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City of Las Cruces[®]

PEOPLE HELPING PEOPLE

Council Action and Executive Summary

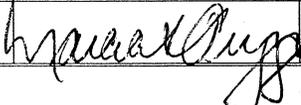
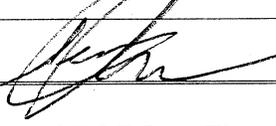
Item # 7 Ordinance/Resolution# 10-159 Council District: 1

For Meeting of December 21, 2009

(Adoption Date)

TITLE: A RESOLUTION SUPPORTING AN AFFORDABLE HOUSING PROJECT ON A PARCEL PRESENTLY OWNED BY THE CITY OF LAS CRUCES IN DOWNTOWN LAS CRUCES AT THE NORTHWEST CORNER OF GRIGGS AVENUE AND WATER STREET. THE RESOLUTION FURTHER AUTHORIZES THE DEVELOPMENT AND EXECUTION OF A PROPERTY LEASE OF THE CITY-OWNED PROPERTY FOR THE PURPOSE OF CONSTRUCTING AN AFFORDABLE HOUSING PROJECT IN ACCORDANCE WITH THE CITY'S AFFORDABLE HOUSING GENERAL OVERSIGHT ORDINANCE AND THE STATE'S AFFORDABLE HOUSING ACT ON THE SAME CITY-OWNED PARCEL.

PURPOSE(S) OF ACTION: Approve a resolution supporting an affordable housing project on City-owned property at the northwest corner of Griggs Avenue and Water Street, now known as the El Paso Electric Parking Lot, for the creation of affordable housing using Low Income Housing Tax Credit. The resolution authorizes the development and execution of a lease on the property in accordance with state and local affordable housing statutes/ordinances.

Name of Drafter: David Dollahon		Department: Community Development		Phone: 528-3060	
Department	Signature	Phone	Department	Signature	Phone
Community Development		528-3066	Budget		541-2281
			Assistant City Manager		541-2271
Legal		541-2128	City Manager		541-2076

BACKGROUND / KEY ISSUES / CONTRIBUTING FACTORS: The City's 1999 Comprehensive Plan, the HUD-mandated 2006-2010 Consolidated Plan, the 2009 Affordable Housing Strategic Plan, and the City's proposed Strategic Plan all support the creation of affordable housing. The Downtown Master Plan also calls for mixed use, including housing, along Water Street and other areas of downtown.

City staff received a request to lease the City-owned parcel at the northwest corner of Griggs Avenue and Water Street to create an affordable housing project. As currently proposed, the project would utilize federal Low Income Housing Tax Credits (LIHTC) and other funding sources to create a 60-unit apartment complex on the approximately 1.06 acre property (it is less than 2.5 acres pending a survey) known as the El Paso Electric Parking lot. The project is proposed under a partnership between the Supportive Housing Coalition of New Mexico and the Housing Authority of the City of Las Cruces. The partnership agencies are pursuing LIHTC from the New Mexico Mortgage Finance Authority in January 2010 and need evidence of site control in order to pursue these funds. This proposed resolution, if approved, would suffice for site control.

(Continued on Page 2)

In exchange for a reduced lease rate for a long-term period, the partnership will accept enforceable use restrictions to ensure that the property is used for the intended purpose of providing affordable and/or workforce housing for the term of the lease. This is a requirement under the New Mexico Constitution and Statutes (namely the exception to the Anti-Donation clause and the Affordable Housing Act), and the City’s Municipal Code (namely the Affordable Housing General Oversight Ordinance). The staff is recommending and prepared to offer the partnership a 99-year lease term, at an amount less than \$100 per year.

The project, as proposed, includes:

- 60-units of affordable rental homes,
- Will serve those households making between 30% and 60% of Area Median Income (AMI) – which qualifies the future tenants as “Low Income,”
- 15-units will be set-aside for formerly homeless individuals and/or families with special needs (i.e. disabilities),
- All units will be permanent housing and **not** temporary or transitional housing,
- Professionally managed and staffed on a full-time, around-the-clock basis,
- Serve as a model for sustainable, green design intended with energy efficiency, reduced water usage and healthful indoor air quality. The partnership is evaluating the option of pursuing LEED (Leadership in Energy and Environmental Design) Gold-certification status on the project, and
- Consider the development of a mixed-use project with the potential for street-level commercial space consistent with the City’s Downtown Master Plan.

The proposed resolution not only supports the project, but further authorizes the development and execution of a long-term ground lease for the project in accordance with the Affordable Housing Act and the City’s Affordable Housing General Oversight Ordinance. Not included in the resolution is the support for or authorized use of City HOME Investment Partnership Program (HOME) funds from the U.S. Department of Housing and Urban Development, as that is another administrative process separate from the partnership’s request for the ground-lease, though that is a funding option for the partnership to pursue.

It should be noted that a portion of the property currently has a lease through most of 2011 for a mobile food vendor, which will require re-negotiation between the City and the lease holder to relocate to another property within the downtown area. This re-negotiation can be handled administratively and will not require City Council approval.

SUPPORT INFORMATION:

Fund Name / Account Number	Amount of Expenditure	Budget Amount
N/A	N/A	N/A

1. Proposed Resolution
2. Attachment “A” – Letter of request from the Supportive Housing Coalition of NM and the Housing Authority of the City of Las Cruces
3. Attachment “B” – Support letters, if any

OPTIONS / ALTERNATIVES:

1. Vote YES and approve the Resolution supporting the creation of an affordable housing project on the City-owned property at the northwest corner of Griggs Avenue and Water Street in Downtown Las Cruces. The resolution further authorizes the creation of a ground lease in accordance with state and local affordable housing laws for the proposed project.
2. Vote NO and disapprove the Resolution, thus not supporting the creation of an affordable housing project on the City-owned property at the northwest corner of Griggs Avenue and Water Street in Downtown Las Cruces. This action would not authorize the creation of a ground lease in accordance with state and local affordable housing laws for the proposed project.
3. Modify and approve the Resolution. Modification would be at the Council's discretion and direction.
4. Table or Postpone action on the requested Resolution. Direction would be required of the Council to staff. Tabling or postponing a decision may limit the ability of the partnership to pursue current funding opportunities.

RESOLUTION NO. 10-159

A RESOLUTION SUPPORTING AN AFFORDABLE HOUSING PROJECT ON A PARCEL PRESENTLY OWNED BY THE CITY OF LAS CRUCES IN DOWNTOWN LAS CRUCES AT THE NORTHWEST CORNER OF GRIGGS AVENUE AND WATER STREET. THE RESOLUTION FURTHER AUTHORIZES THE DEVELOPMENT AND EXECUTION OF A PROPERTY LEASE OF THE CITY-OWNED PROPERTY FOR THE PURPOSE OF CONSTRUCTING AN AFFORDABLE HOUSING PROJECT IN ACCORDANCE WITH THE CITY'S AFFORDABLE HOUSING GENERAL OVERSIGHT ORDINANCE AND THE STATE'S AFFORDABLE HOUSING ACT ON THE SAME CITY-OWNED PARCEL.

The City Council is hereby informed that:

WHEREAS, a goal of the 1999 City of Las Cruces Comprehensive Plan is to create various types of housing, including affordable housing, throughout the community; and

WHEREAS, the HUD-mandated 2006-2010 Consolidated Plan for the City of Las Cruces indicates that there is a need of more than 3,600 affordable rental housing units for families and individuals making less than \$15,000 per year; and

WHEREAS, the 2006-2010 Consolidated Plan for the City of Las Cruces indicates that there are 5,400 renting households who are cost burdened (i.e. the household pays more than 30% of their income for housing expenses); and

WHEREAS, 8% or 988 of all rental units in Las Cruces, based on the 2000 Census, have households that are living in overcrowded conditions; and

WHEREAS, the City of Las Cruces has adopted the 2009 Affordable Housing Strategic Plan that calls for the City to undertake efforts to increase the supply of affordable rental housing units from 15% to 20% over the next five years and encourage the creation of a land bank and housing trust fund to assist with the creation of affordable housing units of all types within the City of Las Cruces; and

WHEREAS, the State of New Mexico created an exception to the Anti-Donation Clause of the State Constitution that allows the state and communities to provide for the creation of affordable housing, including providing land for the construction of such housing; and

WHEREAS, the City of Las Cruces has adopted the Affordable Housing General Oversight Ordinance, which has been incorporated into Chapter 13 of the Las Cruces Municipal Code, as amended, in order to comply with the Anti-Donation Clause exception and the State's Affordable Housing Act and corresponding rules; and

WHEREAS, the City of Las Cruces has received a request to provide a City-owned parcel at the northwest corner of Griggs Avenue and Water Street, currently referred to as the El Paso Electric Parking Lot, to a partnership of the Supportive Housing Coalition of New Mexico and the Housing Authority of the City of Las Cruces to create 60-units of affordable housing under a reduced rate, long-term lease.

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

(I)

THAT the City of Las Cruces hereby supports the creation of an affordable housing project on a parcel presently owned by the City of Las Cruces at the northwest corner of Griggs Avenue and Water Street as to be undertaken by the Supportive Housing Coalition of New Mexico and/or the Housing Authority of the City of Las Cruces or their development affiliate to develop affordable rental housing on the property pursuant to the City's Affordable Housing General Oversight Ordinance.

(II)

THAT the City Council hereby authorizes the City Manager to enter into a

negotiated lease between the City and the Supportive Housing Coalition of New Mexico and/or the Housing Authority of the City of Las Cruces or their development affiliate.

(III)

THAT the lease must be in accordance with City procedures, the City's Affordable Housing General Oversight Ordinance, and must provide a deed restriction or other similar instrument that restricts the use of the property to affordable housing.

(IV)

THAT the lease may only occur provided that the Supportive Housing Coalition of New Mexico and/or the Housing Authority of the City of Las Cruces or their development affiliate are awarded Low Income Housing Tax Credits by the New Mexico Mortgage Finance Authority and the Supportive Housing Coalition of New Mexico and/or the Housing Authority of the City of Las Cruces or their development affiliate demonstrate that it has all other funding necessary to develop the project but only if the Tax Credits are awarded and all necessary funding is secured or committed to the project by December 1, 2010.

(V)

THAT the terms of the negotiated lease shall be for a period not to exceed 99 years but not less than 45 years, and for a rate of at least ten dollars (\$10.00) but not more than one hundred dollars (\$100.00) per year of the lease period.

(VI)

THAT the negotiated lease must be fully executed, along with any other requirements of this Resolution, on or before the closing of the construction financing.

(VII)

THAT the City, at its sole discretion, may subordinate this lease to any note or mortgage for construction and permanent financing provided such subordination is in the best interest of the City and the subordination is submitted and completed in writing.

(VIII)

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

DONE and APPROVED this _____ day of _____, 2009.

APPROVED:

(SEAL)

Mayor

ATTEST:

City Clerk

Moved by: _____

Seconded by: _____

VOTE:

Mayor Miyagishima: _____

Councillor Silva: _____

Councillor Connor: _____

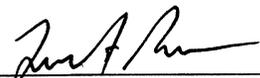
Councillor Pedroza: _____

Councillor Small: _____

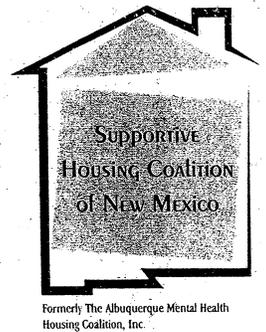
Councillor Sorg: _____

Councillor Thomas: _____

APPROVED AS TO FORM:



City Attorney



November 20, 2009

Mr. Robert Garza, PE
Assistant City Manager
200 N. Church St.
Las Cruces, New Mexico 88001

Re: Downtown Workforce Housing Demonstration Project

Dear Mr. Garza;

Thank you for meeting ^{with} us to discuss the proposed downtown workforce housing project at Griggs and ~~N. Church~~ Street. Please consider this a written letter of intent to partner with the City of Las Cruces and the Housing Authority of the City of Las Cruces to develop a demonstration workforce housing project on this city-owned surface parking lot of approximately 2.5 acres. We propose to use this project to demonstrate best practices in the development, design, financing and management of workforce housing in an urban infill, transit oriented setting.

We request that the City provide site control of the above property to the Supportive Housing Coalition of New Mexico and the Housing Authority of the City of Las Cruces in the form of an executed long term leasehold or an executed option agreement for a long term leasehold as soon as reasonably possible and no later than January 30, 2010, in order to meet technical threshold for the financing application;

The long term leasehold would require no payment in exchange for enforceable use restrictions ensuring that the property and project will be used for the intended purpose of providing affordable and workforce housing for the duration of the term;

The Supportive Housing Coalition of New Mexico will take the lead role making application to the New Mexico Mortgage Finance Authority for Low Income Housing Tax Credits on January 31, 2010, securing an investor, packaging additional financing as necessary and developing the project, with the assistance of the Housing Authority of the City of Las Cruces;

The Housing Authority of the City of Las Cruces will take the lead on self-managing the property once constructed or selecting a third party property management company as needed, referring and placing applicants, making available project and/or tenant based vouchers if feasible and coordinating with local agencies to provide a range of supportive services, with the assistance of the Supportive Housing Coalition of New Mexico.

Based on our initial conversations with you, City Councilor Silva, Downtown Las Cruces Partnership Executive Director Cindi Fargo and others, we are conceiving that the development will consist of the following general elements:

- Based on the site characteristics and the investment environment, we are proposing a total of 60 rental homes.
- The project will consist of mixed-income households -- from 30% of the area median income and below to households at 60% of area median income. This mix will enable the project to serve persons on fixed incomes as well as low income workers, such as those in the hotel, retail, food-service, clerical and custodian sectors who work in the downtown core. These income ranges reflect those making approximately \$10.00 or less an hour.
- Twenty five percent of the units (15) will be set-aside to formerly homeless individuals with special needs.
- The units will be "permanent" housing -- they will not be time-limited or transitional. All residents will have lease agreements and enjoy the full rights and obligations of tenancy.
- We will work closely with the City of Las Cruces, the Downtown Las Cruces Partnership, neighborhood representatives and other stakeholders in the design of the building and the property operations.
- The property will be professionally managed and staffed 24/7.
- The project will serve as a model for sustainable, green design to reduce energy requirements, reduce water usage and maintain healthful indoor air quality. The design will include elements such as water catchment and we are investigating the possibility of obtaining a LEED Gold designation.
- We will investigate the possibility of developing a mixed-use project by including some commercial space element on the ground floor (street side), consistent with revitalization plans.

We believe that affordable and workforce housing is the literal and figurative foundation upon which all of the other quality of life issues people care about are built. The experience of other cities demonstrates that successful downtown revitalization efforts first require a mix of dense, high-quality residential development for mixed income populations. With the City's help, this project will address the affordable housing needs of working people and assist downtown employers attract and retain employees. By partnering with us, the City will enable a site that is now underutilized as a surface parking lot to serve as a model for sustainable design.

Furthermore, we expect this project to bring in much-needed capital to the downtown core, create development and construction related jobs and to spur economic development and neighborhood revitalization more generally. While we anticipate approaching the City for assistance for gap funding in the form of HOME, CDBG, TIDD/TIFF, General Obligation bonds or other sources, we expect to bring in approximately \$8 million dollars in capital from outside Las Cruces from private equity and other private and public sources. The City would also benefit from the additional gross receipts taxes generated by this new activity.

Past Coalition projects have won design awards and been featured in local and national web-based and print media and we anticipate that this project will generate significant positive

attention as well. We think this project would be a real feather in the cap for us and the City and we are eager to move forward together.

Specific requests:

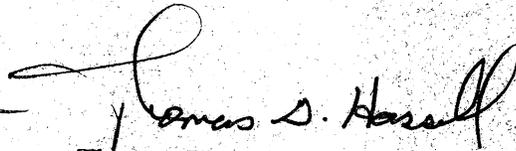
1. That the City provide us or our legal affiliates evidence of site control prior to January 31st in order to be eligible to apply for Low Income Housing Tax Credits;
2. That the City do so for consideration of \$10.00 or less to allow us to evidence local support and thereby increase our competitive application scoring for both Low Income Housing Tax Credits and the Federal Home Loan Bank of Dallas Affordable Housing Program;
3. That we be provided the opportunity to secure HOME, bond or other funding from the City at a future date for gap sources as needed; and
4. That we be provided the opportunity to make a presentation to the City Council and other stakeholder groups to garner support and to help inform the design of the project prior to the application deadline.

Thank you very much for your consideration of this request for a public private partnership. Please let us know what additional information you need and how you would like to proceed.

Sincerely,



Mark Allison
Executive Director
Supportive Housing Coalition of New Mexico



Thomas Hassell
Executive Director
Housing Authority of the City of Las Cruces

Cc: The Honorable Mayor Kenneth Miyagishima
City Councilor Miguel Silva