



Agenda

COMMUNITY DEVELOPMENT COMMISSION MEETING

Wednesday, September 4, 2019

3:30 p.m. – 5:00 p.m.

500 Market Street; Roundhouse Conference Room

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes: July 17, 2019
5. Review and Recommend Approval of Consolidated Annual Performance Evaluation Review (CAPER) Report on Uses of CDBG Funds, as Required by HUD (Alexandra Ladd, Office of Affordable Housing, agladd@santafenm.gov)
6. Review and Recommend Approval of Proposed Amendments to SFCC 26-1 and SFCC 26-2, Modifying the Rental Requirement for the Santa Fe Homes Program (Alexandra Ladd, Office of Affordable Housing, agladd@santafenm.gov)
7. Items from the Commission
8. Items from the Staff
9. Items from the Floor
10. Adjournment

PERSONS WITH DISABILITIES IN NEED OF ACCOMMODATIONS, CONTACT THE CITY CLERK'S OFFICE AT 955-6520, FIVE (5) WORKING DAYS PRIOR TO MEETING DATE.

RECEIVED AT THE CITY CLERK'S OFFICE

DATE: August 28, 2019

TIME: 12:46 PM

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COMMUNITY DEVELOPMENT COMMISSION MEETING MINUTES
September 4, 2019**

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ADJOURNMENT	Adjourned at 4:45 p.m.	10

**MINUTES OF THE CITY OF SANTA FE
COMMUNITY DEVELOPMENT COMMISSION
September 4, 2019**

1. Call to Order

A meeting of the City of Santa Fe Community Development Commission was called to order by Renee Villarreal, Commissioner on this date at 3:30 p.m. at the Market Station Offices, 500 Market Street, Roundhouse Conference Room, Santa Fe, New Mexico.

2. Roll Call

Roll Call indicated the presence of a quorum present for conducting official business as follows:

Members Present:

Councilor Renee Villarreal, Chair
Carla Lopez
John Padilla
Rosario Torres

Members Absent/Excused:

Paul Goblet - excused
Ken Hughes - excused
Willie Marquez - excused

Staff Present:

Alexandria Ladd, Director, Office of Affordable Housing

Others Present:

Melissa D. Byers, Stenographer

3. Approval of Agenda

Ms. Ladd stated that she would like to change Item 6 to read: "~~Review and Recommend Approval~~ Discussion of Proposed Amendments to SFCC 26-1 and SFCC 26-2, Modifying the Rental Requirement for the Santa Fe Homes Program."

MOTION: A motion was made by Commissioner Padilla, seconded by Commissioner Torres to approve the agenda as published.

VOTE: The motion passed unanimously by voice vote.

4. Approval of Minutes: July 17, 2019

Commissioner Torres stated that she did not see in the minutes the date of the meeting that was going to take place regarding the properties that the Mayor was going to release. She thought that a date had been set.

Chair Villarreal asked the stenographer to listen to the recording of the July 17, 2019 meeting to determine whether an actual date for such meeting was discussed.

Chair Villarreal referred to the paragraph on page 7 that starts "Chair Villarreal said at the public hearing it was a good balance." She said it states in that paragraph "People that own their homes..." it should state "People who own their homes..." Also, in that paragraph, the last sentence starts "Hope that people..." should state "She hopes that people..."

Chair Villarreal said the sentence that states, "Commissioner Lopez asked if you own a home with a big back yard can you put an additional unit." It states her response was "yes," but she thought she said "yes, if it meets code requirements."

She asked the stenographer to verify these changes when she listened to the recording.

MOTION: A motion was made by Commissioner Padilla, seconded by Commissioner Lopez to postpone action on the Minutes of the July 17, 2019 meeting to the next meeting.

VOTE: The motion passed unanimously by voice vote.

5. Review and Recommend Approval of Consolidated Annual Performance Evaluation Review (CAPER) Report on Uses of CDBG Funds, as Required by HUD (Alexandra Ladd, Office of Affordable Housing, agladd@santafenm.gov)

Ms. Ladd said what they tried to do this year was to create a good summary in the goals and outcomes section. She wanted to point out that for the most part they had either met or exceeded their goals. She said the rest of the sections speak for themselves. The number of households served is impressive. She said 2,000 households are being reached.

Commissioner Padilla said that the subrecipients are learning how to utilize their funding and the network they are a part of to get individuals the services they need. He said that speaks volumes to the department because staff is educating the subrecipients on how to utilize their funding.

Commissioner Padilla asked Ms. Ladd to speak about aligning housing opportunities with emerging needs, we were expected to do 350 and we were zero.

Ms. Ladd said that was the Housing Authority medical clinic project. Permitting took longer because it's a construction project. They don't necessarily stick to the fiscal year timeline.

Commissioner Padilla asked in that timeline do they go through the City permit review process or Construction Industries Division (CID).

Ms. Ladd stated she needs to confirm for sure, but she believes that the property is one of the original sites still owned by the City, so they would go through CID. If it's not City property, the Housing Authority has the option to go through CID.

Commissioner Padilla said the City process is a nightmare right now. Calls are not being returned and emails not being responded to. He asked Ms. Ladd to check to see if it's being held up in the City process. If the City's holding it up, a fire needs to be put under them. If it's CID, it's out of our control. He said a lot of times, it's the design professional, who doesn't do a complete job. We need to step up to wherever the issue is.

Ms. Ladd apologized and said she wasn't paying attention to the final monitoring or whatever extension was put in place, but she will find out.

Commissioner Padilla asked Ms. Ladd to tell him about the medical facility and if there are more coming online or is it one specific to the Hopewell Mann neighborhood.

Ms. Ladd said the intent was to bring a medical service by two partners that was needed by that community. The structure itself was originally eight units. The Housing Authority's priority was to remodel and preserve the housing. The idea was to bring partnership to the neighborhood. The Committee award funds because it brought partnership.

Commissioner Padilla asked if there were other projects like this in the works.

Ms. Ladd said not that she's aware of.

Commissioner Torres said she vaguely remembers this clinic was in the works years ago. She also heard that there was money for developing technology infrastructure to be available for the residents. She said there was a specific grant tied to the development of that clinic, a community center and the housing units. It was a package, but the funding streams were different.

Ms. Ladd asked if that was for the construction of the original community center.

Commissioner Torres said that's what she's not sure of, but the clinic piece has been talked about for quite a while.

Ms. Ladd said she doesn't know, but she'll find out.

Commissioner Padilla referred to the section on leveraging of funds, he said it seems that the non-profits are really leveraging every dollar they get for their projects. He read from page 8 where it states: "The City's nonprofit partners estimate that every dollar of federally-funded mortgage reduction assistance leverages \$14 of funding from other state, local, and private sources."

Ms. Ladd said that should probably read "\$14 of capital" because this is also the borrowing capacity the individual brings to the table, so it's private mortgage money as well. She said it's still being leveraged from other than governmental resources.

Commissioner Torres said there was a typo on page 8; "dallas" should be "Dallas".

Chair Villarreal said the Commission has seen various iterations of this document and they've recommended adjustments and she hopes they are in the document. She said she can't compare what was seen in the past to what they're seeing now.

Ms. Ladd said this is one of the cleanest versions of this document. Part of the confusion is some of the headers are used in the annual action plan. At the beginning of the year, it says "here's what we're going to do and here's how all these systems are set up to do this." Then at the end of the year it says, "this is how all these systems are set up to do this, and here's what we did."

Commissioner Padilla referred to page 18, under the heading "Actions taken to address obstacles to meeting underserved needs." He read the following excerpt:

Two are leased up (120 units total) and one will finish construction during the upcoming year (87 units). A third project was awarded LIHTC subsidy funds during the program year for 65 units..."

He asked if the 65 units is the Siler Road project.

Ms. Ladd said yes.

Commissioner Padilla asked which project was the 87-unit project.

Ms. Ladd said that is Soleras Station which is currently under construction. The City is working with Housing Trust to do a ribbon cutting and she'll make sure that the Commission is invited.

Commissioner Padilla asked which project is the 120 units.

Ms. Ladd said those are two projects, the Village Sage in Tierra Contenta and the Stagecoach Apartments which is the remodeled Route 66 Hotel, on Cerrillos Road.

Commissioner Lopez asked why Stagecoach is still in the document because wasn't it completed a while ago.

Ms. Ladd said the section is saying that there are four LIHTC projects, that have been actively supported to receive CDBG, two are leased up, one is under construction and the other will start construction.

Ms. Ladd said it may just be easier to name the projects in that section.

Chair Villarreal stated that the Commission desired that edits be made to the CAPER that include putting the names of the projects on page 18 and capitalizing "Dallas" on page 8,

MOTION: A motion was made by Commissioner Lopez, seconded by Commissioner Torres to recommend approval, with edits, of Consolidated Annual Performance Evaluation Review Report (CAPER) on Uses of CDBG Funds, as Required by HUD.

VOTE: The motion passed unanimously by voice vote.

6. ~~Review and Recommend Approval~~ Discussion of Proposed Amendments to SFCC 26-1 and SFCC 26-2, Modifying the Rental Requirement for the Santa Fe Homes Program (Alexandra Ladd, Office of Affordable Housing, agladd@santafenm.gov)

Ms. Ladd said the public hearing on the changes will take place at the October 30, 2019, Governing Body meeting. Ms. Ladd said on October 16, 2019, there will be a CDC meeting so the Commission can review the redline changes to the City Code.

She said the inclusionary zoning program is captured in two sections of the Code. Chapter 26 is the stick that says anyone doing a project has to provide affordable units and Chapter 14 is the carrot, because that's where the incentives are housed. The Santa Fe Homes Program (Chapter 26) is embedded in the overall housing market. If the market itself is not producing units, then we don't get any affordable units. On that level the regulation must work with the market.

She said Chapter 26 isn't addressing the needs of the very low-income, high need renter. These renters are served in the low-income housing tax credit projects, they are served by the wrap around services that the Life Link, St. Elizabeth's and all the providers that are specialized in serving the needs of those people. Their issues are not market based. You could give them an affordable unit, but they'll have a whole lot of challenges in their lives that will prevent them from having a successful outcome.

She said with the proposed amendments, she wants to create a menu of options to meet the individual needs of the characteristics of each project because real estate is not one size fits all. There are three options which are still being refined. The first option is to continue fee in lieu of whereby the affordability gap calculations will continue to be used. The second option is a low-priced dwelling unit category. This is currently in the code but geared entirely on home ownership; it talks about rental, but it doesn't really mean it. That option is currently only available for non-profit developer. She's proposing to change that to include for-profit developers. She created an idea of a low-priced dwelling unit as a rental project, it's based on rents that are affordable and at 100% of area median income and households that are based at 120% medium income. The third option would be a 15% onsite set-aside. A developer would be paired up with a nonprofit.

She said she had a developer look at these options and he offered some insight on the proposed options.

Ms. Ladd said she has a slide show on the website and encourages everyone to review. If anyone would like to comment or has a question, she recommended that an email would be best so she can record the comment.

Commissioner Padilla said when he was looking at the options, he thought the developer incentives are the true carrot. He expressed his concern about the ENN process because neighborhoods make it difficult for developments.

Commissioner Padilla said he likes the third option, the straight onsite set aside, that works.

Commissioner Padilla agrees with fee in lieu of at time of building permit

Chair Villarreal said she was curious about the fee option. Her understanding is that Ms. Ladd was going to look at increasing the fee percentage because the way the calculation is currently devised, may not be necessarily enough for what's be asked in terms of the fee in lieu of. She asked if there were any adjustments being proposed to increase the fee.

Ms. Ladd said there was initially, because of the way the calculation works out, a 24-month time frame was being used, assuming a fee would be collected from the project and then subsidize the tenant that would live in that unit. She explained that a suggestion that came out was that's not predictable enough. Most developers that she's talked to have been supportive of these concepts and understanding that the fee needs to be increased. The fee needed to be increased in some predictable fashion.

Chair Villarreal asked Ms. Ladd what she meant by predictable.

Ms. Ladd said right now, the affordability gap varies by the unit mix and she's contemplating on making that a little simpler because it can be confusing. She said if the calculations are changed, maybe from a factor of 24 to 48, there are so many other elements to that calculation that aren't obvious to a developer who's not tracking fare market rents or not tracking area median income, versus saying "today the fee is this and it will reach 20% every five years until it doubles at the end of five years." The developers are saying they can predict that because they can take today's number, which is real, and predict it using a factor that isn't going to change.

Chair Villarreal said she has a hard time with the fact that the City has no way of interceding with the rent once it's handed over. There is no way to control that because the City can't control rent. She is thinking about the long-term effects that the City has no control over.

Ms. Ladd said the rents that are being charged have nothing to do with the Fair Market Rent. The Fair Market Rent is a high-level statistic that is calculated and doesn't use income as part of the calculation. The calculation includes cost-of-living and looks at more of a census level rent, not an individual rent. She said the fact that the Fair Market Rent goes up or down, isn't going to affect the economy of one project.

Chair Villarreal said it is good to clarify that, it's just good to figure out "where we have control."

Commissioner Padilla asked Chair Villarreal if she feels the City should have control over how the fee goes for the life of the project.

Chair Villarreal said not the life of the project, but a certain amount of time; because after the project is done, the City is not involved anymore.

Commissioner Lopez said then we're back to "high rents."

Chair Villarreal said she's not sure what's happening in other places, it's just perplexing to her.

Commissioner Torres commented that part of the problem is that wages never keep up with markets. She said cost of living is really a fantasy. The federal government gives retirees maybe a 3% cost of living, every three years, every five years, depending on who's in office. Workers in high economy places are still making \$9 an hour and can't live or pay rent on that.

Ms. Ladd said in Santa Fe, people are being paid more than \$9 per hour because there is a Living Wage, but that is not enough.

Commissioner Torres said the other problem in Santa Fe is the median income is based on a very small percentage of rich people that throws off all the other people who are the other side of the income ladder.

Ms. Ladd clarified that an average income statistic isn't used; it's a median income.

Chair Villarreal commented about 15% onsite set aside option. She said that is just being put back into the Code.

Ms. Ladd said it was an option, but there was no guidance on how it was supposed to work.

Chair Villarreal asked about the term of compliance for the set aside option being five years.

Ms. Ladd said she thought it would be an incentive to help developers choose it. There's language in there that says tenancy in a unit cannot be terminated until there is a viable option that will be secured for that tenant. If a tenant leaves, the unit still must stay affordable. If they can't fill unit, they would be able to submit to City based on market demands. The caveat is no unit will ever sit empty.

Chair Villarreal said she's glad there is a caveat because it would be hard for her to believe there wouldn't be income certified tenants.

Commissioner Padilla clarified that rather than that fee be constantly escalated, he thinks the issue that it is guaranteed for five years would give that individual an option to transition and hopefully be more stable and be able to transition either into a bigger unit or better unit. That's where they work with our partners to really serve that need. If the fee is guaranteed for five years, as opposed to the fee being escalated every year, that works for a developer.

Chair Villarreal thanked Commissioner Padilla for the clarification.

Chair Villarreal asked if there is a plan to do a public outreach piece to educate the public about the proposed amendments, so the people understand it.

Ms. Ladd said she has been on Kim Shanahan's talk radio show talking about it. He also wrote about it in his column. The commercial realtors are having her come out and do a presentation and she's reached out to all the industry groups. She hasn't had a whole lot of takers.

Chair Villarreal said she's trying to think of way to work within the review schedule to have an opportunity to educate the public.

Commissioner Lopez between maybe sometime between October 21 and October 30.

Chair Villarreal said maybe have the City PIO do an outreach through social media, press release, radio and the City channel.

Public Comment

Mary Shrubin commented about the first and second options, with the emphasis the City puts on individual homeowners creating long-term rental properties on their own land. She asked if any of these options apply to accessory dwelling units. Not all people who want to rent are able to pay in the middle range, that are above the low income and have steady work, but choose to rent rather than own, they're not interested in housing projects. If there is a recognition that they exist all over town and could turn into a viable alternative for a section of our population who prefers that kind of housing. Homeowners who are wanting to build accessory dwelling units may need incentives other than what's offered in the Accessory Dwelling Unit Ordinance.

Ms. Ladd said there are a lot of issues overlapping in Ms. Shrubin's comments. She said the issue of lower-income landlords with substandard properties is an emerging issue. There are lots of people with rental subsidies who would prefer to live in somebody's backyard and not with a bunch of people in a complex. Those units won't pass the housing quality standards. There has been talk about doing a home repair program for low-income landlords.

Ms. Shrubin said it's more than repair, it's remodel, plumbing and a bunch of other stuff. She said she hopes it's not something that's excluded from the conversation.

Chair Villarreal thanked Ms. Shrubin for her comments.

7. Items from the Commission

There were no other items from the Commission.

8. Items from the Staff

There will be two open houses where the sites in the RFP will be presented. The dates of the open houses are October 17th in the evening and October 19th in the morning.

9. Items from the Floor

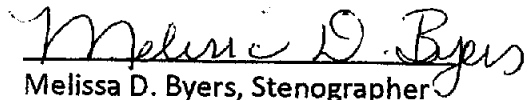
There were no items from the floor.

10. Adjournment

With the Commission's business being completed, the meeting adjourned at 4:45 p.m.

Renee Villarreal, Chair

Submitted by:


Melissa D. Byers, Stenographer
For Byers Organizational Support Services