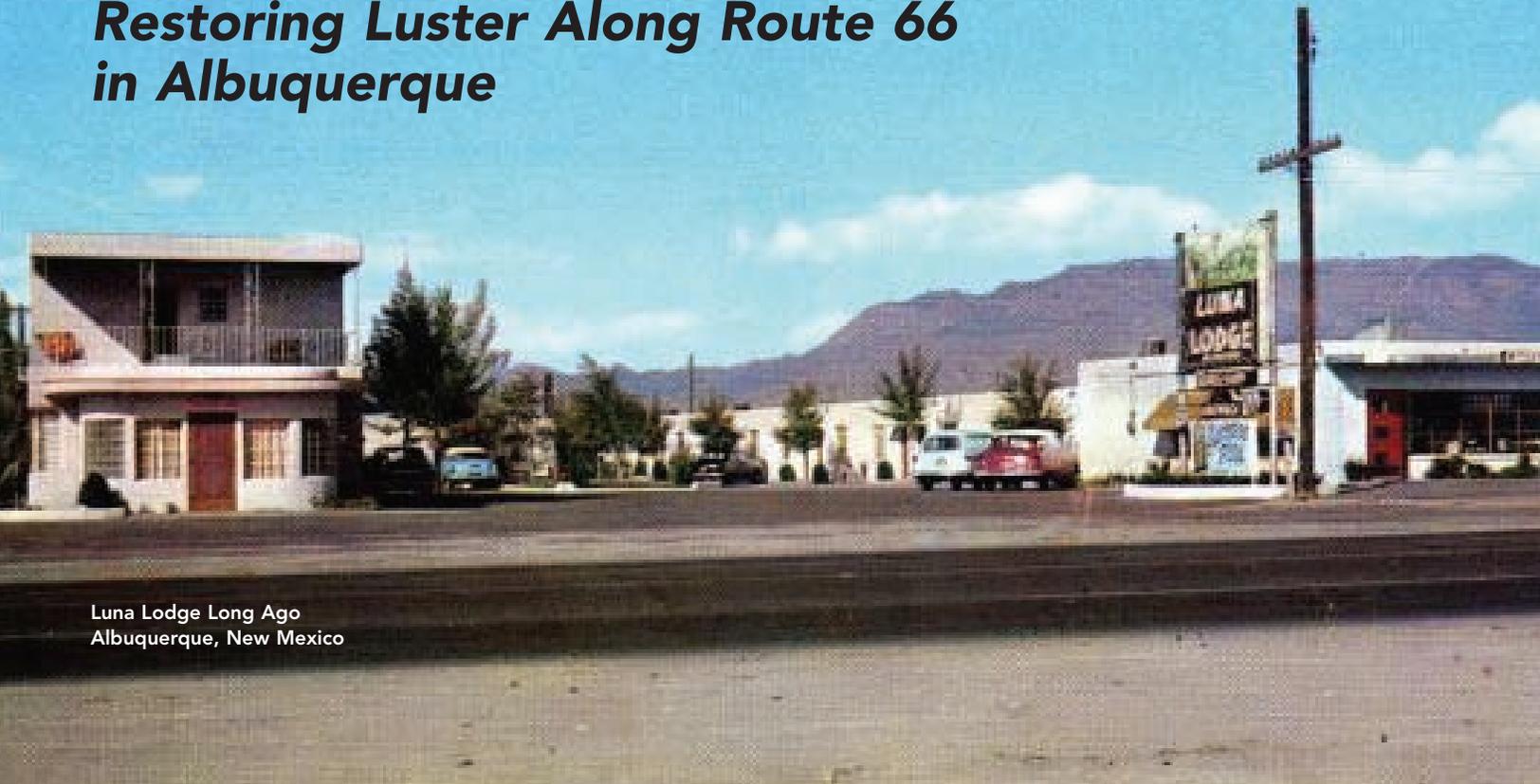


# Old Motels Get New Shine

## Restoring Luster Along Route 66 in Albuquerque



Luna Lodge Long Ago  
Albuquerque, New Mexico

In a stretch of downturn Albuquerque, N.M. marked by a number of aged – in some cases rundown – motels, a local nonprofit plans to renovate and convert two of them into affordable apartments.

One, the Sundowner, was the “base camp” for Microsoft founders Bill Gates and Paul Allen in the 1970s where they developed the first version of the BASIC computer language for the Altair 8800 computer.

“I’m hoping to get some funding from the Gates Foundation. But they haven’t been returning my calls,” jokes John Bloomfield, executive director of NewLife Homes.

“Our mission is to own, manage, and develop supportive housing for the most vulnerable in the community,” he says. “We focus on residents with mental illness, persons with physical disabilities, persons previously homeless. Almost all of our projects are [for households] at 30 percent of [the area median income] or below... We have a lot of demand.”

NewLife Homes holds options to acquire the Sundowner and Luna Lodge, a second old motel, and intends to redevelop both as “green” tax credit projects.

Luna Lodge and the Sundowner are threads in a tap-

estry of American cultural history – the golden age of automobile travel. The two low-rise 1950s properties are on Central Avenue – historic former U.S. Route 66, the nation’s first all-weather highway linking Chicago to Los Angeles. The highway was glamorized by the TV series *Route 66* (debut October 1960), a saga about the adventures of two twenty-something hunks motoring the byway in a shiny Corvette convertible. In the heyday of the 1950s and early 1960s, when car rather than jet travel was the norm for vacationing families and traveling salesmen, motels – or “motor courts” – sprung up along Route 66 to serve road-weary travelers, beckoning with garish neon signs and fenced swimming pools to children fidgeting and whining in the backseats of passing cars.

Luna Lodge and the Sundowner, like many of their contemporaries along once-mainline national highways, didn’t fare well over time. In Albuquerque, with the construction of Interstate 40 and the advent of affordable air travel, Route 66’s old motor inns began to play second fiddle, and many became rundown or victim to the wrecking ball. “These motels have slowly died or become brothels or the areas have gone down,” says

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Bloomfield, adding, “We see [these projects] as a tremendous opportunity to act as a model and catalyst for redevelopment along Route 66.”



Rendering by Garrett Smith Ltd.

Rendering of Luna Lodge

### Luna Lodge

Both Luna Lodge and the Sundowner are in areas of town targeted for extensive redevelopment.

Luna Lodge is the furthest along, targeted to start construction in December.

The motel, an example of the Pueblo revival architectural style, had eight units when it opened in 1950 but expanded with more rooms and a coffee shop during 1950-1952. Now vacant, the property was placed on the National Register of Historic Places in 1998 as part of a multiple-property listing for Route 66 historic sites, making Luna Lodge eligible for federal historic rehabilitation tax credits.

NewLife Homes plans to create 30 affordable one- and two-bedroom apartments in the existing buildings and a newly constructed addition. It also has a still-equipped former Mexican restaurant in an attached 900-square-foot space that may be used for culinary training and a community center for residents.

Fifteen apartments will be leased to households earning 30% or less of the area median income (AMI), at projected initial rents ranging from \$269 to \$326 per month. The other half will be rented to households at or below 50% of AMI (\$21,150 for an individual), at projected initial rents from \$493 to \$594. No project-based rent subsidies are anticipated, though New Life Homes’ residents often have federal tenant-based vouchers.

Funding sources for the nearly \$4.4 million project are almost all finalized. The city has tentatively approved

a \$1.2 million workforce housing grant for site acquisition and renovation costs. In addition, there is a land title trust grant of \$138,000, an Affordable Housing Program (AHP) grant of \$210,000 from the Federal Home Loan Bank of Dallas, a deferred developer’s fee, and state sustainable tax credits. The grants will be provided as soft loans. An estimated \$2.55 million is anticipated from the sale of federal low-income housing tax credits and of federal and state historic tax credits. NewLife Homes has offers but hasn’t yet chosen the equity provider for the 9% housing credits. The housing credits were allocated by the New Mexico Mortgage Finance Authority (MFA), which will also provide a \$1.175 million, 1% construction loan.



Rendering by Garrett Smith Ltd.

Rendering of The Sundowner

### Sundowner

The Sundowner, in a neighborhood long tarnished by crime and disinvestment, became a particular eyesore after being vacated by its last tenant, the Veterans Integration Center, which had used the property to provide transitional housing for veterans.

NewLife Homes plans to redevelop the Sundowner, which has 110 motel rooms and once had a busy nightclub, into 71 efficiency, one-, and two-bedroom apartments, targeted to veterans and other persons with special needs. Plans call for leasing 20 units to households at or below 30% of AMI at initial monthly rents ranging from \$221 to \$311; 23 units to households at or below 50% of AMI at rents from \$430 to \$579; and 28 to market-rate tenants at rents from \$743 to \$981.

There is also about 10,000 square feet of non-residential space, of which about 5,000-6,000 will be used for small business incubators, community art spaces,

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and other functions determined in conjunction with guidance from neighborhood associations. The balance of 4,000-5,000 square feet will be used for support services for residents: support staff offices, laundry, community room, gym, etc.

NewLife Homes barely missed receiving a housing credit allocation for the Sundowner in MFA's last LIHTC funding round, and plans to re-apply in the next round. If successful (New Life projects \$4.7 million in LIHTC equity proceeds), construction could begin late next year.

Confirmed funding pieces so far for the \$8.5 million project include an AHP grant of \$500,000, and a small loan from MFA. The sponsor has also applied for an acquisition/rehab grant from the city, and is seeking other dollars as well. "We've applied for a VA grant, applied for the new [federal] Capital Magnet Fund, and we'll also apply for new markets tax credits," says Bloomfield. "We're looking at all avenues of building up soft sources.

### Marriage of Old and New (Green)

New Life Homes and the local architect for both projects, Garrett Smith Ltd., faced challenges as they sought to come up with designs to both preserve the unique historic features of each property and make them energy-efficient. "We've designed both of these projects to meet LEED," says firm principal and architect Garrett Smith. "We are at least at [LEED] Gold and we're shooting for Platinum, which will allow us to qualify for a good LEED certification and also to qualify for the state [sustainable] tax credits." Achieving LEED certification means satisfying a myriad of standards for energy and water efficiency, air quality, sustainability, and other areas.

Each project will entail a gut rehabilitation of the interior and the installation of new, more efficient mechanical equipment. At the same time, the outer façade and significant architectural features will be preserved. In the case of Luna Lodge, this will include the original motor court layout as well as the preservation of turrets – umbrella-shaped overhangs – above the

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## In Brief

### NEF Closes Acquisition of Homestead Capital

National Equity Fund, Inc. (NEF), a Chicago-based national nonprofit syndicator of low-income housing tax credits, has announced the acquisition of Homestead Capital, a regional LIHTC syndicator based in Portland, Ore. Homestead Capital has made \$483 million in affordable housing investments across nine states. NEF will integrate Homestead into its existing operation as a new affiliate, maintaining its Portland presence as part of NEF's Northwest acquisitions and asset management strategy, said NEF President and CEO Joe Hagan. "This further expands NEF's footprint by continuing Homestead Capital's mission as an affordable housing provider in the region and gives us the chance to work with developers and investors that previously weren't among our partners," he noted.

### Citi's \$3.4B Affordable Housing Portfolio Seeds New Company

Citi, Highridge Partners, and veteran affordable housing developer Michael Costa have formed a new company – Highridge Costa Housing Partners, LLC (HCHP) – to own general partnership interests and manage a \$3.4 billion portfolio of 275 low-income housing tax credit properties located in 34 states and Puerto Rico with almost half in California. The new company's mission includes pursuing new opportunities in addition to managing the portfolio's existing real estate, all developed in the past 15 years. Citi is contributing a previously foreclosed portfolio, of which Costa was a partner. Highridge Partners, a private real estate investment company, is providing required new equity capital, global capital markets relationships, and strategic financial management perspective. "We explored several options for these properties and determined that a partnership with Highridge Costa maintains much needed affordable housing throughout the United States while protecting Citi's investment," said Steven N. Fayne, a managing director for Citi Community Capital, the community development lending and investing arm of Citi. HCHP, using a separate operating company, also will develop affordable communities under the tax credit program, primarily in California. **TCA**

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entrance doorway to the units in the existing and new buildings. There are also plans to have a local firm create a replica of the motel's original neon-type sign out front, by referring to archive photographs.

Because Luna Lodge is on the National Register, rehab plans must be approved by the National Park Service in order for the work to qualify for federal historic tax credits. Smith said one issue was the motel's original windows – steel casement windows that crank outward. These windows will be preserved, but a double glaze and weather stripping applied for energy efficiency.

Smith and NewLife Homes have had a bit more design flexibility with the Sundowner because it isn't on the National Register, though state and local historic officials have had a say. "It has a very large car court – it's a big U-shaped building given over to a lot of asphalt," says Smith. "What we're doing is taking out about half of that and turning it into garden and outdoor spaces" for residents. "With the reduced parking requirements, which we negotiated with the city, it's given over to a much more lush kind of outdoor space."

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Bloomfield said the two projects wouldn't have been possible without the collaborative, problem-solving approach between the contractor, architect/engineer, and MFA.

According to Bloomfield and Smith, the process of coming up with a suitable design for the projects, marrying the LEED standards with historic rehabilitation to create affordable housing on a limited budget, has succeeded because of ongoing meetings with and the collaboration of a number of different parties, including the development team, architect, LEED and historic preservation consultants, subcontractors, public officials, and others.

Bloomfield hopes that two persons not at these meetings will also be able to help with one hope he has for the Sundowner – a computer center for residents. "We hope to get funded from Gates or Allen." **TCA**

## Route 66 History and Heritage

Details about the history of Route 66, the historic structures and landmarks along it, and federal grants available for the preservation can be found at the Web site of the National Park Service's Route 66 Corridor Preservation Program. These annual "cost-share" grants (next application cycle opens January 2011) have been used to restore old motels, restaurants, signs, and more.

(<http://www.nps.gov/history/rt66/>)



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