



MINUTES

COMMUNITY DEVELOPMENT
COMMISSION
FEBRUARY 16, 2022 AT 3:30
PM
VIRTUAL MEETING

1. **CALL TO ORDER**

Start time: 3:54 PM

2. **ROLL CALL**

Members Present:

Councilor Renee Villarreal
Member Ken Hughes
Member Carla Lopez
Member John Padilla
Member Rosario Torres
Commissioner Gabriella Marquez

Members Excused:

None

Others Attending:

Alexandra Ladd, Director - Office of Affordable Housing
Toniette Candelaria-Martinez, Attendee
Cody Minnich, Clerk

3. **APPROVAL OF AGENDA**

4. **APPROVAL OF MINUTES**

a. 12/15/2021 Minutes

MOTION: Member Padilla moved, seconded by Member Torres, to approve the Minutes as amended.

VOTE: The motion was approved on the following Roll Call vote:

For: Councilor Villarreal, Member Hughes, Member Lopez, Member Padilla, Member Torres, Commissioner Marquez

Against: None

Abstain: None



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5. DISCUSSION AGENDA

- a. Introductions: New Commissioner Member, Anne Watkins
- b. Information Only: HUD Timeliness Issue (Alexandra Ladd, Director, Office of Affordable Housing, agladd@santafenm.gov).
- c. Information Only: Discussion of Future Study Topics Related to Community Development (land trust models, sustainability topics, Midtown, etc.). (Chair Renee Villarreal, rdvillarreal@santafenm.gov).

Note to Item 5a: Welcome new Commissioner Anne Watkins!

Notes to Item 5b:

Director Ladd gives update on Timeliness issue. In short, under CDBG regulations, the City is obligated to ensure we don't have more than one and a half times our entitlement grant amount that is unspent. Currently the City has been untimely as early as 2019. HUD requires that Community's that are NOT TIMELY develop a workout plan. Every year the timeliness test is done May 2. Over the years we've hurdled having to pay back money which was then returned to the line of credit and then became unspent; the pandemic halted program activities like home repair for about six months because no one wanted contractors entering their homes and businesses didn't want their contractors entering homes; and other logistical stuff like not being fully staffed and we weren't drawing down on our administrative funds and a major difficulty has been sorting out program income (PI) that has been generated by the down payment assistance (DPA) activities. The Housing Trust doesn't have a current DPA contract but they're still generating program income. All of our program accomplishments are being met according to their Contract. They're still serving the same number of people that they intended to serve. We just can't draw down on the grant funds until we draw down on the program income first. We're taking several steps. We're working with a HUD Consultant which has been great and they're showing us all the ins and outs of HUDS accounting system. We have a three phase plan: 1) We are in the process of amending the \$30K down payment assistance/mortgage principal reduction cap to increase that to \$80K. The way the market is now and especially for CDBG buyers, an 80% Area Median Income (AMI) which is the very top end of the eligible CDBG household can afford a mortgage to purchase a home at \$240K. However, what Realtors are reporting is much closer to half a million dollars as the median priced home. This fluctuates in different parts of town. It's alarming and its probably the biggest gap we've ever seen. So raising the cap will actually make it feasible and possible for some CDBG eligible households to purchase a home. This seems like a reasonable response



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to market conditions. It helps us if we're making bigger loans we can get the funds spent as funds will be put to the use that they were intended for: to help people buy homes. This Amendment will soon go before the Governing Body for approval. 2) This is a longer term because it will not go into affect until the beginning of the next program year (July 1, 2022) is that we will consider creating a Revolving Loan Fund (RLF). This is different than PI -PI goes into the RLF but its not subject to the same timeliness standards. So the funds can actually sit in the RLF until they're needed. Right now what happens is the PI has to be spent before we touch the grant funds. With the RLF, it gives us more leeway. It's more restrictive on the Subrecipient -they can only use it for that dedicated purpose. HUD released a recent Memo that says for 2020-21 (and we're considered currently to be in the year 2021), that they're forgiving the timeliness test. Our HUD Field Office is taking a conservative view of that Memo. We have a couple of Infrastructure projects that may be eligible and come before this body (some land purchase). We will be bringing a big ticket item for CDC committee to consider using some of our reprogrammable funds. To give you an idea of the scope, we need to draw down about \$650K by May 2 including program income.

Questions:

Commissioner Lopez – What is the worst case scenario with HUD right now if things don't fall together in the next couple of months? What are we looking at? Is there anything the Commission must know about?

Director Ladd/Cody Minnich provide a response: We will receive an invitation to an informal hearing. Under usual circumstances we'd go to a meeting with headquarters in Washington DC and present our reasons for getting in this situation and then provide a solution as to how we're getting out of the situation. Worst case scenario is they would reduce our grant amount.

Commissioner Lopez – Would they actually take funds back from us?

Director Ladd – I don't believe they have a mechanism for doing that because we haven't triggered any reason to recapture funds – like we haven't spent them incorrectly, we just haven't spent them.

Commissioner Lopez – DC seems to be fair but is the regional office taking this more seriously?

Director Ladd – I don't know that but I think the recent guidance in the Memo indicates that headquarters seems to be understanding that municipalities/grantees are in situations they've never been in. It's not really in anyone's interest for them to not give us funding. I think it would be punitive and I'd be surprised if that were the outcome. I think the field office has to be tough on us and give us the worst case scenario. It's all to be determined.

Commissioner Lopez – Does the Governing Body need to approve the amendment to raise the cap to \$80K?



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Director Ladd – The Contract will be amended and that will be subject to Governing Body approval. This is the contract with Homewise.

Commissioner Padilla – In reference to the \$80K cap that you've raised: where did that number come from? It seems like a high DPA number. How did you get to that number?

Director Ladd – A year ago the Housing Trust had used that number and said this is what they need to get an income eligible buyer to close that gap between what they can afford and what's on the market for them. And then just looking at the data and how much home prices have increased so recently over the last year. It strategic to raise the cap and not need it all because part of the contract amendment language says but no undue benefit to the household. So its not like everyone gets \$80K. It's going to be based on very strict underwriting guidelines and of course its the Subrecipient's motive to help as many people as possible. We're not changing the accomplishment goal in the contract. They're still obligated to help as many households as were stated in the contract.

Commission Padilla – The \$80K is the maximum. If somebody needs \$55K that's what they would get. It's not every applicant gets \$80K. You said the housing price you looked at was \$240K?

Director Ladd – If a CDBG eligible homebuyer (someone earning 80% AMI this doesn't include someone earning 65% AMI). At that 80%, the mortgage that's affordable to them would give them about \$240K buying power. If they are also lucky enough to participate in the Santa Fe Homes Program and get approved to buy a Santa Fe Homes Program house, they may not need that CDBG DPA. Chances are, if they're earning less than 79%, they'll need some help. I think the idea was to give as much flexibility as possible to meet as many different conditions in the market as possible.

Commissioner Padilla – At \$240K, that's 33% DPA at \$80K. That's an incredible help to an individual that is qualified and eligible for the DPA as well as eligible for purchasing a house in that price range.

Chair Villarreal – Concerning the amendment to change the cap, for that to happen, does that come in the form of a Resolution or Ordinance change?

Director Ladd – We just have to amend the contract.

Chair Villarreal – I thought that based on what we're charged with, these funds, that there was something we had to do to change it in our ... something that requires the CDC committee and also there's some kind of language that's written for CDBG funds in those restrictions? Is there a need for that to be amended?

Director Ladd – We don't maintain the underwriting guidelines for those funds. We allow, we require, that our Subrecipients do that. When we're monitoring the projects at the end of the year, we'll look at their underwriting guidelines and make sure that they're in place, that they're following them. We don't have anything written that creates these restrictions. It's really just based on what the applicants have applied for. This contract amendment



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won't carry forward. The Subrecipients will have to apply to use a higher cap moving forward. So the CDC committee can consider that in the upcoming application.

Notes to Item 5c:

Chair Villarreal – I wanted to see if there were discussion items or future study topics that we wanted to entertain for our meetings? Obviously not during the times we have vigorous grant making processes. But if there's other times we want to explore topics that are pertinent to our work. We do that in some of our other committees. We have presentations. For example, for our Quality of Life committee, other members of the community or other experts come and talk about projects they're working on that are relevant to City work. If you don't have ideas at the moment, email those ideas.

Commissioner Hughes – Bring in someone to give the CDC committee a feel for feasibility of redeveloping commercial properties. So far it's been great to see old Motels being converted. We have vacant car dealerships and hardware stores and a KMart that's vacant. Some of these strike me that they would be great project opportunities to make those for affordable housing. Either the existing shell or adding onto them. This would be interesting to explore.

Chair Villarreal – I like that idea, that's a good idea. There's been conversations about converting some pocket parks that haven't been used and creating housing. I'm not sure if this relates to commercial property or unused City property.

Commissioner Watkins – I think looking at land trust models of ownership is a great idea. There's a lot of interesting stuff going on in that area in other places of the country. Also, as I drive around town I see a lot of vacant properties. Either vacant land or properties that have been vacant for a long time. Commissioner Hughes was going toward those. Is there any kind of inventory of particularly vacant City of County owned property? Has there been a concerted effort to look at all those properties and think what might make sense there and try to pursue that? It seems like something like that would make a lot of sense.

Chair Villarreal – That's a good point. We actually did a thorough inventory by former asset manager director, Matt O'Riley. I hope we still have that document and I wonder if it's still valid? That was helpful to determine what property if the City had little parcels that we could sell off or if it was contiguous to a business or an owner and we'd ask if they wanted us to purchase it and we'd get it off the books. Those were undevelopable pieces. Developable pieces and vacant land -I think we have that inventory.

Director Ladd – Yes, we do have an inventory. It does need to be updated. The majority of those underused parcels are underused for a reason (which is they're not very developable or they were purchased because of a right-away issue). There are several opportunities and one of the tactics coming into play is land swaps. We're trying to negotiate a couple different land swaps with other governmental agencies, especially



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regarding development at Midtown. We made a commitment to donate a parcel of City owned land. A small residential parcel very recently and we want to go back to that original list we had and start that process with some of the other parcels. This will be coming down the pipe. It may be informative to revisit that list specifically. We can have our new asset manager come and talk about what's in the works.

Commissioner Watkins – This is a great topic for many reasons and updating those documents takes big steps and footwork and I would be interested in helping with that. I think that would be a good thing to pursue.

Commissioner Padilla – Piggy backing on Commissioner Hughes' recommendation, we talked about the KMart shopping center that is vacant now. It also sits in the St. Mike's overlay, in the St. Mike's link. There's a lot of already great opportunities that are given to developers to be able to incentivize them to develop their properties. One of the things we need to look at... Matt O'Riley was instrumental in working with the Community to identify the incentives that could help a developer within St. Mike's corridor. Unfortunately not many have tried to take advantage of those. There's got to be a reason behind it. Matt O'Riley, now Civil Engineer, also is with Thomas Properties. Thomas and his family own a number of those properties. They may not control the Kmart, but it would be good to hear from Matt O'Riley in his position with the developer with Thomas Properties. Let's go straight to the developers and find out what's prohibiting them from developing their properties or making those properties available. Matt did an extensive property assessment. If you recall the issue: we identified one property at the corner of Yucca and Zia which was the racketball court. There was outrage by the Community who were against any development in their neighborhood. They were upset. So we need to be aware of things like this as we go in and start looking at making properties available. Maybe talking with Community activists to see how do we circumvent the neighbors from immediately coming after possible project development. The other thing I'd like to see on the Agenda is this whole Early Neighborhood Notification process. The Early Neighborhood Notification process was developed to be a collaborative effort between a developer and the community to talk and work collaboratively to find a common ground for development. We've heard NIMBY etc. We need to have YIMBY, Yes In My Back Yard. How do we get to that instead of having the ENN process being the opportunity to stop anything. We need to reach out to the community activists that are part of these groups and part of neighborhood associations to let them become a partner in helping us develop properties that could address the housing shortage that is apparent. We need a collaborative effort by the City and the developers to see how we approach this and find a solution. Let's not build more projects that are at market rate. Let's see about projects that are at affordable rate. What do we need to do? We need to go into neighborhoods, into communities that



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are established and possibly change the norm that is there now. Let's really listen to the Community and see what we can do to make it work.

Commissioner Lopez – Piggy back on Commissioner Padilla's thoughts... agrees Padilla's ideas are great. A person I want to hear from is Daniel Werwath. He's a second generation builder in this town and he has a good overview of a lot of different things. I would like our Committee to hear from him. He has a good overview of processes.

Chair Villarreal – Are you talking about development process (his experience) or are you talking about his role as it relates to the Santa Fe Housing Coalition?

Commissioner Lopez – Well when I hear him talk, he talks about wanting to build more affordable housing and then he speaks about things like: this is what we run into with the City. This is what we run into at the neighborhoods. And this is what would be helpful. We want to make the most of someone who has non profits and building, the artist community, and dealing with the political process and having to go through the land use processes and getting different pots of government money together local and nationally.

Chair Villarreal – He's the Director at the Santa Fe Housing Trust.

Commissioner Marquez – I hear the comments about the Community and as we spoke before, we don't really know what the Community wants or needs. What projects do they really want? I hear we have information from the Renters and Developers and other persons who make business out of this housing need, but not from the real community. I don't think it's wise for me to speak for the Community without getting information from them. I think its an important topic that we gather information from the Community (different populations -it's a diverse community in Santa Fe). I think its important to have forums to gather info from the Community to know what they need, what they want. Let's find out what projects they want to see in the City? It's important that the neighbors speak up and say what they need and create the vision of the community. I think we need to go over the interest of the developers, the renters and all these business to really serve the community. To serve them, we need to ask them what they expect from us. It's important to create a way to gather information from real people in the community. I cannot speak for the community if I haven't spoken to them first.

Chair Villarreal – I'm trying to figure out how to fit all these topics because we're a recommending body. I just wanted us to be more informed individuals about what's happening in the City? What are Community groups because we fund a lot of Community Groups that actually have the pulse on what Community needs are. We rely on our partners like Earth Care and Chain Breaker and the whole swath of non profit groups. So maybe we could think about that since we're this intermediary recommending body. I just wanted to see how we can inform ourselves. Whether its getting community groups that do represent marginalized communities and being able to hear from them.



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Director Ladd – If anyone was interested in a tour of actual projects and properties that we’ve supported over the years or currently are supporting. Its inspiring and that is to Commissioner Marquez’s point. That is a way to connect with people and what they need in housing; who they are; all of those important things.

Chair Villarreal – I think that would be good. Siler Yard is giving tours.

Commissioner Torres – I’d like to tour the Siler Yard and also the Resolana project. At some point when the LampLighter is up and going that would be an interesting development to see, or the Santa Fe Suites.

6. MATTERS FROM STAFF

The deadline to get applications to the RFA is Monday, February 21st. The first step is figure out the presentation schedule. We will have that and send to you all. I’m hoping we could possible gather and watch the presentations through zoom and be in the same room to have the allocation conversation but I don’t think that will happen. Like last year, we will provide a remote lunch option. Please let me know a particular lunch place that you may have.

7. MATTERS FROM THE COMMITTEE

8. MATTERS FROM THE CHAIR

Chair Villarreal – I didn’t get to hear from Eleazar Flores. You are from what Department?
Eleazar Flores – I’m interning at the Youth and Family Services Division with Julie and Anna. I’m hear to listen in and see what the community has going and stay updated. I really want to be more involved so hoping to you all will see me in more zoom calls.

Commissioner Torres – The Meeting of the 2nd next week is an all day meeting, correct?

Chair Villarreal – Yes, correct. We start at 8:30am to possibly 5pm. We’ll be in touch with the details.

9. NEXT MEETING: March 02 2022

10. ADJOURN

End time: 4:57 PM

Liaison

Chair



City of Santa Fe

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