated by this action.

**FUND EXPENDITURE SUMMARY:**

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
Community Development Fund (Fund 2000)- HOME Portion FY 2012	TBD	\$250,000.00	Approximate \$580,000.00	\$330,000.00	Regular HOME activities

**OPTIONS / ALTERNATIVES:**

1. Vote "Yes"; this will approve the Resolution authorizing commitment of PY 2011 HOME funds to the Supportive Housing Coalition of New Mexico for the LIHTC project to be located at 575 S. Alameda Blvd. providing 60 affordable housing units.
2. Vote "No"; this will deny the Resolution authorizing the commitment of PY 2011 HOME funds to the LIHTC project proposed by the Supportive Housing Coalition of New Mexico.
3. Vote to "Amend"; this could provide more or less funding to the LIHTC project.
4. Vote to "Table"; this could negatively affect the projects tax credit funding and the overall financing for the project.

**REFERENCE INFORMATION**

The resolution(s) and/or ordinance(s) listed below are only for reference and are not included as attachments or exhibits.

1. Resolution 08-169 - Approving the City's HOME & CDBG Multi-family Rental Loan Policies

RESOLUTION NO. 11-161**A RESOLUTION APPROVING COMMITMENT OF PROGRAM YEAR 2011 HOME FUNDS TO A FEDERAL LOW INCOME HOUSING TAX CREDIT (LIHTC) PROJECT FOR AFFORDABLE HOUSING TO BE LOCATED AT 575 S. ALAMEDA BLVD.**

The City Council is informed that:

**WHEREAS**, the Cranston-Gonzalez National Affordable Housing Act (NAHA) of 1990 created the HOME Investments partnerships Program (HOME); and

**WHEREAS**, the City of Las Cruces, as a recipient of HOME funding, desires to provide funding in accordance with the goals of the City's 2006-2010 Consolidated Plan which outlines affordable housing and community development needs; and

**WHEREAS**, the City of Las Cruces has received Letters of Intent to apply and an application for PY 2011 HOME funding for a multi-family Federal Low Income Housing Tax Credit (LIHTC) project located at 575 S. Alameda Blvd. that will provide 60 units of affordable housing for households earning 60% or less than the area medium income (AMI).

**WHEREAS**, the City of Las Cruces desires to commit anticipated PY 2011 HOME funding to the Supportive Housing Coalition of New Mexico enabling them to secure financing for the project located at 575 S. Alameda Blvd. and meet the Tax Credit application deadline with the New Mexico Mortgage Finance Authority (MFA); and

**WHEREAS**, in order to comply with the regulatory requirements of the HOME Investment Partnerships Program (HOME), the City must execute an agreement with the Supportive Housing Coalition of New Mexico when anticipated funding is released at a future date.

**NOW, THEREFORE**, Be it resolved by the governing body of the City of Las Cruces:

(I)

THAT the City of Las Cruces hereby commits future PY 2011 HOME funds to the Supportive Housing Coalition of New Mexico in the amount of \$250,000.00.

(II)

THAT the Supportive Housing Coalition of New Mexico does hereby accept the terms of the City of Las Cruces' established HOME and CDBG Multi-family Rental Loan Policies.

(III)

THAT the City Manager, as the official representative of the City, is hereby authorized to sign all commitment documents on the City's behalf as it relates to this Resolution.

(IV)

THAT City staff is hereby authorized to do all deeds necessary in the accomplishment of the herein above.

DONE and APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2011.

APPROVED:

(SEAL)

\_\_\_\_\_  
Mayor

ATTEST:

VOTE:

\_\_\_\_\_  
City Clerk

Mayor Miyagishima: \_\_\_\_\_

Councillor Silva: \_\_\_\_\_

Councillor Connor: \_\_\_\_\_

Moved by: \_\_\_\_\_

Councillor Pedroza: \_\_\_\_\_

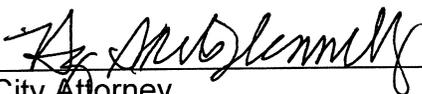
Councillor Small: \_\_\_\_\_

Seconded by: \_\_\_\_\_

Councillor Sorg: \_\_\_\_\_

Councillor Thomas: \_\_\_\_\_

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney