

City of Las Cruces[®]

PEOPLE HELPING PEOPLE

Council Action and Executive Summary

Item # 1

Ordinance/Resolution# 13-109

For Meeting of _____
(Ordinance First Reading Date)

For Meeting of January 29, 2013
(Adoption Date)

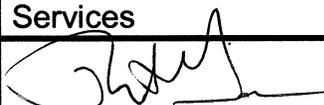
Please check box that applies to this item:

QUASI JUDICIAL LEGISLATIVE ADMINISTRATIVE

TITLE: A RESOLUTION APPROVING A BUDGET ADJUSTMENT TO THE CITY ADOPTED FISCAL YEAR 2013 BUDGET FOR AN AFFORDABLE HOUSING PROJECT.

PURPOSE(S) OF ACTION:

Approve budget adjustment to FY13 budget.

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:

At their January 22, 2013 regular meeting, City Council provided direction to City staff to allocate funds to support a Low Income Housing Tax Credit (LIHTC) project submitted by Tierra Del Sol Housing Corporation, known as Crosstown Station. Funds in the amount of \$200,000.00 will be transferred from the City's Vehicle Acquisition Fund (Fund 1200) to an account set up in the Affordable Housing Trust Fund (Fund 2013) and allocated specific to this project.

The Affordable Housing Trust Fund, Fund 2013, was established for the purpose of creating affordable housing. The City has adopted an ordinance within Chapter 13 of the Municipal Code to create the local Affordable Housing Trust Fund. However, formal procedures have not been established by the Affordable Housing Trust Fund and Land Bank Advisory Committee, nor have the procedures been adopted by the City Council. Further, the Affordable Housing Trust Fund ordinance prescribes that at least 50% of the funds allocated from the fund must be made in the form of a loan; therefore, City staff is proposing that the funds be made as a loan to the project. This is in keeping with what would be done for a similar allocation and project from the City's HOME Program.

As formal procedures are not in place at this time, City staff is proposing to use the rental loan policies from the City's HOME Program for multi-family projects as outlined in Exhibit "B", with the exception of the loan interest rate. As such, the funds provided to this project will be

provided in the form of a loan, at an interest rate to be negotiated by City staff and the developers, and the repayment of the loan will be reinvested in the local Affordable Housing Trust Fund.

Actual use and disbursement of the funds will be outlined within an agreement to be developed by City staff and to be approved by City Council at a to-be-determined future City Council meeting. The future agreement to be developed is subject to the project receiving tax credit funding from New Mexico Finance Authority.

SUPPORT INFORMATION:

1. Resolution.
2. Exhibit "A", Proposed Budget Adjustment.
3. Exhibit "B", HOME & CDBG Multi-family Rental Loan Policy.

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 type="checkbox"/>	Funds will be deposited into this fund: in the amount of _____ for FY _____.
	No	<input checked="" type="checkbox"/>	There is no new revenue generated by this action.

BUDGET NARRATIVE

This is to approve a budget transfer from the Vehicle Acquisition Fund (1200) to the Affordable Housing Trust Fund (2013) for the Crosstown Station Low Income Housing Project proposed by Tierra del Sol Housing Corporation.

FUND EXPENDITURE SUMMARY:

Fund Name(s)	Account Number(s)	Expenditure Proposed	Available Budgeted Funds in Current FY	Remaining Funds	Purpose for Remaining Funds
Affordable Housing Trust Fund (Fund 2013)	20130010-722910-11901	\$200,000.00	\$200,000.00*	\$0	N/A
* Pending Budget Adjustment Approval					

OPTIONS / ALTERNATIVES:

1. Vote "Yes"; this action will approve the Resolution authorizing a budget adjustment to the City's Fiscal Year 2013 budget for an affordable housing project.
2. Vote "No"; this will deny the Resolution authorizing the budget adjustment to the City's fiscal Year 2013 Budget for an affordable housing project.
3. Vote to "Amend"; this direction would come from Council.
4. Vote to "Table"; this action would result in the project application submission to the Mortgage Finance Authority without conclusive City support.

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. 13-109

A RESOLUTION APPROVING A BUDGET ADJUSTMENT TO THE CITY ADOPTED FISCAL YEAR 2013 BUDGET FOR AN AFFORDABLE HOUSING PROJECT.

The City Council is informed that:

WHEREAS, at the January 22, 2013 regular meeting, City Council provided direction to City staff to allocate funds to support a Low Income Housing Tax Credit (LIHTC) project submitted by Tierra Del Sol Housing Corporation, known as Crosstown Station; and

WHEREAS, funds in the amount of \$200,000.00 will be transferred from the City's Vehicle Acquisition Fund to an account set up in the Affordable Housing Trust Fund and allocated specific to this project; and

WHEREAS, the City adopted an ordinance within Chapter 13 of the Municipal Code to create the local Affordable Housing Trust Fund and Land Bank; and

WHEREAS, the Affordable Housing Trust Fund ordinance prescribes that at least 50% of the funds allocated from the fund must be made in the form of a loan; therefore, City staff proposes the funds be made as a loan to the project; and

WHEREAS, as formal procedures for administration of the local Affordable Housing Trust Funds are not in place at this time, City staff proposes to use existing rental loan policies from the City's HOME Program for multi-family projects, with the exception of the loan interest rate which is to be negotiated by City staff and the developers, with loan repayment funds to be reinvested in the local Affordable Housing Trust Fund; and

WHEREAS, approval of the Resolution, as written, allocates funds to the project from the local Affordable Housing Trust Fund; and

WHEREAS, the loan terms will be outlined within an agreement to be developed

by City staff and to be approved by City Council at a to-be-determined future City Council meeting; and

WHEREAS, in order to comply with direction provided by City Council, the budget adjustment request, shown in Exhibit "A", must be approved.

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

(I)

THAT the City of Las Cruces hereby authorizes a budget adjustment to the City adopted Fiscal Year 2013 budget, as shown in Exhibit "A", attached hereto and made a part of this Resolution, for an affordable housing project.

(II)

THAT the future agreement to be developed is subject to Tierra del Sol Housing Corporation's project titled Crosstown Station receiving tax credit funding from New Mexico Finance Authority.

(III)

THAT the future agreement outlining loan terms between the City and the developer for the Crosstown Station affordable housing project, with the exception of the loan interest rate, shall be made in keeping with the HOME Rental Loan Policies, as shown in Exhibit "B", attached hereto and made a part of 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:

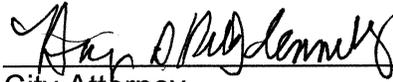
City Clerk

(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: _____

EXHIBIT "A"

**CITY OF LAS CRUCES
ADOPTED BUDGET FY 2012/2013**

FUND	DIVISION		FUND TYPE	
Vehicle Acquisition Fund 1200	Various		General Fund	
	FY 2011/12 Actual	FY 2012/13 Adopted	FY 2012/13 Adjustment	FY 2012/13 Adjusted
RESOURCES				
Beginning Balance	\$ 4,304,888	4,790,769		4,790,769
REVENUES				
570010 Interest on Investment	\$ 103,914	50,000		50,000
570015 Net Incr (Decr) Fair Value Investment	90,145	10,000		10,000
Total Revenues	\$ 194,059	60,000	0	60,000
Total Resources	\$ 4,498,947	4,850,769	0	4,850,769
EXPENDITURES				
Administration	\$ 148,776	1,000,000		1,000,000
Facilities	0	0		0
Fire Department	0	495,000		495,000
Parks & Recreation Department	44,840	150,000		150,000
Police Department	567,397	1,431,708		1,431,708
Transportation Department	44,840	0		0
Total Expenditures	\$ 805,853	3,076,708	0	3,076,708
OTHER FINANCING SOURCES (USES)				
Transfer from Fund 1000 - General Fund	\$ 2,004,597	2,876,992		2,876,992
Transfer to Fund 2013 - Affordable Housing Trust	0	0	(200,000)	(200,000)
Transfer to Fund 3612 - NMFA Equipment Debt Svc	(418,918)	(441,959)		(441,959)
Transfer to Fund 3616 - NMFA Fire Eqpmt Debt Svc	(130,878)	(133,819)		(133,819)
Transfer to Fund 3617 - NMFA Street Equipment DS	(52,115)	(50,278)		(50,278)
Transfer to Fund 3626 - NMFA Fire Eqpmt Debt Svc	(128,000)	(90,300)		(90,300)
Transfer to Fund 5920 - Transit VAF	(44,425)	0		0
Total Other Financing Sources (Uses)	\$ 1,230,261	2,160,636	(200,000)	1,960,636
Accrual Adjustment	(132,586)			
ENDING CASH BALANCE	\$ 4,790,769	3,934,697	(200,000)	3,734,697

EXHIBIT "A" CONTINUED

**CITY OF LAS CRUCES
ADOPTED BUDGET FY 2012/2013**

FUND	DIVISION		FUND TYPE	
Affordable Housing Trust Fund 2013	Community Development		Special Revenue	
	FY 2011/12 Actual	FY 2012/13 Adopted	FY 2012/13 Adjustment	FY 2012/13 Adjusted
RESOURCES				
Beginning Balance	\$ 0	0	0	0
REVENUES				
Investment Income	\$ 0	0		0
Total Revenues	\$ 0	0	0	0
Total Resources	\$ 0	0	0	0
EXPENDITURES				
11901 CrossTown Station	0	0	200,000	200,000
Total Expenditures	\$ 0	0	200,000	200,000
OTHER FINANCING SOURCES (USES)				
Transfer from 1200 - Vehicle Acquisition	\$ 0	0	200,000	200,000
Total Other Financing Sources (Uses)	\$ 0	0	200,000	200,000
ENDING BALANCE	\$ 0	0	0	0

**City of Las Cruces
HOME and CDBG Multi-family Rental Loan Policies**

Applicability:

1. Multi-family Rental Housing New Construction, in excess of four units.
2. Multi-family Rental Housing Rehabilitation, in excess of four units.
3. Transitional and Emergency Shelters, New or Rehabilitation Construction.

Terms:

	Low Income Housing Tax Credits-Federal		Affordable Housing Tax Credits-State	Non-Tax Credit Projects
	9% Tax Credit	4% Tax Credit		
Interest Rate	AFR*	1%	1%	1%
Mortgage Terms	45 years		20-45 years	20-45 years
Payment Terms	Yrs 1-15 Int. only Yrs 16-45 Amortized		Amortized based over term	Amortized based over term

*Applicable Federal Rate at time of initial HOME Agreement commitment

Special Conditions:

1. All loans with repayment required will start repayment on July 1, to coincide with new fiscal year. For example, if funds are awarded in October 2007, repayment will begin July 1, 2008.
2. Funding Capital for Transitional Living and Emergency Shelters either new or through rehabilitation of existing facilities, will be provided in the form of a Grant to the Sub-Recipient.
3. Rental Rehabilitation funding Projects will be capped at funding 40% of the total construction costs, excluding those in City-owned facilities, which may receive up to 100% of funding.

4. LIHTC projects with a 9% tax credit will have interest only payments in years 1-15 based on the Applicable Federal Rate at time of initial HOME Agreement commitment.
5. All loans shall be set up with an escrow company of the City's choosing and the payee shall pay both the monthly collection and distribution fee, while the city shall pay the initial fee.