

## Council Meeting Staff Report

December 18, 2018

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<b>Agenda No.:</b>	A.
<b>Indexes (Council Goals):</b>	2018 Council Goal – Quality of Life – Housing – Promote the Creation of a Variety of Housing Options for all Segments of the Los Alamos Community, including infill Opportunities as Appropriate
<b>Presenters:</b>	Paul Andrus
<b>Legislative File:</b>	OR0840-18b

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### ..Title

Incorporated County of Los Alamos Ordinance No. 690; An Ordinance Authorizing the Donation of County-Owned Land Being Tract A-8-b at 135 DP Road to Bethel Development, Inc. Conditional to County Approval of Affordable Housing Project “The Bluffs”

### Recommended Action

**I move that Council adopt Incorporated County Of Los Alamos Ordinance No. 690; An Ordinance Authorizing Donation of County-Owned Land Being Tract A-8-b at 135 DP Road to Bethel Development, Inc. Conditional to County Approval of Affordable Housing Project “The Bluffs”**

### County Manager's Recommendation

The County Manager recommends that Council adopt Ordinance No. 690.

### Body

#### **Application for Affordable Housing Project “The Bluffs”**

The proposed project is for the construction of 64 affordable rental apartments on the County-owned property located at 135 DP Road, also known as A-8-b. The developer, Bethel Development Inc., requests the County’s participation in the project, initially by actively supporting an application to the New Mexico Mortgage Finance Authority (“MFA”) for Low Income Housing Tax Credits (LIHTC), which if awarded would provide the majority of financing equity for the project construction. If the project is awarded tax credits from MFA, the County participation would involve the donation of a 2.79 acre portion of the A-8-b parcel as well as a financial contribution toward off-site and on-site infrastructure costs.

Upon review of the project application and an Eligible Entity application submitted by Bethel, CDD staff have determined that Bethel meets all of the County’s requirements as defined under County Code Chapter 14, Article VII for an affordable housing project, and also that the proposed project meets the affordable housing goals of County Council, specifically *Promote the creation of a variety of housing options for all segments of the Los Alamos Community*.

If awarded Tax Credits, the Bluffs would be Bethel's second affordable housing project partnership with the County. Bethel received a tax credit award from MFA in June 2018 for the “Canyon Walk Apartments” a 70-unit affordable rental housing project on Tract A-9 at 120 DP Road.

#### **Developer Request for Land Donation**

Bethel is requesting financial contributions to the project including Low Income Housing Tax Credits (LIHTC) from the New Mexico Mortgage Finance Authority (“MFA”) and the donation of a 2.79 acre portion of the County-owned Tract A-8-b valued at \$759,578. The land value of \$6.25 per square foot is based on the appraisal completed November 15, 2018. In addition, the County would contribute up to \$740,422 toward the project off-site and on-site infrastructure improvements which would include utilities to serve the project. CIP funding for the infrastructure to the site has previously been

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approved by Council as part of the overall effort to bring such infrastructure to DP Road. Bethel will submit the application for a LIHTC Award in February 2019 and as part of the application is required to identify the County's committed contributions to the project.

Under County Code Chapter 14 Article VII the County is authorized to grant financial assistance to affordable housing, including land donation and support for infrastructure improvements. Each instance of County donation or land and other assistance to support an affordable housing project requires a new Ordinance to authorize the specific land parcel donation and other form(s) of assistance. MFA has confirmed with staff that a properly submitted application for the project as proposed would be eligible for consideration for a tax credit award. Bethel's application to MFA for LIHTCs will include a copy of this Ordinance authorizing Tract A-8-b land donation and infrastructure costs assistance upon a successful award of Tax Credits. The attached Land Development Agreement (LDA) requires that the project have a 35-year affordability period and the land donation value will be secured by a County mortgage and security instrument.

### **Project Scope and Developer Capacity**

The proposed project is for a 64-unit Senior affordable housing development, to be comprised of one four-story building with elevator. The project will serve Senior households aged 55 and over. Units will be a mix of one and two bedrooms. Six (6) units are to be restricted to households earning up to 60% area median income (AMI); sixty-two (52) units will serve households earning up to 50% AMI; and six (6) units will serve households earning up to 40% AMI; as calculated by the US Department of Housing and Urban Development (HUD).

Bethel Development is "vertically integrated" in that the company controls all phases of the housing development process for each of their properties. Bethel intends to design, construct own and manage the Bluffs Apartments, which demonstrates their long term commitment to Los Alamos. Bethel's affiliate contractor, Qualcon Builders LLC will be the general contractor and Kay-kay Realty Corp will manage the property. Rainbow Housing Corporation will be contracted to provide family support services including case management, support groups, vocational training, life skills, and other services for the residents. Bethel Development, Inc. maintains over 95% occupancy on each of its properties and every project has a positive cash flow.

Dan Terlecki, General Partner of Bethel Development Inc., has developed Low Income Housing Tax Credit (LIHTC) projects totaling over 2,000 units in Ohio, Arizona, New Mexico, Kentucky and Utah. To date Mr. Terlecki has successfully negotiated financing totaling more than \$200 million dollars.

Roger Simmons, Project Manager, brings more than 30 years of expertise and experience to Bethel Development, Inc. Mr. Simmons has developed multi-family, elderly, nursing homes and single-family houses in 10 states and has expertise in LIHTC developments and HUD and FHA housing programs.

County staff toured Bethel's affordable rental housing property La Terrazza in Farmington, NM in late 2017 as part of due diligence regarding the quality and maintenance of Bethel's housing product. Staff documented that the property grounds and units were very well maintained.

Mr. Terlecki will be attending the meeting and available for any questions that Council may have regarding the project.

### **Public Notification for County Ordinance No. 690**

Public notification was undertaken for this Ordinance per County Code requirements.

### **Alternatives**

County Council could choose to not approve this ordinance, in which case the project will not move forward.

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## **Attachments**

A - Public Notice for December 18, 2018

B - Incorporated County of Los Alamos Code Ordinance No. 690

C - Land Development Agreement (Attachment 1 to Ordinance)

D - Project Site and Tract A-8-b Legal Description (Attachment 2 to Ordinance)

E - A-8-b Appraisal Report