

Mayor Timothy M. Keller

CITY OF ALBUQUERQUE
Albuquerque, New Mexico
Office of the Mayor

INTER-OFFICE MEMORANDUM

February 5, 2026

TO: Klarissa J. Peña, President, City Council

FROM: Timothy M. Keller, Mayor 

SUBJECT: Follow up to EC-25-518, Recommendation in response to O-25-95 “Amending the Public Purchase Ordinance to Simplify and Streamline the Process for Affordable and Transitional Housing Development Projects”

Pursuant to Enactment O-2025-025, the Department of Municipal Development (“DMD”) and the Department of Health, Housing, and Homelessness (“HHH”) have completed a review of their procurement regulations and established policies and procedures relating to affordable and transitional housing projects. Following up on EC-25-528, DMD and HHH have provided the following recommendations which are included within this Executive Communication.

Follow up to EC-25-518, Recommendation in response to O-25-95 "Amending the Public Purchase Ordinance to Simplify and Streamline the Process for Affordable and Transitional Housing Development Projects"

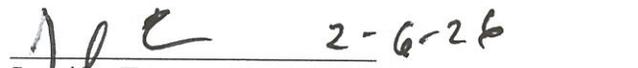
Approved:

Approved as to Legal Form:


Samantha Sengel, EdD Date
Chief Administrative Officer


Lauren Keefe Date
City Attorney

Recommended:


Jennifer Turner Date
Director, Department of Municipal Development


Ellen Braden Date
Acting Director, Department of Health, Housing and Homelessness

Cover Analysis

1. What is it?

Executive Communication follow up from EC-25-518 in response to O-25-95

2. What will this piece of legislation do?

Provide Recommendation in Response to Enactment No. O-2025-025, “Amending the Public Purchases Ordinance to Simplify and Streamline the Process for Affordable and Transitional Housing Development Projects”

3. Why is this project needed?

Requirement of O-25-95

4. How much will it cost and what is the funding source?

There are no costs associated with this Executive Communication

5. Is there a revenue source associated with this contract? If so, what level of income is projected?

N/A

6. What will happen if the project is not approved?

N/A

7. Is this service already provided by another entity?

No



City of Albuquerque

Department of Municipal Development

Timothy M. Keller, Mayor

Interoffice Memorandum

February 5, 2026

To: Samantha Sengel, EDD, Chief Administrative Officer

From: Jennifer Turner, Director, DMD
Ellen Braden, Acting Director, HHH

Subject: Department of Health, Housing & Homelessness (HHH) and Community Development Division (CDD) Policy & Procedures for Managing State Capital Outlay Grants for Affordable Housing Projects

Purpose

This Policy & Procedures (P&P) document outlines the required process for the **Community Development Division (CDD)** to manage **State of New Mexico Capital Outlay Grants** that support affordable housing projects.

CDD receives and manages **state capital outlay grants** for:

- Projects involving **nonprofit partners**, and
- Projects **not associated with nonprofits**, including City-led affordable housing initiatives.

This P&P establishes the mandates, steps, and coordination required between **CDD and the Capital Implementation Program (CIP)** to ensure legal, financial, and administrative compliance.

I. Roles and Responsibilities

1. Capital Implementation Program (CIP)

CIP is the City's centralized administrator for **all state capital outlay grants**, responsible for:

- Extracting grant awards from the signed State Capital Outlay Bill.
- Preparing a single appropriation ordinance for City Council.
- Managing State questionnaires and assigning delegates.

- Grant agreement execution, including routing through DMD Legal, City Legal, the DMD Director, CAO, City Clerk, and sending back to State.
- Assigning activity numbers and setting up budgets in Financials.
- Processing all **Notices of Obligation (NoOs)** with the State.
- Monitoring reversion dates, timelines, and compliance.
- Running reports using activity numbers to track expenses.
- Submitting reimbursement requests and closing out grants.

2. Community Development Division (CDD)

CDD manages the **programmatic and operational** portions of affordable housing state capital outlay projects, including:

- Ensuring allowable activities under both **the grant's scope language and the Affordable Housing Act.**
- Managing projects involving:
 - Nonprofit organizations,
 - City-owned or City-managed affordable housing projects.
- Completing questionnaire content when assigned by CIP.
- **Initiating NoO requests** by notifying CIP that CDD intends to spend state capital outlay funds and providing:
 - Detailed scope of work
 - Quotes or proposals
 - Vendor information
 - Supporting documentation
- Managing procurement and project execution after NoO approval.
- Ensuring partner contracts, use agreements, leases, and related documents comply with the Affordable Housing Act.
- Updating project status on Blue Sheets or Procore.
- Preparing documentation for special conditions memos.

II. Workflow for State Capital Outlay Grants

Below is the required workflow CDD must follow.

Step 1 — Legislative Session & Bill Signing

After the State Capital Outlay Bill is enacted:

- CIP extracts **all state capital outlay grants**, including CDD’s affordable housing projects.
- CDD does **not** submit appropriation requests to Council—CIP handles all appropriations.

Step 2 — CIP Prepares the Council Appropriation

CIP compiles all state capital outlay grants into one Council resolution. For all funds to be distributed to a non-profit, the resolution shall contain the following information: name of the contractor, goal, amount, and term of the contract.

State law requires:

- **No funds may be spent until Council appropriates the money.**
- a. Additional Note on Non-Capital Outlay Affordable Housing Grants (“Surprise Grants”)

In addition to state capital outlay grants listed in the Capital Outlay Bill, CDD occasionally receives one-off, discretionary, or special-purpose state housing grants that do not appear in the bill and may not be known to CIP.

These may include:

- Standalone state housing appropriations
- Special allocations from the Legislature
- Discretionary funds awarded directly to CDD
- State housing grants routed through other agencies (non-federal)

When these grants appear:

If the grant comes directly to CIP:

- CIP will prepare the **Council appropriation resolution** and perform all required steps (contract execution, activity number setup, NoOs, reimbursement, etc.).

If the grant comes directly to CDD:

- CDD will notify CIP as soon as it becomes aware of the grant in order to allow CIP to prepare the Council appropriation resolution and perform all required steps (contract execution, activity number setup, NoOs, reimbursement, etc.).

Step 3 — State Questionnaires

Before sending grant agreements, DFA issues questionnaires to CIP.

CIP:

- Receives questionnaires and assigns delegates
- Ensures timely submission to DFA

CDD must:

- Provide complete and accurate responses about:
 - Project purpose and scope

- Beneficiaries
- Affordable Housing Act applicability
- Ownership and partner information
- Status of agreements

Step 4 — Grant Agreement / Contract Execution

Once DFA sends the grant agreement:

CIP handles:

- **Agreement execution** (routing through Legal, DMD Director, CAO, Clerk, State)
- Assigning activity numbers
- Creating the budget in Financials

CDD provides:

- Project Budget Worksheet
- Partner agreement documents (if applicable)

Step 5 — Notice of Obligation (NoO) Requirement

The **State must approve the NoO before:**

- Any funds are spent
- Any procurement begins
- Any contract is initiated
- Any work is performed

If the NoO is not approved before work begins, the State **will not reimburse** the City.

CDD Responsibilities:

- CDD **initiates the NoO request** by submitting the request in **Procore**. To submit a request for NoO in Procore CDD needs to provide the following:
 - Scope of work to be funded
 - Quotes, proposals, and vendor information
 - Project details necessary for the request
 - Confirmation that the work complies with the Affordable Housing Act

CIP Responsibilities:

- Submits the NoO to DFA
- Tracks NoO sequencing
- Notifies CDD when approval is received

CDD may proceed only after CIP confirms NoO has been approved; typically, one week to process.

Step 6 — Project Execution

After NoO approval:

CDD:

- Conducts procurement following City Purchasing and HHH Procurement Rules, as applicable

- Monitors construction, installation, or rehabilitation activities
- Ensures partners comply, as applicable, with:
 - Use agreements
 - Development agreements
 - Lease terms
 - Insurance and reporting obligations
- Ensures all work performed aligns with grant scope and the Affordable Housing Act

Step 7 — Payments & Reimbursements

Invoices from Contractor

Contractor submits reimbursement request to CDD. HHH fiscal and CDD program staff review and confirm that expenses align with grant scope, and process invoice, using activity numbers provided by CIP.

Invoices to State

CIP:

- Runs activity-number-based reports to identify paid expenditures
- Prepares and submits reimbursement packets to the State (minimum \$1,500 per request)

CDD:

- Provides documentation only when CIP requests additional backup

Step 8 — Grant Close-Out

CIP closes the state capital outlay grant when:

- All funds are spent or reverted
- All reimbursements have been received
- Required documentation is finalized

CDD ensures project and partner obligations are complete

a. Early Close-Out Notification & Reappropriation Options

If CDD knows a project is complete before all state capital outlay funds are expended, CDD must notify CIP as soon as possible. CIP may be able to reappropriate remaining funds for another eligible scope or project rather than reverting to the State, depending on:

- Legislative restrictions
- Scope language
- Remaining timeline before reversion

III. Special Conditions Memos

Some state capital outlay grants—especially those related to affordable housing and grants for non-profits—may be placed on **Special Conditions** by DFA Legal due to potential **anti-donation concerns**.

When CIP receives a Special Conditions Memo, CDD must provide:

1. **MFA Certification Letter (Affordable Housing–Specific)**

- Verifies the project qualifies under the **Affordable Housing Act**
- Demonstrates exemption from the anti-donation clause

2. **Agreement, Contract, or MOU**

- Use Agreement
- Development Agreement
- Lease
- Other value-exchange documentation

3. **Special Conditions Response Letter**

- Prepared by CIP
- Explains why special conditions should be removed based on Affordable Housing Act provisions or use agreement conditions
- Requests formal removal of conditions by the State Board of Finance

Important: The State **will not execute the grant agreement** until special conditions are resolved. No NoO, procurement, or spending may occur beforehand.



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Department of Municipal Development

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Subject: Follow up to EC-25-518, Recommendation in response to O-25-95
“Amending the Public Purchase Ordinance to Simplify and Streamline the
Process for Affordable and Transitional Housing Development Projects”

Pursuant to Enactment No. O-2025-025, the Health, Housing, and Homelessness (HHH) Department has completed a review of its procurement regulations and established policies relating to transitional and affordable housing development projects.

Currently Developed Efficiencies

HHH has created a process to qualify entities pursuant to the requirements of the Affordable Housing Act and the City’s Affordable Housing Ordinance, once those entities have been directly allocated funds by City Council. The process involves an application with criteria ensuring that each entity complies with all eligibility requirements, and each proposed project is a viable and compliant use of affordable housing funds. Such a process allows for the direct allocation of capital outlay funds.

Additionally, HHH and Department of Municipal Development (DMD) have worked together to create a written procedure for the use of capital funds in affordable housing projects. The procedure will outline each Department’s respective roles, and clearly define the steps to be followed. This will allow the process to be more efficient, as the City anticipates receiving additional capital outlay funds towards affordable housing.

With respect to the Request for Proposals (RFPs) process, in order to provide consistency and efficiency for the developers, HHH will incorporate the use of the Mortgage Finance Authority’s budget documents when appropriate for the funding source. HHH will continue to regularly assess the RFP process through developer feedback and internal review, and will incorporate further efficiencies as they are identified.

Proposed Efficiencies

As the City receives more funding for affordable housing, including capital outlay, Workforce Housing Trust Fund, and other local funds, the administrative burden on staff increases. HHH proposes that a portion of those funds awarded be allocated to administrative costs in order to properly administer these funds. In the past, no portion of the above-listed funding sources have

provided for administrative support. HHH is working with City Legal to evaluate legal requirements associated with allocating administrative costs.

HHH is making certain amendments to its Social Services Procurement Rules, including amending the process for Council approval to align with the Purchasing Ordinance requirements for professional technical contracts. Because of the significant period of time required to negotiate a development agreement, Council is unable to approve the project until after negotiations are substantially complete. If Council was able to approve the recommendation of award of an RFP, in alignment with the process for professional technical agreements in the Purchasing Ordinance, these affordable housing projects could move forward more expediently. Therefore, HHH proposes allowing Council to approve a recommendation of award through the RFP process, rather than being required to approve each contract.

In order to effect these changes, HHH will add a new Section 5.I. to its Social Services Procurement Rules that aligns the social services process for Council approval with that of professional technical agreements. The new Section 5.I will mirror the Purchasing Ordinance in allowing Council approval through the recommendation of award resulting from an RFP process rather than requiring approval of a final negotiated development agreement.

Timeline for Rule Amendment Process

Action	Date
Select hearing site and provide notice of public hearing, per § 2-15-1 et seq. ROA 1994	January 7, 2026 - completed
Hold hearing	January 21, 2026 - completed
Hearing officer will draft report based on feedback and comments	February 20, 2026 - completed
Submit hearing officer report to the CAO	March 6, 2026
CAO and the Chief Procurement Officer approve and sign the revised rules and file revised rules with City Clerk	By April 3, 2026