



Rail Yards Advisory Board

Monday, December 14, 2009

11:30 AM

Albuquerque/Bernalillo County Government Center

Council Committee Room

9th Floor, Suite 9081

MINUTES

Members Present:

Councilor Isaac Benton
Leba Freed, Wheels Museum
Rep. Miguel Garcia
Rep. Rick Miera
Sen. Eric Griego
Sen. Jerry Ortiz y Pino
Ron Romero, Barelmas Neighborhood
Diana Dorn-Jones, South Broadway Neighborhood
David Campbell, CAO, City of Albuquerque
Gilbert Montano, Senior Advisor to the CAO, City of Albuquerque

Members Absent:

Commissioner Art De La Cruz
Rep. Gail Chasey
Janice Convery, South Broadway NA
Yasmin Khan, Barelmas NA
Jay Rembe, ULI – New Mexico

Staff Resources:

Michael Mehling, Dept. of Family and Community Services
Marti Luick, Council Services
Kara Shair-Rosenfield, Council Services
Petra Morris, Planning Department
Lawrence Kline, FAICP, Project Coordinator
Tim Karpoff, Facilitator

Others Present:

Julie Ferguson, Romero-Rose
Homer Robinson, Romero-Rose

1. WELCOME AND OVERVIEW –TIM KARPOFF

Tim provided a recap of the November Board meeting, where the Board engaged in a Visioning Session to identify issues where there are overlaps as well as need for further discussion. The Visioning Session yielded seven different components/categories:

1. Possibility of Multiple Attractions
2. Mixed-Use Commercial Dev.
3. Housing (!)(?)
4. Development Benefits Local Community
5. Open/Accessible to Public
6. Model of Mixed Use
7. Not Heavily Subsidized

The results of the Visioning Session will be used as an initial guide/compass, as well as way to map out agendas for the next several months.

On the topic of “Housing(!)(?)”, there was a broad range of ideas – anywhere from zero to five hundred units. At the November meeting, Leba asked if there were any housing studies to show what the market will support so that the RYAB can make well-informed decisions. Since there seemed to be many questions about housing, the Board decided to tackle that issue first. Thus, the agenda for today’s meeting includes two presentations – one from Marti Luick of Council Services to provide background on the City’s Workforce Housing Trust Fund and City housing data, the other from Todd Clarke of Cantera Consultants & Advisors, a local firm that provides detailed real estate analyses.

2. PRESENTATION: WORKFORCE HOUSING DATA—MARTI LUICK

Marti Luick said that she was happy to see what Todd Clarke will be presenting because she came to the same basic conclusions as he did. Marti explained that she worked off of data in the City’s Housing Needs Assessment, on which she provided a one-page, two-sided summary. She also provided a one-page, two-sided Frequently Asked Questions document on the City’s Workforce Housing Opportunities Act. The FAQ document outlines when the Act was adopted and what the basic parameters for using the Workforce Housing Trust Fund are. This information is pertinent to discussions about the redevelopment of the Rail Yards because \$1.9 million in funds from WHTF were used to purchase Rail Yards. Marti explained that every \$1.00 of WHTF spent on a project has generated \$7.50 in other funds coming in.

3. PRESENTATION: MARKET HOUSING DATA—TODD CLARKE

Tim introduced the next presenter, Todd Clarke of Cantera Consultants & Advisors, as a 4th generation Albuquerquean who works in commercial real estate development and has been working with the City for over twenty years to assemble housing data, including the forecast for downtown in 2000. He explained that Todd crunched numbers for the Board and has important data to present, including some pointed conclusions.

Todd provided a very detailed presentation based on the Council office’s request to determine what some of the market possibilities to meet the needs desired by the Barelás and South Broadway neighborhoods might be. He explained that his job was to translate stakeholder needs into a language that the market understands and to analyze what the real estate and capital markets are up to for the Board.

Todd’s presentation contained a brief history of the area, information about national trends in real estate, and explored different influences on the Barelás and South Broadway neighborhoods that will potentially affect the redevelopment of the Rail Yards. At the end of his presentation, Todd provided the following summary thoughts based on his needs assessment:

Summary Thoughts:

- Housing development in these neighborhoods has been difficult to develop for the following reasons:
 - Lack of large parcels

- Many require zone changes (which = uncertainty)
 - Older infrastructure needs updating
 - Financing
 - Once a project is built, there is a potential mismatch between price points and income levels
- Examples of infill successes: GAHP in Barelás, Broadway Vistas in South Broadway.
 - There is demand for more urban product than current housing inventory provides. Urban products could be located along 4th Street, Broadway, straddling the railroad tracks, and possibly along the river.
 - Returning families struggle to find housing that matches family dynamics.
 - Possible solution – “lifestyle units” (2/3/4s) like those that Sean Gilligan develops – “flexible” housing types.
 - Income levels don’t support owner/occupancy.
 - Need to develop a product that would increase owner occupancy, offer a new housing type, and adapt to changing family dynamics.
 - This area suffers from the potential speculation of downtown expansion, which pushes overall land prices up, thus minimizing the potential to develop housing at price points needed.
 - There is a need for affordable, high-density senior housing, such as Encino House.
 - Like most of downtown, the linkages are there to support quality housing, but this area is one of the most problematic to develop.
 - With the exception of a couple of new developments and some small infill projects, the current housing inventory does not compete in size or price with newer housing on the SW Mesa.
 - There needs to be an anchor project as a catalyst – most likely a tax-credit project, or, lacking that, a City-funded / private-sector managed property similar to the Beach apartments.
 - Future multifamily housing could come from duplexes, triplexes, four-plexes – designed as lifestyle units and with an owner-occupant in mind.

Todd’s entire presentation can be viewed by using the following link:

http://www.cabq.gov/council/documents/12-14-09_presentation-housing_needs_assessment.pdf

4. DISCUSSION: PERSPECTIVES ON HOUSING WITHIN FUTURE RAIL YARDS DEVELOPMENT

Tim asked the Board to offer key questions and/or takeaway points that they feel need to be considered and returned to? For instance: 1) Natural nexus of change, 2) Good timing because CMBS down, 3) Most resilient area in the city, 4) Outside forces going to nibble away at these neighborhoods unless we take proactive action. Any other points of contention?

The following discussion took place:

- **Ron Romero:** Going back to the part of your presentation on demographics, what about education?
- **Todd:** 23% less of the population in this area is graduating high school; 12-13% is not graduating high school.
- **Diana Dorn-Jones:** When you say “the neighborhood” do you mean both the Barelás and South Broadway neighborhoods?
- **Todd:** Yes.
- **Diana:** Your comparison to Trumbull/La Mesa, can you explain that a little more?
- **Todd:** The Primary Trade Area is at 50% / 50% in terms of owner-to-renter ratio. You would not want to see a continued decrease in the home ownership percentage.
- **Diana:** What about the type of housing stock?
- **Todd:** The type of multifamily housing that goes in is going to have a big impact. In La Mesa – the problem was absentee owners in California / Texas. One recommendation in moving forward, bring in more owner-occupied housing and rental housing at the same time.

- **Diana:** There is also a lot higher density in La Mesa, which becomes a Crime Prevention Through Environmental Design (CPTED) issue.
- **Todd:** The density was actually too low in La Mesa; there is a lot of distance between properties. Even though there is a lot of multi-family housing in La Mesa, it is actually pretty low density.
- **Sen. Griego:** When you break out rental vs. ownership, does that include single family rentals?
- **Todd:** Yes.
- **Sen. Griego:** Do you have any data around Section 8 rentals in this area?
- **Todd:** I don't have it, but I can get it easily.
- **Sen. Griego:** Section 8 seems to be encouraged in certain areas of town, including on my street, but not in others. A concentration can become a problem. Where are the concentrations around the city?
- **Todd:** I think you would be surprised how many "luxury / high-end" apartments get Section 8 vouchers.
- **Diana:** Gentrification is another concern. Population/incomes are going to drive services. I don't want to see displacement, like in Santa Fe.
- **Todd:** I understand concerns about gentrification – the flipside, though, is continued disinvestment. Instead of highest and best uses, you could end up with lowest and worst uses. But it's a valid concern.
- **Sen. Griego:** This has to be a project that is a public/private model. Everybody throws that term around. People are concerned about just letting the market drive this. But we can't expect only public funds to drive this project. A mix of the two is what we need to work towards. We have been so frustrated by the lack of rehabilitation. If you had a place that was safe and upgraded, it probably still wouldn't be as cheap as the SW Mesa, but people will come back. We don't have any real rehab program for these neighborhoods. People would both stay AND come back if a real program could be provided. We need to figure out what is the private element that will drive new investment.
- **Leba Freed:** If I understood you correctly, you did not anticipate housing on the RY?
- **Todd:** I don't think I said that.
- **Leba:** I am not for housing on the RY. Are you for housing on the RY?
- **Todd:** My own personal opinion is that it's a great site to do some housing, and I don't think it comes at the expense of other opportunities for the site. Without housing, you don't have eyes on the street and an opportunity to provide security on the site.
- **Sen. Ortiz y Pino:** Following up on Eric's comment on the lack of rehab in town. I don't think the last Administration expressed any interest in rehab. I would like to see us pursue rehab in the neighborhoods as a part of the RY redevelopment.
- **Councilor Benton:** We discussed the need for a rehab program at the last Council meeting. We're looking at ramping that up again.
- **Diana:** Two points: 1) Vacant lot inventory – we need to look at that and make sure we look at those opportunities as part of RY redevelopment. 2) Rehab: People in our neighborhoods don't want to participate in a rehab program because the services delivered were so poor.
- **Rep. Garcia:** It's important to look at policy in terms of the conversion of rental units to single-family homes. I think it's crucial to have a policy that looks at that conversion. Section 8 is critical as well. Was part of lawsuit filed against Bern. Co. in 1998-1998 – a neighborhood got money to do a Section 8 housing project. The County changed the project into single-family dwelling units, and people who bought in were sons and daughters of Atrisco. People who have ties to the community will take care of the properties. There is an over-saturation of Section 8 housing in South Valley and Barelás.
- **Ron:** Rehab has to be community and neighborhood driven. The whole idea of outside influences and disinvestment...Barelás and South Broadway are suffering from years of disinvestment. The City has spent millions around the perimeter of the community, but nothing within the community – the Zoo, NHCC, downtown. There is a lot of fear, but also the influence of gentrification. People get their hopes up, and then so do property values. Disinvestment and outside influences are a double whammy on the community.
- **David Campbell:** I think the most impressive screens were the "property ownership" sheets: orange and red = absentee landlords. Question: how do we get absentee landlords to reinvest

rather than disinvest? Will new housing stock as anchor on RY to bring greater investment in the area?

- **Todd:** Yes, housing can be a catalyst.
- **Leba:** Let's remember that there was never housing on the RY.
- **Diana:** In order to put housing there, we need to look closely at contamination / environmental issues. Some people say there's a lot of contamination, some say not so much. I hear a lot of stories from elders. If there's even a perception, that word will spread. We need to grapple with that issue.
- **Councilor Benton:** When we purchased the site, we used the \$1.9 million from the Workforce Housing Trust Fund, and there has to be a minimum – and maybe that will be it – of 30 units. I agree about needing “eyes on the street.”
- **Sen. Griego:** Todd's going to do some more looking at Section 8, vacant land, etc. Maybe another thing he can look at is to what extent the SW Mesa phenomenon – adding new housing stock – affects opportunities rehab before dumping new housing stock into the mix. New housing vs. rehab projects.

5. NEW BUSINESS: ADVISORY BOARD GROUND RULES

Tim asked the Board to look at the draft Ground Rules. He urged people to look at the “Purpose and Organization Framework” section and be prepared to discuss the document at the next meeting. In particular, he expressed a desire to get a sense from each member about how much time he or she can commit to participating in these meetings. He asked Councilor Benton if he or the City has a particular deadline for coming out with an RFP/RFQ. Councilor Benton responded that, no, he didn't have a particular deadline in mind for issuing the RFP/RFQ but was struck by one of the early points that Todd made about this is an opportune time for seeking a master developer to have in place when the economy does pick up again. Tim explained that in the draft Ground Rules document, he proposed June as a deadline.

Tim asked the members to think about what type of decision-making process the Board should retain when we get to the point of making a recommendation for selecting a developer. He stated that these and other process considerations are going to be more and more important. He asked Board members to email or call him to discuss the Ground Rules before the next meeting.

Leba asked if there money to pay for consultants. Councilor Benton explained that, so far, everything in support of the Board and the redevelopment of the Rail Yards has come from the Council Services budget, which is very limited.

6. ADJOURN – 1:00 PM