

City of Las Cruces®

PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 3 Ordinance/Resolution# 13-103

For Meeting of _____
(Ordinance First Reading Date)

For Meeting of January 22, 2013
(Adoption Date)

Please check box that applies to this item:

QUASI JUDICIAL LEGISLATIVE ADMINISTRATIVE

TITLE: A RESOLUTION APPROVING THE ALLOCATION OF PROGRAM YEAR (PY) 2013 HOME FUNDS TO A FEDERAL LOW INCOME HOUSING TAX CREDIT (LIHTC) PROJECT FOR AN AFFORDABLE HOUSING MULTI-FAMILY DEVELOPMENT.

PURPOSE(S) OF ACTION:

Approve allocation of funds.

COUNCIL DISTRICT: 3		
<u>Drafter/Staff Contact:</u> Jan Lauterbach	<u>Department/Section:</u> Community Development / Planning & Neighborhood Services	<u>Phone:</u> 528-3134
<u>City Manager Signature:</u>		

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS:

The Cranston-Gonzalez National Affordable Housing Act (NAHA) of 1990 created the HOME Investments Partnerships Program (HOME). The City of Las Cruces, as a recipient of HOME funding, desires to provide funds in accordance with the goals in the City's 2011-2015 Consolidated Plan which outlines affordable housing and community development needs. The Housing and Family Services section of the Community Development Department advertised its Letter of Intent to apply for funding for the next program year. For PY 2013 (City Fiscal Year 2014), staff received a total of three (3) Letters of Intent to apply for funding, including two (2) applications to use HOME funding for Federal Low Income Housing Tax Credit (LIHTC) projects.

An overview of the two LIHTC applications are listed below, including the applicant, project name and location, and amount of HOME funds requested:

- 1) Mesilla Valley Public Housing Authority - West Wind Terrace, 1310 Pecos St., \$200,000.00
- 2) Tierra Del Sol Housing Corporation - Crosstown Station, 1053 Hayner, \$250,000.00

The HOME funds requested will be used as gap financing for the development of multi-family affordable housing units.

The LIHTC funding process requires that agencies must apply with the New Mexico Mortgage Finance Authority (MFA) to be eligible for tax credit funding. In order to meet MFA's LIHTC application deadline, agencies are requesting an allocation of HOME funds from the City be made prior to January 31, 2013.

For Program Year 2013, staff anticipates receiving HOME funds totaling approximately \$320,000.00, plus an estimated \$40,000.00 in program income. Based on federal regulations, the total estimated amount will be reduced by the following percentages: 10% for administration fees; 15% for Community Housing Development Organization (CHDO) set aside; and 5% for CHDO operations. These deductions will leave a balance of approximately \$264,000.00 to fund non-CHDO activities.

The breakdown of estimated calculations is:

Estimated Funding (\$320,000.00) + Program Income (\$40,000.00)	\$360,000.00
HOME Admin. Fees (10% of Total Amt.)	– 32,000.00
CHDO Operating Funds (5% of Total Amt.)	– 16,000.00
CHDO Set Aside Funds (15% of Total Amt.)	<u>– 48,000.00</u>
TOTAL estimated amount available for Non-CHDO activities	\$264,000.00

Based on a review of the requests and anticipated funds, the following is an ordered list of staff's recommendation to Council:

1. Staff recommends their support to Council for the request of PY 2013 HOME funds in the amount of \$200,000.00 for the LIHTC project West Wind Terrace, proposed by Mesilla Valley Public Housing Authority (MVPHA). This recommendation to provide an allocation of HOME funds is subject to the project being included in the initial LIHTC allocation pool by MFA. Staff supports MVPHA's proposed project because: 1) It rehabilitates an existing multi-family structure in addition to providing new structures; and 2) 100% of the new and rehabilitated units will be allocated to low- and moderate-income families. The remaining Non-CHDO funds in the amount of \$64,000.00 along with CHDO funds of \$48,000.00 will be allocated in a future agreement with Mesilla Valley Habitat for Humanity for construction of single family affordable housing units.
2. If the project is not included in MFA's initial allocation pool, City staff will pursue other projects for submission to City Council as part of the PY 2013 Action Plan approval process (May 6, 2013).

Staff does not support a recommendation at this time to fund Tierra Del Sol Housing Corporation's proposed project Crosstown Station due to concerns with development capacity of the organization as it relates to outstanding and/or delayed HOME/CDBG projects in which the City has already invested funds from previous program years (see Attachment "A").

SUPPORT INFORMATION:

1. Resolution.

2. Attachment "A", Letter to Tierra Del Sol Housing Corporation, dated January 4, 2013.

SOURCE OF FUNDING:

Is this action already budgeted?	Yes	<input type="checkbox"/>	See fund summary below
	No	<input checked="" type="checkbox"/>	If No, then check one below:
	Budget Adjustment Attached	<input type="checkbox"/>	Expense reallocated from: _____
		<input checked="" type="checkbox"/>	Proposed funding is from a new revenue source (i.e. grant; see details below)
		<input type="checkbox"/>	Proposed funding is from fund balance in the _____ Fund.
Does this action create any revenue?	Yes	<input checked="" type="checkbox"/>	Funds will be deposited into this fund: <u>2000</u> in the amount of <u>\$200,000.00</u> for FY <u>2014</u> .
	No	<input type="checkbox"/>	There is no new revenue generated by this action.

BUDGET NARRATIVE

This is to allocate a future award of HOME funds that are to be available to the City for FY2014. Action taken through this Resolution has no impact to the current City FY2013 budget. The FY2014 budget will reflect any actions authorized by Council in this Resolution.

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
N/A	N/A	N/A	N/A	N/A	N/A

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this action will approve the Resolution authorizing the allocation of PY 2013 HOME funds in the following manner:
 - I. \$200,000.00 for the LIHTC project West Wind Terrace, proposed by Mesilla Valley Public Housing Authority (MVPHA). This recommendation to provide an allocation of HOME funds is subject to the project being included in the initial LIHTC allocation pool by MFA.
 - II. If the project is not included in MFA's initial allocation pool, City staff will pursue other projects for submission to City Council as part of the PY 2013 Action Plan approval process (May 6, 2013).
2. Vote "No"; this will deny the Resolution authorizing the allocation of PY 2013 HOME funds to a LIHTC project for the development of a multi-family rental housing complex.
3. Vote to "Amend"; possible options to Council which would require an amendment to the

proposed Resolution are:

- I. Fund the project at a lesser amount than requested.
 - II. Not to fund the project.
 - III. Fund another or additional project.
4. Vote to "Table"; this action would prevent the proposed project(s) from receiving an allocation of HOME funds from the City in time for their LIHTC application deadline to the Mortgage Finance Authority.

REFERENCE INFORMATION:

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

1. N/A

RESOLUTION NO. 13-103**A RESOLUTION APPROVING THE ALLOCATION OF PROGRAM YEAR (PY) 2013 HOME FUNDS TO A FEDERAL LOW INCOME HOUSING TAX CREDIT (LIHTC) PROJECT FOR AN AFFORDABLE HOUSING MULTI-FAMILY DEVELOPMENT.**

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 2011-2015 Consolidated Plan which outlines affordable housing and community development needs; and

WHEREAS, the City of Las Cruces has received two (2) applications for PY 2013 HOME funding for Federal Low Income Housing Tax Credit (LIHTC) development projects located at 1053 Hayner (Tierra Del Sol Housing Corporation) and 1310 Pecos St. (Mesilla Valley Public Housing Authority) that will provide affordable housing rental units for low-income families; and

WHEREAS, the City of Las Cruces desires to allocate anticipated PY 2013 HOME funding in the amount of \$200,000.00 requested by the Mesilla Valley Public Housing Authority (MVPHA), provided their project is included in the initial allocation pool for tax credit funding by the Mortgage Finance Authority (MFA); and

WHEREAS, if the MVPHA project is not awarded tax credit funding through MFA, City staff will pursue other projects for submission to City Council as part of the PY 2013 Action Plan approval process (May 6, 2013); and

WHEREAS, approval of the Resolution, as written, allocating HOME funds to a tax credit project enables the agency submitting a tax credit application and financing for their project to 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 Mesilla Valley Public Housing Authority when anticipated funding is released at a future date or pursue future funding opportunities.

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

(I)

THAT the City of Las Cruces hereby allocates future PY 2013 HOME funds in the following manner:

- I. \$200,000.00 for the LIHTC project West Wind Terrace, proposed by Mesilla Valley Public Housing Authority (MVPHA). This recommendation to provide an allocation of HOME funds is subject to the project being included in the initial LIHTC allocation pool by MFA.
- II. If the project is not included in the MFA's initial allocation pool, City staff will pursue other projects for submission to City Council as part of the PY 2013 Action Plan approval process (May 6, 2013).

(II)

THAT Mesilla Valley Public Housing Authority does hereby accept the terms of the City of Las Cruces' established HOME Multi-family Rental Loan Policies.

(III)

THAT the Assistant City Manager/Chief Operating Officer, as the official representative of the City, is hereby authorized to sign all allocation 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 _____, 2013.

APPROVED:

Mayor

ATTEST:

City Clerk

(SEAL)

Moved by: _____

Seconded by: _____

APPROVED AS TO FORM:



City Attorney

VOTE:

- Mayor Miyagishima: _____
- Councillor Silva: _____
- Councillor Smith: _____
- Councillor Pedroza: _____
- Councillor Small: _____
- Councillor Sorg: _____
- Councillor Thomas: _____



January 4, 2013
L-13-004

Rose Garcia, Executive Director
Tierra Del Sol Housing Corporation
210 E. Idaho
Las Cruces, NM 88005

RE: City of Las Cruces HOME Application for Program Year 2013

Dear Ms. Garcia:

We have received your HOME Application for Program Year 2013. The HOME application requested total funding in the amount of \$250,000.00 for the proposed Crosstown Station, a multi-family rental development tax credit project. The funding request of \$250,000.00 is in the form of a forgivable loan for gap financing. The application also requested \$50,000.00 for CHDO operating funds.

City staff has reviewed the application and decided not to recommend support for the funding request to City Council (January 22, 2013 meeting) at this time. This decision is based on the following concerns: 1) The application letter notified agencies that the City was limiting applications for HOME funds to \$200,000.00 per project; and 2) The development capacity of the organization as it relates to outstanding and/or delayed HOME/CDBG-assisted projects in which the City has already invested funds from previous program years. The Department of Housing and Urban Development (HUD) has set deadlines for the disbursement of HOME/CDBG funds and project completion dates. Since the City-assisted projects have not been completed in a timely manner, we are at risk of having to return the funds to HUD.

The outstanding HOME/CDBG-assisted projects Tierra Del Sol Housing Corporation, the City has provided funds to are:

Program Year 2009 HOME- \$100,302.00, 5 lots in Paseo Del Oro Phase 3 subdivision
Program Year 2010 HOME- \$170,392.00, 10 lots in Paseo Del Oro Phase 3 subdivision
Program Year 2011 HOME- \$75,000.00, 10 lots in Paseo Del Oro Phase 2 subdivision
Program Year 2011 CDBG - \$40,000.00, at least 4 homes scattered site homes
Program Year 2012 HOME- \$235,007.00, acquisition and new construction of several owner-occupied units.
NSP1 Funds – 2 homes pending close, at least 1 of which is problematic

Program Year 2009 and 2010 HOME funds for the 15 units in the Paseo Del Oro Phase 3 subdivision. This project is pending.

Program Year 2011 HOME funds in the amount of \$75,000.00 are dedicated for down payment assistance for 10 homes at \$7,500.00 each. The City does acknowledge that one home is ready to close. The other 9 are pending.

Program Year 2011 CDBG funds in the amount of \$40,000.00 are allocated for re-roofing of at least 4 scattered site owner-occupied units. These projects are pending.

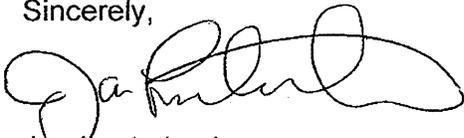
Program Year 2012 HOME funds in the amount of \$235,007.00 are allocated for acquisition and new construction of owner-occupied units at scattered sites to be identified. These projects are pending.

NSP1 projects have two homes under lease to purchase agreements and the closing status is unknown and has not been communicated to staff on a regular basis. The Montes household is uncertain as to closing, if at all, and may be subject to relocation expenses at the end of the lease period in April 2013. Up-to-date status is necessary to ensure these projects move forward.

With the above identified projects pending, City staff is not recommending support of an additional project utilizing HOME or CDBG funds to City Council at this time. We look forward to working with your organization on the forward progress of the above mentioned projects for completion in a timely manner and in conjunction with HUD deadlines for completion.

If you have any questions, please contact either myself at 528-3134, Andy Hume at 528-3048, or David Dollahon at 528-3060.

Sincerely,



Jan Lauterbach
Housing Development Coordinator

cc: Vera Zamora, Acting Senior Planner
David Dollahon, Chief Planning Administrator
David Weir, Community Development Director
Brian Denmark, Assistant City Manager/COO
Robert Garza, City Manager

