**Narrative Description of the Project**

**Project Name:** Farolito Senior Community

**Project Address:** 10501 Central Avenue NE, Albuquerque, NM 87123

Through this solicitation, Greater Albuquerque Housing Partnership (GAHP) invites responses from experienced investors & lenders, interested in and capable of maximizing debt and/or equity for this affordable housing community.

**Housing Priorities.** Farolito Senior Community is a new construction, 82-unit mixed-use, low-income rental development consisting of 1-bedroom and 2-bedroom units designed with features for seniors 55+ to age in place and targets deep affordability for a 35-year affordability period. Utilizing the Average Income Election, 100% of the units are set-aside at or below 80% AMI (Area Median Income) and serving lower-income residents at 60%, 50%, and 30% of AMI. We have sent letters to Albuquerque Housing Authority and Bernalillo County Housing Authority verifying our commitment to provide affordable housing to those on the public housing waiting lists. We are maximizing leverage of the tax credit allocation by providing 82 low-income units, far exceeding the pre-application notice average of 64 new construction units. The design satisfies the City of Albuquerque Consolidated Plan 2018-2022 goals and has been awarded $4.2MM in HOME funds by the City of Albuquerque, where, according to the 2022 New Mexico Housing Strategy, between 2022 and 2025, an average of 5,100 housing units per year are needed; and between 2025 and 2030, an average of 5,140 housing units per year are needed to accommodate growth. Of the 25,637 rental housing units needed by 2035, 46% of them are needed in Bernalillo County. Using Universal Design strategies, the high-quality design offers age-in-place and accessible housing for senior households and contributes to the goals of a Concerted Community Revitalization Plan by removing a blighted brownfield vacant lot identified within the East Gateway Metropolitan Redevelopment Plan. This new construction project will achieve a high level of energy efficiency through LEED for Homes certification, Energy Star certification protocols, and a Home Energy Rating System (HERS) index of 55 or better. We are making the most of scarce resources through the innovative high quality construction cost containment measures to produce the most amount of low-income of any new construction development in the 2023 9% allocation round. With the cost-effective, straight-forward development and financing structure outlined in our proposal will move Farolito Senior Community forward to be shovel ready by December of 2023.

The 2.285-acre site, located at 10501 Central Avenue NE, is directly north of sister project, Luminaria Senior Community. Both sites are owned by the New Mexico State Land Office (NMSLO) and were previously developed as part of the Ponderosa RV and Mobile Home Park (Ponderosa) which occupied the site from 1955 to 2017. It was a thriving and popular housing community for many years but started to fall into disrepair in the early 2000’s. The City of Albuquerque designated portions of east Central Avenue as blighted in 2007, establishing the East Gateway Metropolitan Redevelopment Area boundary in 2008 and adopted the MRA plan in 2016. NMSLO clawed back portions of the Ponderosa land and demolished the community building on the Farolito site due to poor management and the lack of any investment or upkeep of the property. This site has been advertised for commercial lease since 2017 however, due to the restrictions of the long-term commercial lease process and the statutes that limit the NMSLO’s ability to make improvements to the land themselves, the land has remained vacant. The remnants of the former Ponderosa make developing the site more challenging and expensive to redevelop, which is one reason market demand alone has not resulted in this land being leased for new commercial businesses. This parcel has concrete pad sites, masonry walls, old asphalt drives, a large concrete podium foundation of the former community building along with associated underground utilities including lengths of asbestos pipe, identified as transite pipe, which was found during the Phase I and Phase II Environmental Site Assessment (ESA) report summary included as Exhibit 7. This asbestos transite pipe qualifies the site as a brownfield and must be abated and removed to an approved hazardous waste landfill prior to the start of construction.

GAHP has established a unique partnership with the NMSLO, first with Luminaria Senior Community and now with Farolito, to solve the issue of disinvestment on State Trust Land. Farolito Senior Community will invest about $18 million in construction with $24 million in total economic impact and $1.4 million in gross receipts taxes, removing the brownfield and blighted conditions that have been pulling down property values and increasing crime for years, and making a significant step toward the economically vibrant and desirable neighborhood NMSLO and the community desires. Land owned by the State of New Mexico are held in a trust with 94% of earnings from lease payments going to support the New Mexico public education system, public universities, and hospitals. Thus, an affordable housing development on State Land creates a beneficial cycle of investment for our public institutions while also helping the City of Albuquerque meet their housing needs and goals. GAHP has secured site control through NMSLO’s lease bid process to negotiate a 60-year lease with four 5-year extensions. This competitive bid lease process and the associated lease terms provide the best and highest use of the site for the State Trust, which is a win-win for affordable housing developments and is a significant economic investment in the East Gateway neighborhood. “The cost of living is becoming a bigger problem every year, especially for seniors on a fixed income. As your Land Commissioner, I am committed to addressing this growing problem and am pleased this project will continue to revitalize the East Central corridor,” NM State Land Commissioner Stephanie Garcia Richard said. “The State Land Office is open for business in a variety of ways, including delivering more affordable housing options for our seniors. We are committed to making as much money as possible for our schools and other beneficiaries while providing much-needed services to communities across New Mexico.”

The City of Albuquerque has designated the elderly as a target population and priority for affordable housing development. An aging population, lower household incomes, high occupancy rates, and dramatic increase in rents have contributed to the need to provide more affordable housing options for Albuquerque’s seniors. According to the Department of Senior Affairs website, the 2000 Census indicates “by 2030 New Mexico will move from 39th in the nation to 4th in the nation in the percentage of people older than 65.” The City of Albuquerque Consolidated Plan 2018-2022 notes 23% of households in Albuquerque are seniors 62 years of age or older and 81% of Albuquerque’s seniors make less than 80% of the AMI. Per the City of Albuquerque/City of Rio Rancho HUD Assessment of Fair Housing 2016-2017, 53% of seniors in Albuquerque are cost burdened. An editorial published in the Albuquerque Journal on February 13, 2020 states that “…just 56% of N.M. workers age 50 or older have any retirement savings at all – and only 27% of them have stashed away $10,000 or more…that lack of savings makes retirement hard in New Mexico, considering the average Social Security benefit in our state is just $13,900 a year, less than half of the $28,000 the U.S. Bureau of Labor Statistics says is needed for food, housing and health care.” According to an independent study documenting current market conditions, Vogt Strategic Insights (Exhibit 6) surveyed 5,388 units in Albuquerque and discovered an overall occupancy of 98.1%. Tax credit and subsidized properties (1,201 units) in the PMA (Primary Market Area) were all at 100% occupancy at the time of the study. Several interviews with site managers reinforced the need for affordable housing, specifically evidenced by the current wait list of 208 households at Luminaria Senior Community. Yardi reported last spring that Albuquerque’s rent growth of 17.7% had outpaced the national figure of 15.4%. Increasing rents, low vacancies, extensive wait lists at affordable properties, and the neighborhood’s lack of affordable housing signals a need to offer additional options in this area. Farolito Senior Community will address this housing need with 82 low-income units with a preference for active duty, Honorably Discharged, or retired U.S. military Veterans, exceeding affordability minimums with 30%, 50%, 60% and 80% AMI-income averaging. The site is in a city-wide target area for transit-oriented development and in a higher opportunity area. Although crime in the ZIP code is high, it is lower than Bernalillo County as whole and meets the City’s goal to distribute affordable housing into areas with greater access to transportation, services, employment, and educational opportunities.

The design proposed for Farolito Senior Community is highly suitable for this site and consistent with the existing zoning of Mixed Use – High Intensity Zone District (MX-H) which will not need a zoning change. The site boundary is square with ample solar exposure for quality, usable outdoor amenity spaces and is enough area to accommodate the required parking, refuse enclosure, truck, and fire access. The site grades are primarily flat, and utilities are stubbed to the property line with available service. Access to the site will be from Central Avenue on the east side of the site and is intended to balance vehicular access for residents, service providers, and guests, ensuring pedestrian safety within the site for an enhanced pedestrian experience. Ample visitor and accessible parking are provided outside the secure “entry-only” gate for both prospective residents and visitors, as well as staff and visitors to the commercial space. This parking depth provides sufficient queuing space for cars to wait for the gate to open. The traffic will flow in one direction around the site terminating at an “exit-only” gate at the southwest corner of the site which exits out onto Central Avenue.

Farolito Senior Community building design will pull in the art deco style of the 1950s into a retro Route 66 vibe and implement place-making features such as color palette and horizontal band with neon-like LED lighting. Custom art murals with reimagined black and white checkered border like those at Luminaria will fulfill the East Gateway Metropolitan Redevelopment Plan (MRA) and enliven the building elevation. The proposed new construction consists of a 78,673 square foot, E-shaped 4-story, wood framed building, with 82 one- and two-bedroom units. The ground level along Central Avenue contains approximately 2,000 SF commercial space, the leasing/business office, maintenance office, lounge for residents, social service office and amenity spaces. Two elevators provide vertical circulation to residential units and a potential roof terrace with views of the city and/or Sandia Mountains. The unit mix of 72 one-bedroom, one bath (650 sf) and 10 two-bedroom, one bath units (800 sf) are on all floor levels and ground floor units are within the fenced area of the site, not directly along Central Avenue. We will engage an acoustician during construction documents to recommend an acoustic wall assembly including acoustically rated windows to mitigate noise from traffic on Central Avenue as was determined in the Phase I ESA.

Universal design elements are incorporated into the design to allow greater adaptability for aging-in-place. These elements include wider 36” passage doors throughout, low to no threshold heights, additional turning, and maneuvering space particularly in restrooms, side by side washers and dryers within all units, acoustic wall & window assemblies, kickplates on all unit entry doors, hardware on cabinetry doors, taller elongated toilets, and blocking in walls for future grab bars installation in all unit restrooms. 10% of the units are designed as Type A accessible, twice the minimum of 5%. Type ‘A’ accessible units will be proportionally distributed between one and two-bedroom units with all other units designed to Type ‘B’ adaptability. A minimum of 2% of units will have provisions for the hearing impaired.

Social services for residents will be offered at no cost to residents by the onsite social service coordinator and by First Nations Community Health Source, a trusted social service program partner. Services will utilize all indoor and outdoor amenity spaces, each designed to encourage resident wellbeing. Health screenings, Medicaid eligibility and Medicare enrollment counseling will take place in a private office. The bi-monthly health and nutrition education programs will be held in the large community room which includes a kitchenette with refrigerator, sink, and microwave as well as access to a large landscaped outdoor patio for additional social gatherings and seating options. The entire building will include wi-fi connectivity which will enable technology training within any area of the building including the large community room, multi-purpose room, or outdoor deck. All amenity spaces are along an accessible route and walking paths connect outdoor amenity spaces to promote active lifestyle choices. The large community room will accommodate tables and chairs for community-wide parties and is multifunctional for many types of events from private birthday parties and holiday potlucks to the grand opening celebration. A private dog park, pollinator garden, and shaded seating provide a landscape buffer to the adjacent neighborhood and extend the social and outdoor activity options for residents. A no-cost, self-serve indoor pet washing station helps residents keep their animal companion’s fur clean, providing convenience for residents with asthma or allergies needing to maintain a higher indoor air quality. Outdoor areas are designed utilizing Crime Prevention Through Environmental Design (CPTED) principles to mitigate crime risk, encourage active and social lifestyles, and promote a sense of belonging for residents to feel at home and safe.

Farolito Senior Community will reach a high level of energy efficiency and building performance based upon accepted green and sustainable building measures in the construction and operation of the project. The building will be certified under the protocols of the LEED™ for Homes program and achieve a Home Energy Rating System (HERS) of 55 or better, hence exceeding requirements for the Albuquerque Energy Code. Infill projects are particularly strong in LEED points Location and Transportation, and Energy and Atmosphere categories which will reduce both resident transportation and utility costs. Energy efficiency will focus on limiting air infiltration within the well-insulated exterior walls and roof, Energy Star appliances, a central hot water system (with solar optional), low-water-use fixtures, and landscaping. The efficient and compact building footprint and use of permeable paving reduces the heat island effect. Given the HOME award requirement of Davis-Bacon Federal wage scales, we are considering Energy Star certification to be eligible for 45L credits.

As we continue to refine cost-effective and high-quality construction on all our developments, there are significant cost savings to the project with an efficient and identical kitchen layout in all units. Farolito Senior Community takes this a step further with the same layout in all plumbing areas including the kitchen, laundry, and bathrooms in all 82 units. This consistent design offers equality for residents and efficient, repetitious construction for the general contractor making layout faster, permitting easier, and construction simpler resulting in significant cost savings for both material and labor. It will also reduce operational expenses for replacement and repairs. The 4-story design reduces the building foundations and roof area, the efficient floor plan aligns bearing walls from top to bottom floors, and limited deck and balcony areas result in less structural complexity. We also limited unit plan layouts because a simple structure will cost less and will encounter fewer hurdles during construction. The construction cost estimate is built on actual cost data from recent developments of comparable size, scope, and location. The estimated project costs are reasonable and competitive for a tax credit project and have been verified through the architect, Dekker/Perich/Sabatini, and our current contractor on Hiland Plaza, Jaynes Construction. We are concurrently issuing a competitive RFP to ensure the best team to manage the construction of Farolito Senior Community.

Since 2010 GAHP has developed 570 affordable housing units in seven separate developments utilizing Low-Income Housing Tax Credits (LIHTC) and/or City of Albuquerque affordable housing funds. Six of these projects utilized 9% tax credits and one used 4% tax credits. Due to our successful track record of delivering seven LIHTC projects on time and within budget, we are issuing this competitive RFP for debt and equity pricing to ensure the best team to partner with on Farolito. At $.95 the pricing is augmented by the changes in tax law, Community Reinvestment Act reforms and opportunity for Federal energy credits and assumes no basis boost based upon previous 8609 underwriting adjustments. With our record of accomplishment of delivering projects on budget we utilize the contingency to install substantial photovoltaic and solar hot water collection systems generating both solar and 45L energy credits, which generate strong equity pricing. Though we have excess basis, during 8609 underwriting we will request the 130% basis boost as it will allow the project to deliver more credits in year one. The project is conservatively underwritten based upon MFA Underwriting Guidelines with debt pricing at LOI + 50 bps, HOME funds from the City of Albuquerque, and potential for project-based vouchers off-setting 30% and 50% AMI rents. On Schedule A-1 GAHP forecasts a $1,400,000 residual receipt note in a junior lien position. GAHP has a history of contributing to previous LIHTC projects with $636,540 lent to Sterling Downtown and $1,050,000 land purchase & subsequent ground lease to Hiland Plaza ensuring financial feasibility. We are hoping to bring the construction costs within budget and are already in discussions with MFA on a supplemental LIHTC award given longer construction durations and effects of Federal Reserve rate hikes putting pressure on construction loan interest carry. The combination of 16-month construction duration and 5.0% current short-term Fed Funds Rate has put pressure on the development budget.

The sponsor is The Greater Albuquerque Housing Partnership (GAHP) is a non-profit Community Housing Development Organization (CHDO) with 30 years dedicated to building a better Albuquerque. We stand behind our award-winning success and track record of delivering beautiful and award-winning homes for families & seniors. We have the staff capacity and expertise to navigate City and MFA development programs and the in-house experience to complete this project on time and on budget. Of our team, Felipe Rael, Executive Director, has 21 years in housing finance including serving as Director of Housing Development for the MFA; Miriam Hicks, RA is GAHP’s Director of Housing Development and a licensed Architect with 25 years in the construction industry; Kelle Senyé, CPM® ARM® is Deputy Director of Operations with 30 years nonprofit and property management experience; Rita Gonzalez, Controller is a Certified Public Accountant with over 35 years of accounting experience and oversees the Federal reporting requirements; and Laurie Frappier, Director of Community Relations, has worked in nonprofit management since 2002.

We are ready to proceed, and we are committed to a successful project outcome for all stakeholders. GAHP has worked hard to achieve our track record of delivering projects on time and on budget. Luminaria Senior Community, a 2020 allocation, completed construction within 28 days of the original construction schedule and on budget despite the pandemic, supply shortages, and rise in costs. Luminaria Placed-in-Service in March 2022. Hiland Plaza, a 2021 allocation had a 4-month delay as all projects receiving a 2021 allocation required additional funds to overcome the incredible rise in construction costs. As soon as the additional allocation was received, we closed on the financing and began construction. Hiland Plaza achieved 50% construction completion in December 2022 and is on schedule to Place-in-Service in July 2023. GAHP received the HOME funds from the City of Albuquerque in March 2023 and anticipate to close financing on Farolito Senior Community in December 2023 and Place-in-Service in April 2025.

In addition to our internal development team, GAHP has successfully worked with the design team from Dekker/Perich/Sabatini on Luminaria Senior Community and Sterling Downtown; they have the capacity and years of multifamily construction knowledge to complete construction documents and obtain the building permit needed for close of financing in December 2023. We have site control through the executed lease signed by the State Land Commissioner on January 13, 2023. The City of Albuquerque awarded $4.2 million in HOME funds in March 2023. In June 2023 we will utilize the walk-up application with the Albuquerque Housing Authority to request 25 Project Based Vouchers (PBVs). Farolito Senior Community fulfills many of the City of Albuquerque’s housing goals, meets all 10 housing priorities for MFA, and can truly be a catalyst for change on east Central Avenue. This is a change long desired for this site by the Commissioner of Public Lands, the Mayor of Albuquerque, area residents, local businesses, the Metropolitan Redevelopment Department, and City of Albuquerque Planning Department. Genuine community investments through public private partnerships like Farolito Senior Community are the key to transforming the disinvestment on east Central Avenue into a thriving, beautiful and healthy housing opportunity needed by Albuquerque seniors, and in doing so, satisfy the needs of a wide range of community stakeholders.

It is public private partnerships like affordable housing development that can tackle these difficult to develop sites while meeting the City’s needs. Albuquerque Mayor Tim Keller said in relation to this development, “It is partnerships and projects like these that are going to help us chip away at the housing gap and keep Albuquerque accessible. Making sure that folks in our city have a safe, affordable place to call home requires all of us to put our resources together to get it done. We look forward to what this will add to our Central corridor and the opportunities it will create for our seniors.”