



ALBUQUERQUE HOUSING AUTHORITY
Empowering people in our community through affordable housing and self-sufficiency opportunities

BOARD OF HOUSING COMMISSIONERS
RESOLUTION NO. 2021-09

**REGARDING THE PROVISION OF A LAND LEASE, AN INCREASE IN SUBORDINATE LOANS,
AND INCREASE IN THE CONSTRUCTION LOAN FOR THE CONSTRUCTION OF BROADWAY
MCKNIGHT**

WHEREAS, the Albuquerque Housing Authority (AHA) seeks to secure funding for the rehabilitation and redevelopment of its public housing properties;

WHEREAS, the Rental Assistance Demonstration Program (RAD) of United States Department of Housing and Urban Development (HUD) allows public housing properties to convert to privately owned properties with project-based Section 8 rental assistance contracts;

WHEREAS, the RAD conversion process also allows for the use of Low-Income Housing Tax Credits (LIHTC), public or private debt, and grant funds for financing rehabilitation and redevelopment of the properties; and

WHEREAS, the AHA Board of Housing Commissioners, the Governing Body of AHA, finds that it is in the long term best interest of AHA to pursue the use of Low Income Housing Tax Credits, public or private debt, and grant funds for financing rehabilitation and redevelopment of the properties, and has approved Resolution 2019-19 Authorizing Submission of HUD Rental Assistance Demonstration Program Application for the property located at 1840-1878 Broadway Place North East, Albuquerque, New Mexico (collectively named “Broadway McKnight”);

WHEREAS, the AHA Board of Housing Commissioners approved Resolution 2020-04, Regarding Financing the Redevelopment of Broadway McKnight authorizing: 1) the submission of an application to the New Mexico Mortgage Finance Authority for Low Income Housing Tax Credits, 2) the submission of applications, or issuance of solicitations, by AHA for any other public or private sources of funding needed to affect the acquisition, demolition and redevelopment of Broadway McKnight, 3) the Executive Director or her designee to obligate AHA to provide limited financial guarantees or financial obligations related to the acquisition and redevelopment of Broadway McKnight including a loan from AHA to the limited partnership in an amount up to \$2 million, 4) the Executive Director or her designee to enter into a long-term lease commitment for the land with the limited partnership, which will allow the lessee to demolish the existing units and redevelop the site, and 5) the Executive Director or her designee to make other necessary and proper decisions needed to move the project forward;

WHEREAS, due to bid costs received coming in higher than projected construction costs, the AHA Board of Housing Commissioners approved Resolution 2020-26, Regarding The Provision of a Subordinate Loan for the Redevelopment of Broadway McKnight authorizing the Executive Director or her designee to obligate AHA to provide a loan from LGIP funds to the limited partnership in an amount up to \$3 million, to be repaid from available cash flow, at a rate and term to be determined;

WHEREAS, due to rapid and extensive construction costs increases due to COVID-19, an increase in the loan from LGIP funds from AHA to the limited partnership is requested to fill a funding gap;

WHEREAS, AHA has over \$5.6 million in the State of New Mexico Local Government Investment Pool (LGIP) from the sale of public housing units;



/abqha



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Equal Housing Opportunity Agency



WHEREAS, the AHA Board of Housing Commissioners approved Resolution 2017-25 Amended Use of the Proceeds From the Sale of Public Housing Units authorizing the provision of gap financing for soft or hard costs on moderate and substantial rehabilitation projects as one of the uses of LGIP funds; and

WHEREAS, The Legislature of the State Of New Mexico enacted and Governor Lujan Grisham signed HB285 authorizing \$1.6 million in Capital Outlay funding for the Redevelopment of Broadway McKnight;

WHEREAS, limited partners of Broadway McKnight, LLLP, the future ownership entity of the to-be constructed housing units desire the leased value of the land be recognize the development costs of the property;

WHEREAS, AHA can, at no cost to AHA, use a seller note to offset the lease cost and earn income from the proceeds of the lease;

WHEREAS, the AHA Board of Housing Commissioners accepted Executive Communication 2020-07, Request for Proposal (#P2126) Construction of Broadway/McKnight – Contract Award authorizing the Executive Director to execute a contract with Pavilion Construction in an initial amount not-to-exceed \$11,500,000.00 (excluding gross receipts tax) for the construction of Broadway/McKnight;

WHEREAS, Construction supply chain issues due to COVID-19 have dramatically increased the construction costs since the Broadway McKnight project was initially bid;

NOW, THEREFORE, BE IT RESOLVED BY THE AHA BOARD OF HOUSING COMMISSIONERS, the governing body of the AHA that:

1. The Board authorizes the Executive Director or her designee to obligate AHA to provide a loan from LGIP funds to the limited partnership in an amount up to \$3.5 million, to be repaid from available cash flow, at a rate and term to be determined.
2. The Board authorizes the Executive Director or her designee to enter in to a long-term lease agreement for the for the land at Broadway McKnight in consideration for note in the amount of the appraised leasehold value of the land, to be repaid from available cash flow, at a rate and term to be determined.
3. The Board authorizes the Executive Director or her designee to execute a contract with Pavilion Construction in an initial amount not-to-exceed \$12.3 million (excluding gross receipts tax) for the construction of Broadway/McKnight as contemplated in Request for Proposals #P2126, pending successful negotiations.
4. The Board authorizes the Executive Director or her designee to make other necessary and proper decisions needed to move the project forward.

PASSED and ADOPTED this 19th day of May 2021.

BY A VOTE OF 5 FOR, AND 0 AGAINST.

Members Absent: none

Members voting against: none

ALBUQUERQUE HOUSING AUTHORITY
BOARD OF HOUSING COMMISSIONERS

By: /s Rebecca Robinson
Rebecca Robinson, Chairperson of the Board

ATTEST: /s Linda Bridge

Linda Bridge, Secretary to the Board and Executive Director