City of Santa Fe

Agenda

CITY CLERK'S OFFICE
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COMMUNITY DEVELOPMENT COMMISSION MEETING

Wednesday, November 18, 2015
3:30-5:00 p.m.
500 Market Street, Suite 200

Roundhouse Conference Room

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes: October 21, 2015 CDC
5. Proposal of Alternate Compliance for Zocalo Phase 5 – continuation from October 21 CDC (Alexandra Ladd)
6. Discussion of CDBG funding priorities for 2016-2017 Program Year (Margaret Ambrosino)
7. Update on Soleras Station, the Pulte alternate compliance rental project (Sharron Welsh)
8. Items from the Commission
9. Items from the Floor
10. Adjournment

An interpreter for the hearing impaired is available through the City Clerk's office upon five days notice. Please contact 955-6521 for scheduling.

INDEX OF

CITY OF SANTA FE

COMMUNITY DEVELOPMENT COMMISSION

MEETING
October 21, 2015

MINUTES OF THE

CITY OF SANTA FE

COMMUNITY DEVELOPMENT COMMISSION MEETING
Santa Fe, New Mexico

October 21, 2015

A meeting of the City of Santa Fe Community Development Commission was called to order by John Padilla, Acting Chair on this date at 3:38 p.m. in the Market Station Offices, 500 Market Street, Suite 200, Roundhouse Conference Room, Santa Fe, New Mexico.

Members Present:
John Padilla, Acting Chair
Paul Goblet
Ken Hughes, newly appointed member
Carla Lopez
Silas Peterson

Member(s) Absent:
Councilor Ron Trujillo, Chair, excused
Rusty Tambascio, Vice Chair, excused
Toby Bott-Lyons, resigned

Staff Present:
Margaret Ambrosino, Senior Housing Planner
Richard Macpherson, Senior Planner

Others Present:
Eric Garcia, President, Zocalo Association
Jennifer Jenkins
Josh Rogers, Rincon Investments, Inc.
Jo Ann G. Valdez, Stenographer

APPROVAL OF AGENDA

Commissioner Lopez moved to approve the agenda as published. Commissioner Goblet seconded the motion. The motion passed unanimously by voice vote.

DRAFT: SUBJECT TO APPROVAL

APPROVAL OF MINUTES: August 19, 2015 CDC

Ms. Ambrosino made the following changes to the Minutes of the August 19, 2015 meeting:

Page 1, Alexandra Ladd was present.
[*Stenographer's note: Ms. Ladd arrived when the meeting was being adjourned.]

Page 3, 4th paragraph, 2nd sentence was changed to read: "*A press release announcing the vacancy went out after Ms. Ambrosino* ***was told of Mr. Lyon's intent to step down.***"

Commissioner Peterson moved to approve the Minutes of the August 19, 2015 meeting as amended. Commissioner Lopez seconded the motion. The motion passed unanimously by voice vote.

INTRODUCTION OF NEW COMMUNITY DEVELOPMENT COMMISSIONER

Ms. Ambrosino introduced newly appointed Commissioner, Ken Hughes. Mr. Hughes will be replacing Toby Bott-Lyons who stepped down in August. Ms. Ambrosino noted that he was appointed on October 14th. She said he has extensive experience with the City. He is presently on the Climate Action Task Force and has worked with the Department of Finance and Administration, the Local Government Division, administering the Community Development Block Grants at the state level.

Commissioner Hughes noted that he also served on the Planning Commission for six years.

PROPOSAL FOR ALTERNATE COMPLIANCE FOR ZOCALO PHASE 5 (Rincon Investments)

Ms. Ambrosino referred to the Memo from Alexandra Ladd that was included in the Commissioners' packets. A copy is hereby incorporated to these Minutes as Exhibit "A".

Staff requested a decision from the Commission regarding the request from Rincon Investments for an alternate means of compliance (providing units in previous phases) instead of providing the five homes currently owed for Phase 5 under the Housing Opportunity Program agreement dated November 15, 2001 between the City of Santa Fe and Foothills, LLC.

Zocalo Condominiums was approved as a Type C development under the Housing Opportunity Program, meaning that 11% of the built units were required to be delivered to an income-qualified homebuyer, with an average income of 65% of the area median income. The original developer proposed 323 homes, of which 191 have been constructed. Final development projections have been updated to revise the total home count to 301.

In April of 2014, the Commission heard a previous request from Rincon Investments for alternate compliance which was granted. The request allowed Rincon to pay a fee-in-lieu for three of the units owed for the last half of Phase 4 and to convert an existing market rate unit into an affordable unit and sell it to an income-qualified homebuyer. The fee was paid in full and the unit is almost ready to be put on the market.

Rincon Investments proposes another alternate means of compliance for Phase 5, for which the developer expects to break ground in mid-2016. Instead of delivering the six affordable units within the phase, Rincon will purchase market rate units located in prior phases when they come up for sale and convert them to be sold to income-qualified homebuyers. The units will be priced to maintain the 65% AMI affordability levels, as averaged out across all units. Rincon is confident that market trends regarding sales of existing units will support the delivery of one affordable unit per every nine units constructed in Phase 5. Copies of the letter from Rincon Investments requesting the Alternate Compliance were included with Exhibit "A".

Staff recommends the following conditions of approval:

1) Attention is paid to the distribution of the converted units to ensure that they are not overly concentrated in any one section or building group;
2) Rincon Investments provides an annual report to the City of Santa Fe documenting the conversion of existing market-rate units to affordable units, by location, sales price, income level of the homebuyer and "effective" sales price.

Josh Rogers said he represents Rincon Investments, LLC, the developer for Phase 4B and Phase 5 of Zocalo. He noted that Zocalo had some troubles and went through foreclosure. Foothills Estate, LLC was the original developer for the project. Zocalo was started by Foothills Estates, LLC in 1999 and went into foreclosure in 2009 without starting Phase 5 and leaving Phase 4 halfway constructed. Rincon Investments, LLC purchased the remaining rights to the development in 2012. Since then, they have broken ground on Phase 4b and are moving into Phase 5.

Mr. Rogers said the reason they are here today is to talk about an alternate means of compliance for the affordable housing requirement. He noted that Phase 4B which is 54 units is currently under construction and will be complete in early 2016. He said as they started to go through this process, they realized that they were going to be building on a mountain side and therefore they have major challenges with topography and drainage. They received bids back to complete the project and realized quickly that the price to deliver one affordable unit was very high. Their best estimate at this point is around $410,000 to deliver one affordable unit.

Mr. Rogers said they want to fulfill their requirement with regards to the affordable housing and instead of delivering the six affordable units within the phase, Rincon will purchase market rate units located in prior phases when they come up for sale and convert them to be sold to income-qualified homebuyers.

Mr. Rogers said Eric Garcia, who is the President of the HOA at Zocalo can talk about the market out there, if the Commission is interested. He said basically, they know that they can purchase existing units between $200,000 to $300,000, which is significantly less than what it will cost them to build a unit.

Commissioner Padilla asked if there were any questions.

Questions/Discussion

Commissioner Peterson asked what kind of timeline they would put on purchasing and turning over the six units.

Mr. Rogers said they have six units that they have to deliver and that is basically one for every nine units that gets delivered. He said they would buy a unit before those nine actually come on the market and convert the units before those nine units are put on the market.

Mr. Garcia said he has been involved with the project with the previous developer, Foothills Estate, LLC since 2003 and until they foreclosed in 2012. He said he knows the Zocalo market well and is a qualified broker as well. He is also with the Homeowners Association and has a very good relationship with the residents at Zocalo.

He said to answer the question as far as the units on the market, every year, in the last five years, there are about 15 units sold on the resale market at Zocalo and at an average, there are about four units a month that are for sale. He thinks there will be an inventory need on the resale market at Zocalo and he does not see any issues or concerns with achieving the affordable housing requirements.

Commissioner Padilla asked what the timetable is for breaking ground and completion of this Phase.

Mr. Rogers said these will be built on a series of sub-phases and they hope to break ground in June of next year. They are presently in design to do the drawings for the simple grading plan, which will be done this upcoming month.

Commissioner Hughes asked if they agree with staff's conditions, which suggests that the converted units are not all located in one place; and that Rincon Investments will provide an annual report to the City of Santa Fe documenting the conversion of existing market-rate units to affordable units, by location, sales price income level of the homebuyer and "effective" sales price.

Mr. Rogers said yes, there is no problem with that. He said Mr. Garcia can talk about the fact that these units are spread out.

Mr. Garcia said as he indicated earlier, he worked for the original developer, Foothills Estates LLC and Mr. Tishman took pride in building the affordable housing units the same way as the market rate homes. He did not want people to drive through the development and know which homes were affordable units and which were not. He noted that he remembers meeting with the City staff person at that time (Ron Pacheco) and mapping out exactly which units would be affordable and ensuring that they would not all be concentrated in one area.

Commissioner Hughes mentioned that the State has a program where builders can receive $650 per square foot for energy efficient units.

Commissioner Lopez asked if the units will have different prices.

Mr. Garcia said yes, they have different floor plans.

Commissioner Lopez said the Ordinance requires that there be two and three bedroom units. She asked if they will take this into consideration.

Mr. Rogers said the original HOP Agreement or Plan that was agreed to in this particular development was never followed. There has been a wide variety of mixture of homes, 1-bedrooms; 2-bedrooms and 3-bedrooms based on what the affordable housing market really wanted. He noted that he spoke with Sharon Welsh about this and basically 2-bedroom homes are in the highest demand right now but they would like to have the flexibility for buyers to choose.

Commissioner Goblet asked how many homes they have under construction now.

Mr. Rogers said 54.

Commissioner Goblet said he senses that these will be congregated in the middle of the development.

Mr. Garcia said the affordable units are all scattered.

Mr. Rogers added that there has been a wide variety of floor plans that have been delivered in each of the five phases to date.

Ms. Ambrosino asked Mr. Rogers if a 3-bedroom came up and there is an income-qualified family that needed a 3-bedroom, would they be able to sell it to them at the AMI price that they qualified for.

Mr. Rogers said yes, which is around $150,000.

Commissioner Hughes moved to approve the request from Rincon Investments LLC for alternate means of compliance for Zocalo Phase 5. Commissioner Peterson seconded the motion.

Discussion

Commissioner Padilla asked if they would be accepting staff's recommendations.

Mr. Rogers said yes, (after he reviewed staff's recommendations).

Commissioner Goblet said he knows that Zocalo is trying to be in compliance here and this is their best option. He asked if it would be acceptable and a simpler thing for this entity to prepare a fee-in-lieu of proposal to just contribute $100,000 in cash- if the purchase price is going to be $250,000 and if indeed AMI suggests that it has to be $150,000. This could put back $500,000 in new monies that could be allocated.

Commissioner Padilla said this is an interesting point but that is not what is being proposed. He asked Ms. Ambrosino if this is considered, would this proposal be tabled and they would have to come back.

Ms. Ambrosino said if that is something that would substantially affect the bottom line or financing, and they want to take this back to review, it would have be brought back to the Commission for review and consideration. She said the proposal to purchase existing units as they that become available to resell to income-qualified buyers was a condition.

Commissioner Padilla said that is what has been noticed and published and what the Commission is acting on. He reminded the Commissioners that there is a motion on the floor.

Commissioner Lopez said she would support the motion the way it is because we actually need residences and places for people to live. She thinks this is a great proposal and thanks Zocalo for coming up with this idea.

Commissioner Padilla agreed with Commissioner Lopez and said this could be a missed opportunity to have affordable homes.

Mr. Rogers said if the Commission feels that the money would be better spent by them coming up with the cash, they are definitely open to that idea.

Commissioner Padilla explained that the Commission is not here to propose an alternate means of compliance for Zocalo. They are here to deliberate and review what has been presented by this entity. He said the question on the table is the staff's conditions and if they are in agreement with these, the Commission will move forward on the motion. He asked Zocalo representatives if they would like to take some time now to discuss Commissioner's Goblet suggestion.

A short break was taken and the representatives from Zocalo stepped out of the room to discuss this option.

Commissioner Goblet asked if they could deploy $500,000 in such a way to create other housing. He said this is only an idea and he did not know if this is acceptable.

Ms. Ambrosino said in staff's point of view, this proposal delivers houses that are needed now, as opposed to having money sitting in an affordable housing fund.

Representatives from Zocalo came back into the room.

Mr. Rogers said in light of the fee-in-lieu suggestion, they would like to come back with a proposal for a fee-in-lieu of option and table this proposal for now.

Commissioner Peterson asked if the HOP Ordinance discusses specific rules for a fee-in-lieu of, or is that simply something for this Commission to determine on a case-by-case basis.

Commissioner Lopez noted that the Ordinance has a formula for the fee-in-lieu of and she did not think that this is $100,000 but more like $29,000.

Commissioner Hughes said he read the proposal and he thought that staff addressed the fee-in-lieu of as one of the topics and he thinks that Alexandra Ladd would have brought this up as an option if it was a benefit for the City. This was not the recommendation and he thinks Ms. Ladd's recommendation is a fine recommendation and he is prepared to vote on this. He did not see anything wrong with what is being proposed.

Commissioner Padilla thinks what is being proposed is a very good option and gives us units to fulfill as they move forward with their development.

Mr. Rogers said they could come back with a new proposal on a fee-in-lieu of on a subsidy that is significantly more than $29,000 per unit, if the Commission is open to this.

Commissioner Padilla asked Mr. Rogers if he is asking the Commission to table this item.

Mr. Rogers said yes.

Commissioner Hughes temporarily withdrew his motion until the next Commission meeting in November. Commissioner Peterson (who seconded the motion) was in agreement to withdraw the motion.

Commissioner Hughes moved to table the action on this agenda item until the November meeting. Commissioner Goblet seconded the motion. The motion passed unanimously by voice vote.

Commissioner Padilla asked Ms. Ambrosino to have Alexandra Ladd brief the Commission on the HOP Ordinance requirements and the Fee-in-Lieu of formula at the next meeting.

ITEMS FROM THE COMMISSION

Commissioner Lopez asked if the Commission is going to try and change the meeting dates and times so that the Chair can attend the meetings. She noted that Councilor Trujillo has a full-time job and cannot attend the meetings during the day.

Ms. Ambrosino said she talked to the Clerk's office and there is nothing in the Ordinance that states that they cannot move the meeting but we need to keep in mind whether or not they will have an available Stenographer and they would like to keep the outstanding Stenographer that the Commission has had for years.

The Commission discussed the fact that there has not been a representative from the Governing Body to attend these meetings and they feel it is important to have a representative from the Governing Body.

Following discussion, there was consensus to keep the meeting dates and times as is. The 2016 meeting schedule was briefly reviewed.

The next meeting is scheduled for November 18, 2015 at 3:30 p.m.

ITEMS FROM THE FLOOR

There were no items from the floor.

ADJOURNMENT

Its business being completed, Commissioner Peterson moved to adjourn the meeting, second by Commissioner Padilla, the meeting adjourned at 4:55 p.m.

Approved by:

John Padilla, Acting Chair

Respectively submitted by:

Jo Ann G. Valdez

Jo Ann G. Valdez, Stenographer

City of Santa Fe, New Mexico

memo

DATE: November 13, 2015

TO: Members of the Community Development Commission

VIA: Kate Noble, Acting Director KN
Housing and Community Development Department

FROM: Alexandra Ladd, Special Projects Manager
Housing and Community Development Department

RE: Request for alternate compliance – Rincon Investments (Zocalo Phase V)

ACTION REQUIRED
Provide a decision regarding the request from Rincon Investments for an alternate means of compliance instead of providing the (5) five homes currently owed for Phase V under the Housing Opportunity Program (HOP) agreement dated November 15, 2001 between the City of Santa Fe and Foothills, LLC. Option A is presented in this packet for your consideration in which a fee-in-lieu would be paid based on the affordability gap between the value of an existing market rate unit in Zocalo and the HOP sales price.

BACKGROUND
The Housing Opportunity Program (HOP) ordinance was adopted in 1998 as part of the City's zoning code. It established that all proposed residential development provide a percentage of affordably-priced homes. The percentage varied from 11 – 16%, depending on the market price of the proposed development - the more expensive the homes, the higher the requirement.

Zocalo Condominiums was approved as a Type C development under HOP, meaning that 11% of the built units were required to be delivered to an income-qualified homebuyer, with an average income of 65% of the area median income (AMI). The original developer proposed 323 homes, of which 191 have been constructed. Final development projections have been updated to revise the total home count to 301, of which a total of 30 homes are required to be delivered at affordable sales prices to income-qualified homebuyers.

In April of 2014, the Commission heard a previous request from Rincon Investments for alternate compliance which was granted. The request allowed Rincon to pay a fee-in-lieu for three of the units owed for the last half of Phase IV and to convert an existing market rate unit into an affordable unit and sell it to an income-qualified homebuyer. The fee for Phase IV as determined by the HOP ordinance was calculated to be $28,196 per unit (plus a 2% administrative fee), for a total fee of $84,588. The fee was paid in full and the additional unit is almost ready to be transferred to an income-qualified homebuyer. To date, the total number of homes that are still owed under the HOP agreement is six (6).

On October 21, 2015, Rincon Investments proposed to the Community Development Commission another alternate means of compliance for Phase V, for which the developer expects to break ground in mid-2016. Instead of delivering the six (6) affordable units within the phase, Rincon proposed to purchase market rate units located in prior phases when they come up for sale and convert them to be sold to income-qualified homebuyers. See Attachment A (Packet Materials for October 21, 2015) for the original proposal, now considered "Option B".

ITEM AND ISSUE

As a result of the discussion on October 21, 2015, the Community Development Commission requested that Rincon Investments consider paying a fee-in-lieu, based not on the fee schedule in the HOP Ordinance but rather on the actual costs of converting market rate units. The rationale for the request was to generate resources that could help a greater number of households than the six that would be provided homes onsite in Zocalo if Option B were approved.

The attached letter from Rincon Investments (Attachment B) outlines "Option A" as an alternate means of compliance. Option A relies on an analysis of recent market data to calculate the difference between the market value of the unit (what Rincon would pay to purchase it) if Option B were pursued, and the effective sales price, as required under the HOP Ordinance. This "gap" is used to provide an averaged basis for a per unit fee in lieu of $66,925 for a total fee of $401,552. See Attachment C.

RECOMMENDATION

Staff recommends "Option A" form of alternate compliance based on the following:

- The economic rationale provided in Rincon's letter that Phase V will incur higher than expected infrastructure costs because of the challenging terrain is substantiated to staff's satisfaction;
- Likewise, is the premise that subsidizing the six affordable units by increasing the sales price of the market rate units undercuts the overall financial feasibility of building out the phase;
- The fee proposed in Option A could provide approximately 25 downpayment assistance loans, quadrupling the number of families assisted through Zocalo's compliance with HOP.

Attachments:

- A: Packet Materials from October 21, 2015 describing "Option B"
- B: Letter from Rincon Investments dated November 9, 2015 proposing "Option A" (including email from Alexandra Ladd clarifying memo language)
- C: Zocalo's pricing schedule, as adjusted by current HOA fees

City of Santa Fe, New Mexico

memo

DATE: October 15, 2015

TO: Members of the Community Development Commission

VIA: Kate Noble, Acting Director
Housing and Community Development Department

FROM: Alexandra Ladd, Special Projects Manager AL
Housing and Community Development Department

RE: Request for alternate compliance – Rincon Investments (Zocalo Phase V)

ACTION REQUIRED
Provide a decision regarding the request from Rincon Investments for an alternate means of compliance (providing units in previous phases) instead of providing the (5) five homes currently owed for Phase V under the Housing Opportunity Program (HOP) agreement dated November 15, 2001 between the City of Santa Fe and Foothills, LLC.

BACKGROUND
The Housing Opportunity Program (HOP) ordinance was adopted in 1998 as part of the City's zoning code. It established that all proposed residential development provide a percentage of affordably-priced homes. The percentage varied from 11 – 16%, depending on the market price of the proposed development - the more expensive the homes, the higher the requirement.

Zocalo Condominiums was approved as a Type C development under HOP, meaning that 11% of the built units were required to be delivered to an income-qualified homebuyer, with an average income of 65% of the area median income (AMI). The original developer proposed 323 homes, of which 191 have been constructed. Final development projections have been updated to revise the total home count to 301.

Although HOP is technically not the City's current regulation, several agreements were outstanding at the time Santa Fe Homes Program (SFHP) was adopted and they remain in effect, including the agreement governing the Zocalo Condominium community (Attachment B). As per the HOP Administrative Procedures, the Community Development Commission is charged with granting approval for requests for alternate compliance. The regulation allows for developers to request an alternate form of compliance. See Attachment C for the relative excerpts from the HOP Administrative Procedures.

In April of 2014, the Commission heard a previous request from Rincon Investments for alternate compliance which was granted. The request allowed Rincon to pay a fee-in-lieu for three of the units owed for the last half of Phase IV and to convert an existing market rate unit into an affordable unit and sell it to an income-qualified homebuyer. The fee was paid in full and the unit is almost ready to be put on the market.

ITEM AND ISSUE
Rincon Investments proposes another alternate means of compliance for Phase V, for which the developer expects to break ground in mid-2016. Instead of delivering the six (6) affordable units within the phase, Rincon will purchase market rate units located in prior phases when they come up for sale and convert them to be sold to income-qualified homebuyers. The units will be priced to maintain the 65% AMI affordability levels, as averaged out across all units. Rincon is confident that market trends regarding sales of existing units will support the delivery of one affordable unit per every nine (9) units constructed in Phase V. See <u>Attachment A:</u> Letter Requesting Alternate Compliance from Rincon Investments.

RECOMMENDATION
Staff recommends this form of alternate compliance based on the following:
- The economic rationale provided in Rincon's letter that Phase V will incur higher than expected infrastructure costs because of the challenging terrain is substantiated to staff's satisfaction;
- Likewise, is the premise that subsidizing the six affordable units by increasing the sales price of the market rate units undercuts the overall financial feasibility of building out the phase;
- The market demand of Zocalo affordable homebuyers is possibly better met through the conversion of existing units because there a variety of unit sizes, given that Rincon proposes to build all 3-bedroom units in Phase V.

Staff recommends the following condition of approval:
- Attention is paid to the distribution of the converted units to ensure that they are not overly concentrated in any one section or building group;
- Rincon Investments provides an annual report to the City of Santa Fe documenting the conversion of existing market-rate units to affordable units, by location, sales price, income level of the homebuyer and "effective" sales price.

<u>Attachments:</u>
- A: Letter Requesting Alternate Compliance from Rincon Investments.
- B: Zocolo Condominium HOP Agreement with Foothills, LLC
- C: Excerpted Sections from Administrative Procedures from Housing Opportunity Program

Attachment A

RINCON INVESTMENTS, LLC

October 7, 2015

Alexandra Ladd
Housing Special Projects Manager
City of Santa Fe

Re: Zocalo affordable housing requirements

Alexandra,

This letter will outline our plan to meet the affordable housing requirements for Zocalo Phase 5, the final phase of Zocalo, and provide a summary of the affordable housing status. As stated in earlier discussions, Zocalo is an unfinished project approved for 301 condominiums with only 191 condominiums built to date. Phase 4B which is 54 units is currently under construction and will be complete in early 2016.

Zocalo was started by Foothills Estates, LLC in 1999 and went into foreclosure in 2009 without starting Phase 5 and leaving Phase 4 halfway constructed. Zocalo is operated and maintained by the Zocalo Condominium Owners Association (COA) which urgently needs the entire balance of all the planned units in order to operate efficiently and effectively. Due to the extended period of time it has taken to finish all of the units at Zocalo, the current residents have experienced substantial increases in COA fees to help cover the maintenance and upkeep of the property.

Rincon Investments, LLC purchased Zocalo out of foreclosure at the height of the recession with the intention of completing Phase 4B and Phase 5. Phase 5 is currently finishing the design work and is about to begin the permitting process, and we anticipate being able to break ground on Phase 5 by mid-2016. Phase 5 is the most challenging phase of construction with major challenges with topography and drainage.

The Zocalo development under Foothills Estates, LLC, the original owner of the development, entered into a Housing Opportunity Program Agreement and Home HOP Lien with the City of Santa Fe on November 15, 2001. The agreement established Zocalo as a Type C development, which according to the Housing Opportunity Program Ordinance (Ord. #1998-3, §3) requires 11% of the development to be affordable based on the following formula taken from the HOP Ordinance.
Where T=total units, N=non-HOP units; and H=HOP units
T = N + H
H = N x 0.11
T = (N x 1) + (N x 0.11)
T = N x 1.11
N = T/1.11

Phases 1 through 5 of Zocalo will have a total of 301 units. According to the formula above the required number of HOP homes is:
Where T = 301 units
301/1.11 = N = 271.17
301 = 271.17 + H
H = 29.83 units required up on complete build out.

Zocalo has a long standing history of providing affordable units above the required minimal standards and has delivered the same exceptional high quality as the market rate units. Zocalo has wanted to maintain a cohesive and comprehensive look throughout the property so the affordable units would appear no differently than the market rate units.

Based on the list of affordable units sold to date at Zocalo provided by M. Nellie Martinez, the Deputy Director of The Housing Trust on December 2, 2013, the City of Santa Fe has recorded 20 affordable units sold at Zocalo. Rincon Investments, LLC, the current owner of the remaining reserve development rights for Zocalo, is currently under construction on phase 4B with the completion anticipated to be in April 2016. Rincon Investments, LLC paid a fee-in-lieu for 3 of units which was approved by Community Development Commission, and is going to convert a 2 bedroom/2bath unit it owns to the affordable housing program prior to the final Certificate of Occupancy on phase 4B. This will bring the total number of affordable units delivered at Zocalo to 24.

Phase 5 for Zocalo is 56 units and we will be required to deliver 6 affordable units upon full build-out. Rincon Investments is seeking flexibility in the delivery of the 6 units to accommodate the financial hardship of completing the project. Phase 5 has the most challenging topography of all the phases of Zocalo, and is going to require an extensive network of retaining walls, new roads, and miles of new utilities for the development to be completed. Phase 5 will have the highest infrastructure costs per unit resulting in an incredibly high cost to deliver a single unit. The original developer, Foothills Estates, could have been more proactive in delivering extra affordable units in the earlier phases due to the lower infrastructure costs per unit in order to adequately prepare for Phase 5.

We have received bids to complete the project, and the estimated costs to build one unit to completion is approximately $412,000. The sales price for the affordable unit will be around $150,000, resulting in a $262,000 loss. The total loss on the six affordable units will be $1,572,000. This amount will have to be subsidized across the 50 market rate units, resulting in a $31,400 per market rate unit subsidy. The estimated subsidy per market rate unit is extremely high and will create a required price above market, limiting the financial feasibility of the overall project.

Rincon Investments is requesting an Alternate Means of Compliance to allow for the purchase of existing market rate units within Zocalo and converting them to the affordable housing program in lieu of delivering the newly constructed units. This will allow Rincon the flexibility to purchase existing market rate units. The existing market rate units are still recovering from the recession and are priced below the costs to deliver a new unit. Purchasing existing units and converting them to affordable housing is equivalent to Foothills Hills Estates being proactive on delivering extra affordable units in the earlier phases of Zocalo.

Phase 5 will be built in a series of mini-phases and will deliver 1 affordable unit per every 9 units that are built. If granted the approval to convert existing market rate units, Rincon will convert an affordable unit per every 9 market rate units prior to the final certificate of occupancy of any market rate units. This will ensure that an affordable unit is delivered to the housing trust prior to the completion of any market rate units.

During our discussions, it is understood that the original requirement from the 2001 HOP Agreement for Zocalo for the unit mix and AMI requirements are no longer applicable since the unit mix and types of units have changed over the years. The original plan has never been followed, and we are seeking flexibility to deliver any type of existing unit into the affordable housing program. There is currently a wide mix of units at Zocalo, and we will likely purchase a mixture of 1, 2, and 3 bedroom units to convert depending on what is available.

Without an alternate means of compliance, we fear that phase 5 will never happen. This is not in the best interest of the current residents, especially our affordable homeowners who also pay the COA fees. Without more units across which spread these fees, the fees will continue to escalate. However, there are also community-wide benefits to be realized if the build out is to proceed. Zocalo Phase 5 is set to create 300 jobs over the course of a three year build out, and provide a tangible boost to Santa Fe's economy. The City of Santa Fe would also benefit from an estimated gross receipts tax of $1,600,000 based on $19,800,000 in hard construction costs and general contractor fees. There are also permitting and water conservations fees of $200,000. The total benefit to the City of Santa Fe is 200 construction jobs and $1,800,000.

We very much appreciate the consideration for an Alternate Means of Compliance. We strongly feel that it is in the best interest of the existing 191 Zocalo residents who contribute to the Zocalo COA to finish phase 5 of the project as soon as possible. We think the added flexibility of converting existing market rate units will allow the project to be completed and bring a significant boost to Santa Fe's economy and job market.

Please call me to clarify any of the conditions outlined in this letter. Thank you for all your help.

Sincerely,

Josh Rogers
Director of Multi-Family
Rincon Investments, LLC

Attachment B

2075421

CITY OF SANTA FE
INCLUSIONARY ZONING
HOUSING OPPORTUNITY PROGRAM AGREEMENT AND HOP HOME LIEN
for 32 HOP Home(s) to be located at "ZOCALO Development", located east of Camino Francisca, south of NM 599, and west of US 285, Santa Fe, New Mexico

This Housing Opportunity Program Agreement ("Agreement") is entered into on this 15th day of November, 2001, by and between Foothills, LLC, (the "HOP Developer") and the City of Santa Fe, New Mexico, a municipal corporation, (the "City").

WHEREAS, the City has duly adopted a Housing Opportunity Program, inclusionary zoning ordinance, and administrative procedures (collectively "HOP") and other regulatory structures in order to ensure that private development bears its fair share of the burden of housing affordability in the Santa Fe community; and

WHEREAS, the City's Community Services Department has determined that upon individualized assessment, the Agreement will provide, at a minimum, the amount of affordable housing necessary to offset impacts on the affordable housing market in the region of the project; and

WHEREAS, the City and the HOP Developer have entered into a HOP proposal in accordance with the requirements of the HOP; and

WHEREAS, The City and HOP Developer now wish to satisfy the HOP requirement for a final agreement in order to ensure HOP compliance and a mechanism for ensuring long-term affordability.

NOW THEREFORE, the City and the HOP Developer for themselves and their heirs, successors and assigns (including, without limitation, all persons who subsequently own a HOP Home or any interest therein, or the Property or any portion thereof containing a HOP Home, while this Agreement is in effect) hereby agree that the HOP Home shall be subject to the following Agreements and restrictions for the benefit of the City.

1. <u>Definitions.</u> All terms capitalized herein shall have the meanings given to them in this Agreement or the meanings as defined in the Santa Fe City Code sections regarding inclusionary zoning and the HOP. In this Agreement the following words and phrases have the following meaning:

A. "Agreement" means this HOP Agreement.

B. "Certificate of HOP Homebuyer Eligibility" means a certificate issued by the City or the City's assignee or agent, which certifies that the buyer is a qualified buyer who is income eligible.

COUNTY OF SANTA FE
STATE OF NEW MEXICO } ss 1194407

I hereby certify that this instrument was filed for record on the 25 day of Feb A.D. 2002 at 1:47 o'clock P m and was duly recorded in book 2078 page 421-437 of the records of Santa Fe County.
Witness my Hand and Seal of Office
Rebecca Bustamante
County Clerk, Santa Fe County, N.M.

COUNTY CLERK
REBECCA BUSTAMANTE
SANTA FE CO. NEW MEXICO

C. "Certified Homebuyer" means a person determined, pursuant to the HOP and such other criteria as the City or its agents may deem appropriate, to be qualified on the basis of need and preference for the purchase of a HOP Home and who has properly obtained a "Certificate of HOP Homebuyer Eligibility".

D. "Fair Market Value", unless otherwise stated, means fair market value as of the day of the event in question (for example, purchase of the HOP Home or termination of this Agreement), taking into account the restrictions on HOP Developer and occupancy imposed by this Agreement as if such restrictions were perpetual.

E. "HOP Developer" means each legal and equitable HOP Developer of all or any portion of a HOP Home or the Property during the term of this Agreement, including without limitation the HOP Developer identified above, and any subsequent HOP Developer by sale, conveyance or other transfer of any legal or beneficial interest in a HOP Home or the Property. Unless the context otherwise requires, HOP Developer shall mean the HOP Developer at the time in question. HOP Developer and HOP Developers are used interchangeably.

F. "HOP Home" shall mean the unit of housing to be marketed and sold by HOP Developer at the affordable price pursuant to the HOP and this Agreement.

G. "HOP Homebuyer" shall mean any person or entity, which purchases the HOP Home from the HOP Developer and any subsequent purchasers who buy from the initial purchaser during the term of this Agreement.

H. "Repurchaser" means the City or the City's Assignee. A general delegation of authority by the City to another person as Repurchaser shall transfer those rights, powers and obligations assigned to the Repurchaser in this Agreement or the Lien. Transfer of any rights, powers and obligations assigned to the City in this Agreement shall be effective only to the extent such rights, powers and obligations are specifically enumerated in the delegation of authority.

I. "Senior Lien" means a mortgage with respect to the Property from the Purchaser, as mortgagor, to any lender or its agent or assigns, as mortgagee which loan is solely used to purchase the HOP Home.

2. THE PROJECT.

2.1 Property. The HOP Developer is the owner of certain property situated in the County of Santa Fe, New Mexico, known as Tract 8B, Section 12, Township 17 North, Range 9 East and known as "Foothill Estates LLC (aka) ZOCALO LLC" which property contains more or less 46.43 acres and is more particularly described in Exhibit A attached hereto. (The "Property")

2.2. Intended Conveyance of Interest. The Property is to be developed and the units thereon marketed as for sale housing.

2.3 Sales Price of Non HOP Homes. The anticipated sales price of the non-HOP Homes developed on the Property qualifies the project as a type C development under HOP.

2.4 HOP Plan. The HOP Developer agrees to construct a total of ___ HOP Home(s) as indicated on the attached Exhibit B. (HOP Plan). The HOP Plan shall include the number of bedrooms and bathrooms, the minimum square footage and the minimum household size, the percentage (%) of area median income to be served and the current HOP Home price for each HOP home as set forth in Section 8.2 of the HOP Administrative Procedures. If the development is not constructed in phases, the HOP Plan shall also include the legal description of the HOP Homes. If the development is constructed in phases, a HOP Plan for each phase designating the legal descriptions of the HOP Homes shall be reviewed and approved by the City and recorded at the County Clerk's office prior to issuance of a building permit by the City for that phase.

2.5 Agreement to Sell at HOP Home Price. The HOP Developer agrees to sell the HOP Home at the current HOP Home Price or such HOP Home Price as may be current at the time of sale by the HOP Developer. This subsection shall apply only for the eighteen-month period following the HOP Home being made available for sale. Any dispute as to the actual date on which a HOP Home is made available for sale shall be resolved by reference to the notice of intent to sell provided by HOP Developer pursuant to subsection 4.2 of this Agreement, the date of which shall be presumed to be the date on which the HOP Home became available. If the HOP Home has not sold for the HOP Home Price in the first six months, it shall be available for sale to any buyer whether or not they are certified pursuant to subsection 4.1. The HOP Home shall be salable at a revised price equal to the HOP Home Price plus ten percent during the second sixth month period. If the HOP Home has not sold for the revised price in the second six months, it shall be salable at a final revised price equal to the HOP Home Price plus twenty percent during the third sixth month period. If after eighteen months the HOP Home has not been sold it may be sold by HOP Developer at any price HOP Developer deems appropriate. However, notwithstanding any of the foregoing, the time periods described in this subsection shall be tolled during any suspension of marketing or any other period which has the effect of failing to make the HOP Home readily available for sale to a certified purchaser.

2.6 Agreement for Payments for Fraction Portions of a HOP Home. HOP Developer agrees to make a payment of $9,548 for the fractional portion of a HOP Home as calculated pursuant to HOP, to the City or its agent prior to recording this Agreement. The payment shall be made to the Santa Fe Community Housing Trust for the benefit of the Santa Fe Affordable Housing Trust Fund, the proceeds of which are allocated to affordable housing projects in Santa Fe by the Santa Fe Affordable Housing Roundtable.

2.7 Marketing Sequence. The HOP Home shall be marketed at the same time as all other units on the Property or at a time, and in a proportion, equal to the number of non-HOP Homes being marketed for sale during a given phase of development.

2.8 Development Incentives. The City agrees to waive building permits for the 35 HOP Homes.

2.9 Agreements Regarding Transfers of Non-HOP Homes on the Property. HOP Developer acknowledges and hereby agrees that compliance with this Agreement shall be a precondition for any releases or express termination of HOP Developer's HOP Agreements and all future City approvals of building permits, certificates of occupancy and utility connections, and such other development approvals regarding the Property as may be required by law for development, construction, occupation and use of the Property.

3. HOP LIEN.

3.1 Creation of HOP Lien. The HOP Developer hereby creates a lien upon each HOP Home for the benefit of the City, its agents, heirs, successors and assigns (the "Lien"). The Lien shall be for the sole purpose of complying with the HOP and this Agreement and for the purpose of retaining long-term affordability of HOP Home.

3.2 Subordination. The Lien shall be subject and subordinate in all respects to liens, terms, covenants and conditions of a Senior Lien including all sums advanced for the purpose of (a) protecting or further securing the lien of the Senior Lien, curing defaults by the HOP Homebuyer, its successors and assigns under the Senior Lien or for any other purpose expressly permitted by the Senior Lien or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. The terms and provisions of the Senior Lien are paramount and controlling, and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the Senior Lien, any provisions wherein or in any other collateral agreement restricting the use of the Property to income eligible households or otherwise restricting the HOP Homebuyer, its successor's or assign's ability to sell the Property, shall have no effect on subsequent purchasers of the Property. Any purchaser following foreclosure, including his successors or assigns (other than the HOP Homebuyer or a related entity of the HOP Homebuyer), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the Senior Lien shall receive the title to the Property free and clear from such restrictions.

Further, if the holder of the Senior Lien acquires title to the Property pursuant to a deed in lieu of foreclosure, this lien shall automatically terminate upon acquisition of the title by the holder of the Senior Lien, provided that (a) the City has been given written notice of default under the Senior Lien and (b) the City shall not have cured the default under the Senior Lien, or diligently pursued curing the default as determined by the holder of the Senior Lien, within the 60-day period provided in such notice sent to the City.

The Lien and/or deed restriction must be shown on Schedule B-II of the lender's title policy as a subordinate item(s) to the first mortgage that is to be sold to Fannie Mae.

Notwithstanding any terms to the contrary, herein, the City and its agent's rights to collect and apply the insurance proceeds of hazard or property insurance or other insurance proceeds shall be subject and subordinate to the rights of the Senior Lien holder to collect and apply such proceeds in accordance with the Senior Lien. Likewise, the proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the property subject to the Lien, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to the Senior Lien holder, subject to the terms of the Senior Lien.

3.3 Lien Amount. The Lien amount shall be the difference between the current HOP Home price at the time of closing and the Fair Market Value as determined by a certified appraiser selected by the City or its agent. The lien amount shall be calculated after construction of the HOP Home but prior to purchase by the HOP Homebuyer. HOP Developer agrees to execute such additional documents as are necessary to record the HOP Lien with the Lien amount.

3.4 Term of Lien. The Lien shall run for 30 years or until such time as the City exercises its right of first refusal or purchase under this Agreement. During this term, so long as the HOP Homebuyer complies with HOP and the terms of this Agreement, no payments will be due on this Lien. However, if HOP Homebuyer remains in the HOP Home for a full 30-year term without transferring the HOP Home, failing to comply with HOP, or otherwise violating the terms of this Agreement, the Lien shall terminate.

3.5 Transfers of Lien. The Lien may be assumed by subsequent HOP Homebuyers of the HOP Home, including those acquiring the HOP Home through testate or intestate succession so long as the City receives a Notice of Intent to Sell and the City gives written approval of the assumption of the Lien. The Lien shall not be assigned by the City or its agent without the Senior Lien holder's prior written consent so long as the Senior Lien remains outstanding and the obligation to make payment on the mortgage note has not been satisfied. Subsequent HOP Homebuyers shall also obtain a "Certificate of HOP Homebuyer Eligibility".

3.6 Collection of the Lien Amount. The City and its agent agree that they will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien holder at least 60 days prior written notice. The subordinate lien holder (the City or its agent) will give the Senior Lien holder written notice of default and prior written notice of any acceleration under the subordinate mortgage (the Lien). However, it is understood that the subordinate lien holder is only holding the Lien for purposes of retaining long-term affordability and, therefore, will not accelerate the payment of the Lien amount.

In the event of a foreclosure on the Senior Lien the City hereby agrees to accept a note for any deficiency in the Lien amount and to forgive, release and forgo collection upon the Lien.

4. CLOSING SALES AND CONVEYANCES OF THE HOP HOMES.

4.1 Certification of Homebuyer. HOP Developer agrees to sell the HOP Home only to a Certified Homebuyer who qualifies for the purchase of a HOP Home under the HOP. The City hereby represents and warrants that Santa Fe Community Housing Trust is its authorized agent under the most current agreement between the City and Santa Fe Community Housing Trust, for purpose of qualifying buyers under this Agreement and issuing Certificates of HOP Homebuyer Eligibility.

4.2 HOP Developer's or HOP Homebuyer's Notice of Intent to Sell or Transfer the Property. Any time the HOP Developer or any subsequent HOP Homebuyer who is subject to this Lien intends to sell or otherwise transfer the Property or any interest in the HOP Home, whether by deed, real estate contract, intestacy, testate succession or otherwise, said transferor shall give written notice to the City which shall state the transferor's intention to sell or otherwise transfer said Property or interest in the HOP Home. (The "Notice of Intent to Sell").

4.3 Notice to Prospective HOP Homebuyer of Lien. The HOP Developer agrees to provide actual notice to any prospective purchaser of the covenants, conditions, and encumbrances, which are or will be placed upon the HOP Home to be sold by HOP Developer to the Certified HOP Homebuyer. Any purchase agreement containing the foregoing language or accompanied by a signed disclosure statement containing the foregoing language shall be deemed acceptable to the City pursuant to Section 26-1.19 (D) SFCC1987. The notice shall, at a minimum, state:

A. The unit is subject to a 30 year, renewable, lien (the "Lien") which is intended to retain the long-term affordability of the HOP Home.

B. The Lien may limit the ability of the HOP Homebuyer to get subsequent mortgage or equity loans.

C. The Lien gives the City and its agents a right to exercise its right of first refusal and purchase the HOP Home at a price, which may be less than the fair market value of the HOP Home.

D. The Right of First Refusal granted to the City can be assigned by the City to an agent or third party Certified HOP Homebuyer.

E. The Lien will limit the HOP Homebuyer's ability to sell the HOP Home in the future and shall require the City or its agents to agree to any additional use of the HOP Home as collateral or security.

F. The Lien will reduce the total amount payable to the HOP Homebuyer upon resale by the lien amount if the HOP Home is sold or transferred during the 30 year Lien term.

G. The Lien will be renewed for an additional 30-year period if the HOP Home is sold to a Certified HOP Homebuyer or the right of first refusal exercised during the initial term of the Lien.

4.4 Escrow Instructions Regarding Initial HOP Compliance. HOP Developer agrees to sell the HOP Home through an escrow agent. The escrow agent shall be required by HOP Developer as a precondition for closing to certify to the City that:

A. The HOP Homebuyer has been notified of and has indicated their understanding of the Lien and its affect.

B. The total sales price at closing does not exceed the HOP Home Price plus such transactional costs of closing as are usual and customary.

C. The HOP Home is being sold to a buyer who has agreed that the HOP Home shall be their principal residence and who has provided the escrow agent with a Certificate of HOP Homebuyer Eligibility.

4.5 Agreement to Pay Appraisal Costs. The HOP Developer agrees to pay a flat fee of $250.00 to the City or its agent at closing of the sale of each HOP Home. This fee is expressly and solely for the purposes of obtaining a Fair Market Value appraisal in order to determine the appropriate amount of the Lien.

4.6 HOP Developer to Reference Agreement and Lien. The HOP Developer shall include a reference to this Agreement in any and all deeds or other instruments conveying any interest in the HOP Home or any part thereof or interest therein, although neither the validity nor enforceability of this Agreement shall be affected in any manner by failure to do so.

5. RIGHT OF FIRST REFUSAL OR PURCHASE.

5.1 Grant of Right of First Refusal. To maintain the HOP Home as affordable housing throughout the 30 year term of this Agreement, the City and its agents shall have, and HOP Developer, its heirs, successors and assigns, hereby grant the City and its agent the right (but without obligation) to purchase the HOP Home in any of the following circumstances (the "Rights of First Refusal"):

A. The HOP Developer or a successor has given the City Notice of Intent to Sell; or

B. The HOP Home is no longer the principal residence of any person purchasing the HOP Home from the HOP Developer or any subsequent HOP Homebuyer, their heirs, successors or assigns whose occupancy does not comply with the covenant to maintain the HOP Home only as a principle residence and not as a trade or business, as an investment property, (income/rental property) or as a recreational second home, or non-principal residence so long as said HOP Homebuyer of the HOP Home has been given written notice identifying the violations and has failed to cure them; or

C. Any legal or beneficial interest in the HOP Home is conveyed or otherwise transferred (for example, by inheritance) without both Notice of Intent to Sell and Second Notice of Intent to Sell as required in this Section having been given, unless the City has waived the Right of First Refusal in writing; or

D. The City has notice of a pending mortgage or other lien foreclosure or similar proceeding (for instance, a sheriff's sale) against the HOP Home or of a civil action or equivalent proceeding for unpaid condominium common expenses; or

E. The City has notice that the HOP Home is being taken for unpaid taxes; or

F. The HOP Homebuyer made material misrepresentations in applying to acquire the HOP Home; or

G. The HOP Homebuyer has failed to observe and perform the HOP Homebuyer's obligations under this Agreement (other than as stated in (H.) below), has been given written notice identifying the violations and has failed to cure them; or

H. The HOP Homebuyer has failed to observe and perform the HOP Homebuyer's obligations under this Covenant in a manner, which constitutes criminal conduct, or in the City's judgment constitutes other willful, egregious and continuing violation of such obligations.

The City shall be obligated to give notice and an opportunity to cure only for events under subsections (B.) or (G.); and for those events, the HOP Homebuyer and any holder of a Senior Lien shall have a reasonable time to cure which shall not exceed six months. In all cases other than sale or other transfer of the HOP Home under subsection (A.), the City's right to buy the HOP Home shall continue only while the event giving rise to exercise of the Right of First Refusal continues un-remedied.

5.2 City's Exercise of Right of First Refusal. In the event that the City has received a Notice of Intent to Sell pursuant to this Agreement, the City shall have 30 days in which to exercise its Right of First Refusal. During this 30-day period, the City and its agent shall have the exclusive right to market the HOP Home and the HOP Homebuyer shall not list the HOP Home with a realtor or any other selling agent.

5.3 Duration of Right of First Refusal. The City and the HOP Homebuyer intend that the Right of First Refusal are for the purpose of promoting and enforcing this Agreement in its goal of ensuring continuance of the HOP Home as affordable housing as permitted under New Mexico law and accordingly are intended to be exercisable throughout the term of this Agreement (or such shorter period as is the longest permitted under law).

5.4 Purchase Price. The purchase price of the HOP Home under the Right of First Refusal shall be equal to the appraised price at the time of sale less the Lien amount. In the event that there is a dispute as to the purchase price, the seller shall be entitled, at its own expense, to have a separate appraisal performed and if the seller and City or its agent still can not agree as to the purchase price, the seller and City shall resolve the matter through binding arbitration.

6. MONITORING AND ENFORCEMENT.

6.1 Notice. The City agrees to provide notice pursuant to the HOP of any violation or alleged violation of the terms and conditions of this Agreement and further agrees to give HOP Developer 30 days to cure and violation under this Agreement. HOP Developer agrees to provide the City with notice and 30 days opportunity to cure any violation of this Agreement.

6.2 Term. This Agreement shall be effective until all HOP Homes on the Property covered by this Agreement have been sold. Thereafter, this Agreement shall terminate. HOP Developer may request and the City agrees not to unreasonably withhold an express termination of this Agreement upon compliance with this Agreement. Nothing herein shall be deemed a waiver by the City or its agents or assigns of any right, title or interest to pursue or make claim for damages, penalties or remedies available to the City, its agents or assigns, for a breach of this Agreement or the HOP whether or not the breach occurs during the term of this Agreement.

6.3 Enforcement. It is understood and agreed by HOP Developer that the remedies provided under this Agreement are additional remedies, not exclusive of any remedy under the law.

6.4 Release by City. City hereby agrees to release HOP Developer from this Agreement upon fulfillment of all terms of this Agreement and to issue upon request a certificate of termination within a reasonable time of receipt of written request. The City will issue the certificate in recordable form stating (if such be the case) that this Agreement has been terminated, and any such certificate, when recorded with the Santa Fe County Clerk, shall be binding and conclusive on the City and all persons relying thereon.

7. MISCELLANEOUS PROVISIONS.

7.1 Recordation. HOP Developer agrees to record this Agreement and thus the Lien as set forth in Section 14-96.6 SFCC 1987 and prior to closing the sale of the HOP Home so as to legally attach, run with the land and ensure that the purpose of the HOP are met.

7.2 Successors and Assigns; Covenants to Run. This Agreement shall be legally binding on, as the obligations of, the parties and their respective successors and assigns, including without limitation, successors in title or interest to the Property, HOP Home or this Agreement, who by their acceptance of any interest in the Property, HOP Home or this Agreement shall be deemed to have agreed to perform and observe all the HOP Developer's obligations under, and to be bound by all the terms and conditions of, this Agreement. Furthermore, all the agreements, rights and restrictions set forth in this Agreement shall run with the Property for the purpose of maintaining the HOP Home as affordable housing throughout the term of this Agreement and the Liens entered into pursuant to this Agreement.

7.3 Reporting and Verification.

A. HOP Developer agrees to sign an affidavit declaring that the sale price did not exceed the amount specified in this Agreement.

B. HOP Developer agrees to provide such information and documentation as the City may reasonably require in order to insure that the actual sale was in compliance with this Agreement.

C. HOP Developer agrees to provide income verification in selling the HOP Home for certification by the City or its agent as complying with the HOP Ordinance.

D. HOP Developer agrees to grant access to the City, or its agent, to inspect the records of HOP Developer for the HOP Home in order to determine compliance with the HOP Ordinance and this Agreement.

7.4 Further Assurances. . The parties agree to execute such documents as may be required to show the satisfactory compliance with HOP and this Agreement. The City may certify current compliance with the HOP on a unit by unit basis as may be reasonably requested by HOP Developer, escrow agents, realtors, lenders or any other interested party

7.5 City's Right to Enter. Each HOP Developer hereby grants to the City the right to enter upon the HOP Home upon reasonable notice for the purpose of inspection and enforcement of the HOP, the Santa Fe City Code and this Agreement.

7.6 Survival of Enforcement Rights. Notwithstanding the definition of HOP Developer contained in this Agreement, the rights of enforcement for violations of this Agreement shall survive any subsequent sale or transfer of the HOP Home.

7.7 City's Zoning Authority Unimpaired. The City's rights to enforce any and all provisions of the Santa Fe City Code shall be the same as its rights generally to enforce any other ordinance, which shall in no way be diminished by this Agreement. The HOP Developer acknowledges that this Agreement is included within the zoning authority and charter authority of the City, which is, and is hereby, accepted by the HOP Developer as a sufficient but additional basis for this Agreement.

7.8 Notices. Any demand, notice or request by either party to the other shall be sufficiently given if in writing delivered to the party intended to receive the same, or if mailed by certified mail, return receipt requested, or delivered to a recognized national courier, or if given in a manner sufficient for legal process. Each notice to the HOP Developer named above shall be addressed to such party, or to such other address as may be stated in a notice given as herein provided. Each notice to subsequent HOP Developers shall be sufficiently given if addressed to or given at the HOP Home.

7.9 Public Purpose. The City declares, and the HOP Developer and each other person, including mortgagees, hereafter holding any interest in the Property or a HOP Home acknowledges, that the Lien and this Agreement as well as all restrictions contained in this Agreement are for public purposes.

7.10 Sanctions. The City has the right to impose sanctions or take other actions as set forth in the HOP Ordinance after notice of violation has been given and not complied with.

7.11 Headings Not Part of Agreement. Section headings have been inserted for convenient reference only and are not to be construed as part of this Agreement.

7.12 Severability. If any provision of this Agreement or the application thereof to any person or circumstances is held to be invalid or unenforceable by any decision of any court of competent jurisdiction, such decision shall not impair or otherwise affect any other provision of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable.

7.13 Interpretation. This Agreement shall be enforceable according to its terms and New Mexico law. This Agreement is subject to the general principles of equity, fairness and reasonableness irrespective of whether such enforcement or interpretation is considered in a proceeding at equity or in law and shall be construed according to its purpose of fostering and preserving affordable housing. Any benefit to private parties arising under this Agreement is purely incidental to the purpose of creating affordable housing.

7.14 No Additional Payments. Nothing herein shall be deemed a requirement to pay to the City or its agent additional payments for amounts already paid to the Senior Lien holder. The borrower shall not be obligated to make such payments of funds to the City or its agent to the extent that the borrower under the Senior Lien makes such payments to the Senior Lien holder in accordance with the Senior Lien.

7.15 No Waiver. No actions taken by the parties following a breach of any of the terms contained in this Agreement shall be construed to be a waiver of any claim or consent to any succeeding breach of the same or any other term.

7.16 Numbers and Genders. Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

7.17 Agreement. This Agreement states the entire agreement of the parties. This Agreement shall not relieve HOP Developer from complying with present or future City ordinances, duly adopted resolutions or regulations applicable to the development.

7.18 Amendments. This Agreement shall not be altered, changed or amended except by instrument in writing executed by the parties hereto. Any amendments to this Agreement shall be reviewed by the Community Services Department and sent, if applicable, to the appropriate review body as set forth in the HOP Ordinance and then to the City Manager for approval.

WHEREFORE, the parties set their hands and seals this 15th day of November, 2001.

HOP DEVELOPER: Foothills, LLC

By: Donald H. Tishman

Its: Managing Member

ACKNOWLEDGEMENTS

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 15th day of October, 2001, by Donald Tishman.

Notary Public

DEBBIE A. TRUJILLO NOTARY PUBLIC STATE OF NEW MEXICO

My Commission Expires: November 16, 2002

CITY OF SANTA FE:

Jim Romero
City Manager

ATTEST:

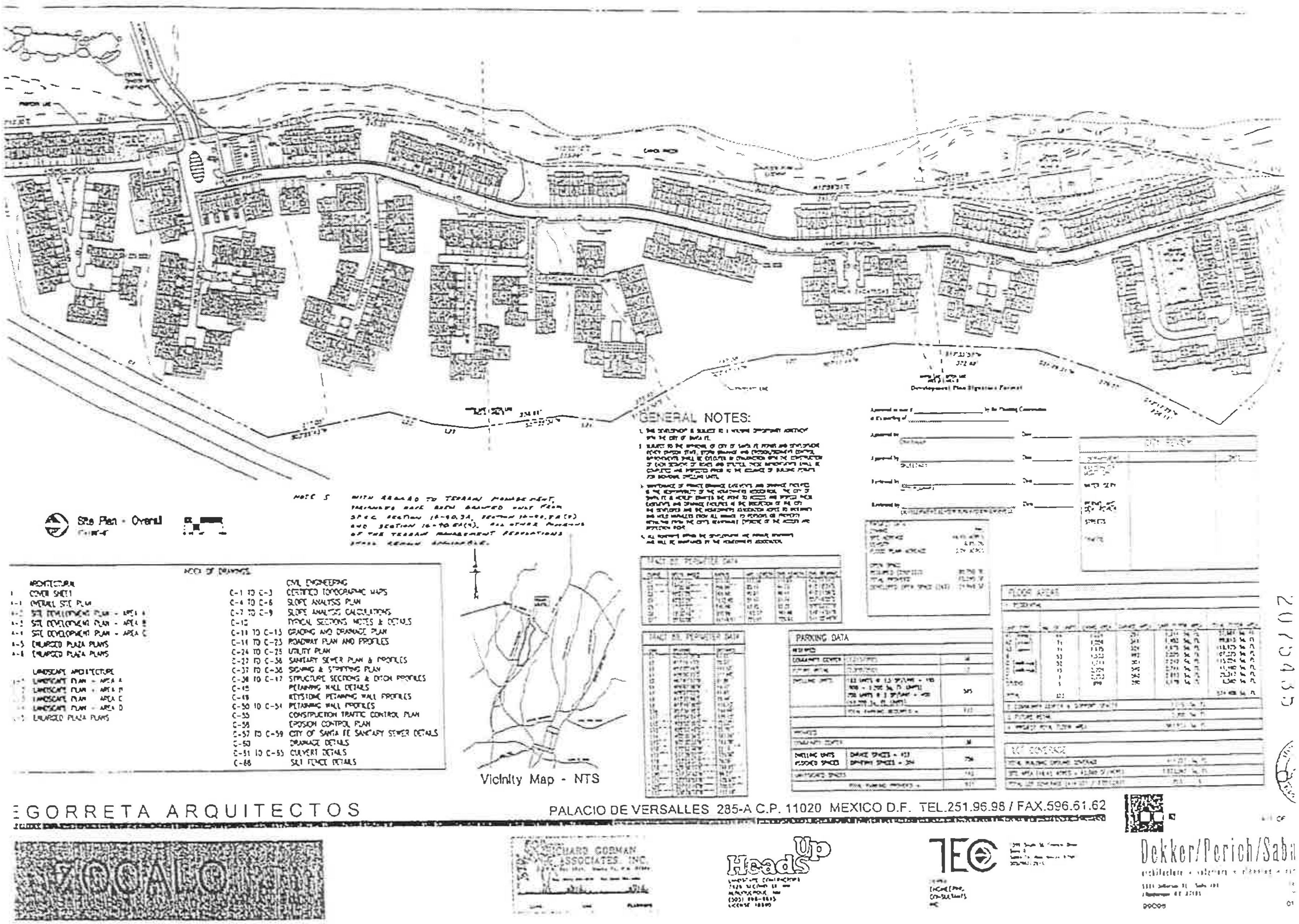
Yolanda Y. Vigil
City Clerk

2075434

APPROVED AS TO FORM:

Peter A. Dwyer, City Attorney

Attachments: Exhibit A (the Property)
Exhibit B (the HOP Plan)
Exhibit C (HOP Plan Phase 1)



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PARKING DATA
FLOOR AREAS
LOT COVERAGE
Development Plan Signature Format
LEGORRETA ARQUITECTOS
PALACIO DE VERSALLES 285-A C.P. 11020 MEXICO D.F. TEL.251.96.98 / FAX.596.61.62
ZOCALO
RICHARD GORMAN ASSOCIATES, INC.
HeadsUp
TEC
Dekker/Perich/Sabatini
2075435

Exhibit A

RECEIVED NOV 1 3 2001

ZOCALO
HOP PLAN
32 HOP Units

FOR-SALE UNIT TYPES	MAXIMUM HOP HOME PRICE (50% of median income)	MAXIMUM HOP HOME PRICE (55% of median income)	MAXIMUM HOP HOME PRICE (60% of median income)	MAXIMUM HOP HOME PRICE (65% of median income)	MAXIMUM HOP HOME PRICE (70% of median income)	MAXIMUM HOP HOME PRICE (75% of median income)
2 Bedrooms, 1 bath 900 sq ft min. (3 person household)	$66,237 **4 units**	$74,485 **4 units**	$82,733 **3 units**	$90,981 **3 units**	$99,229 **3 units**	$107,477 **4 units**
3 Bedrooms, 1.5 baths 1100 sq ft min. (4 person household)	$70,086 **2 units**	$79,255 **2 units**	$88,425 **2 units**	$97,595 **1 unit**	$106,764 **2 units**	$115,934 **2 units**

Specific units will be determined at each phase of development.
Prices for 2 bedroom units reflect $112 monthly homeowners' dues (assuming 1022 sq ft unit at $1.32 per sq ft per year).
Prices for 3 bedroom units reflect $149 monthly homeowners' dues (assuming 1350 sq ft unit at $1.32 per sq ft per year).
Prices reflect 4/10/01 median incomes and 7.67% interest.
The incomes served and subsequent home prices may be modified by the City according to Section 8.4.5 of the HOP Administrative Procedures to reflect actual incomes to be served. Total prices shall be based upon an assumed 65% of median income. The HOP home prices shown in this HOP Plan are the prices in effect at the time this Plan is made. The current HOP prices, which are in effect at the time the HOP Home is made available for sale, determines the actual HOP Home price. The prices are updated annually by the City's Community Services Department.

2075436

11.15.01
Mo Thorpe

Exhibit B

ZOCALO
HOP PLAN
<u>Phase 1</u>
4 HOP Units
(Units 301, 302, 305, 309, of the Zocalo Condominiums)

FOR-SALE UNIT TYPES	MAXIMUM HOP HOME PRICE (50% of median income)	MAXIMUM HOP HOME PRICE (55% of median income)	MAXIMUM HOP HOME PRICE (60% of median income)	MAXIMUM HOP HOME PRICE (65% of median income)	MAXIMUM HOP HOME PRICE (70% of median income)	MAXIMUM HOP HOME PRICE (75% of median income)
2 Bedrooms, 1 bath 900 sq ft min. (3 person household)	$66,237 **2 units**	$74,485 **1 unit**	NA	NA	NA	NA
3 Bedrooms, 1.5 baths 1100 sq ft min. (4 person household)	NA	NA	NA	NA	$106,764 **1 unit**	NA

Prices for 2 bedroom units reflect $112 monthly homeowners' dues (assuming 1022 sq ft unit at $1.32 per sq ft per year).
Prices for 3 bedroom units reflect $149 monthly homeowners' dues (assuming 1350 sq ft unit at $1.32 per sq ft per year).
Prices reflect 4/10/01 median incomes and 7.67% interest.
The incomes served and subsequent home prices may be modified by the City according to Section 8.4.5 of the HOP Administrative Procedures to reflect actual incomes to be served. Total prices shall be based upon an assumed 65% of median income. The HOP home prices shown in this HOP Plan are the prices in effect at the time this Plan is made. The current HOP prices, which are in effect at the time the HOP Home is made available for sale, determines the actual HOP Home price. The prices are updated annually by the City's Community Services Department.

2075437

Attachment C

Excerpted Sections:
ADMINISTRATIVE PROCEDURES FOR THE CITY OF SANTA FE HOUSING OPPORTUNITY PROGRAM (HOP)

As described in Section 4 "Responsibility for Administration" of the HOP Administrative Procedures:

4.8 **Community Development Commission** - This city board shall be responsible for considering and acting upon requests for alternate means of compliance and upon appeals of decisions of the Office of Affordable Housing as described herein.

As defined in Section 6 "Definitions" of the HOP Administrative Procedures:

Development Types:

A. Development Type "A" means a residential development in which the average price of 70% of the dwelling units for sale or for rent are affordable to households with incomes at or below 80 percent of the area median income, using a four person household for home buyers and a three person household for renters.

B. Development Type "B" means a residential development in which all units for sale or for rent are affordable to a three person household with an income under 120 percent of the area median income unless the development is defined as a development type "A."

C. Development Type "C" means a residential development in which (a) one or more units for sale or for rent are provided to be affordable to a three person household with an income above 120 percent of the area median income; and (b) the average price does not exceed a price affordable to a three person household with an income at 200 percent of the area median income.

D. Development Type "D" means a residential development in which units for sale or rent are, on average, affordable to a three person household with an income over 200 percent of the area median income.

Extreme Hardship - A condition occurring as a direct consequence of the HOP ordinance which a) deprives a property owner of all economically viable use of the subject property taken as a whole or b) would require the property owner to lose money on the development taken as a whole and the property owner can demonstrate to the Community Development Commission's satisfaction that said loss will be an unavoidable consequence of the HOP requirement for construction of affordable housing.

11. ALTERNATE MEANS OF COMPLIANCE

11.1 Criteria for Allowing Alternate Approaches

HOP requires that applicants provide HOP units on the property proposed for development. However, it is recognized that at times this approach may be infeasible due to extreme hardship as defined. **In this event, the applicant may seek permission from the Community Development Commission to use an alternate means of compliance** *{Emphasis added}*.

11.2 Allowable Alternate Means of Compliance

Contributions of cash or in-kind resources for affordable housing may be considered acceptable by the City as an alternate means of compliance. The Developer may provide cash, land, labor, materials or another in-kind contribution(s) acceptable to the City. The fair market value of the contribution(s) shall be equal to the In-Lieu Contribution Value for each affordable unit, which is not provided directly, as described in Section 12.

12. DETERMINATION OF IN-LIEU CONTRIBUTION VALUES – Use the In-lieu fee calculations/requirements from SF Homes?

The In-Lieu Contribution Value for each HOP unit which is not provided directly shall be determined as follows:

12.1 Contribution values for a particular development shall be the values in Appendix D, "HOP In-Lieu Contribution Values," which correspond to the type of development proposed.

12.2 The methodology for initially determining contribution values is contained in a 1995 report by The Enterprise Foundation, *Findings and Recommendations Regarding Housing Affordability Issues in the Proposed Housing Opportunities Program*. The recommended contribution values in that report were adopted as the initial values for calendar year 1995.

12.3 The initial 1995 values shall be adjusted annually at the beginning of each calendar year by a factor equal to the Consumer Price Index for New Mexico Urban Areas, or at the discretion of the Office of Affordable Housing Director, the values may be recalculated using another method, so long as the methodology is sound and described in detail in a written report available to the public.

12.4 The required In-Lieu Contribution Value for any contribution (including a staged contribution) shall be the amount in effect at the time that each contribution is due.

12.5 A 2% processing fee to the city shall be added to all fees in lieu of contributions for administrative costs.

Attachment B-1

LADD, ALEXANDRA G.

From: Josh Rogers <jrogers@titan-development.com>
Sent: Thursday, November 12, 2015 11:00 AM
To: LADD, ALEXANDRA G.
Cc: AMBROSINO, MARGARET K.
Subject: Re: Phase 5 Alt. Means of Compliance Letter draft

Alexandra,

I agree with the proposed changes. Thank you!

Josh Rogers
Titan Development
Director of multi family
505-362-6047

On Thu, Nov 12, 2015 at 11:58 AM, LADD, ALEXANDRA G. <agladd@ci.santa-fe.nm.us> wrote:

> Hi Josh,
>
> I was able to review your memo this morning (our office was closed yesterday for Veterans' Day). It looks great although there is one clarification that we probably need to make to avoid confusion in the public record. The SF Community Housing Trust or "The Housing Trust" is Zocalo's nonprofit partner whereby the Affordable Housing Trust Fund (AHTF) is the City-managed trust fund that is used to support future affordable housing projects and programming.
>
> This sentence in your memo is potentially confusing:
>
> *This will ensure that the fee-in-lieu is paid to the housing trust prior to the completion of any market rate units.*
>
> If you could replace the highlighted portion with the following, I think it will stand better on its own:
>
> *This will ensure that the fee-in-lieu is paid to the City of Santa Fe for deposit into the Affordable Housing Trust Fund prior to the completion of any market rate units.*
>
> Also, we should probably modify the following sentence as follows:
>
> *According to Alexandra Ladd, the Santa Fe Community Housing Trust prefers to place individuals in Zocalo closer to the 80% AMI level due to the volatility of ever increasing HOA fees at Zocalo.*
>
> I know you are out of the office today and making changes is going to be hard for you. If you can't make the changes, then reply to my email that you agree to my proposed changes and we will print the email for the packet. And then on the meeting day, if you can bring a revised memo for the record, that would be great.
>
> Thanks!

-Alex.

From: Josh Rogers [mailto:jrogers@titan-development.com]
Sent: Wednesday, November 11, 2015 12:21 PM
To: LADD, ALEXANDRA G.
Subject: RE: Phase 5 Alt. Means of Compliance Letter draft

Alexandra,

Use this one, tiny update.

Josh Rogers
Director of Multi-Family
Titan Development
(O) 505-998-0163
(M) 505-362-6047

From: Josh Rogers
Sent: Wednesday, November 11, 2015 11:32 AM
To: LADD, ALEXANDRA G. <agladd@ci.santa-fe.nm.us>
Subject: Phase 5 Alt. Means of Compliance Letter draft

Alexandra,

Attached is the draft letter. Please let me know your thoughts as soon as you get a chance to read through this. I will be traveling tomorrow so if possible it would be best to make the revisions today.

Thanks,

Josh Rogers
Director of Multi-Family
(o) 505-998-0163
(m) 505-362-6047

TITAN
DEVELOPMENT

Attachment B-2

RINCON
INVESTMENTS, LLC

November 9, 2015

Alexandra Ladd
Housing Special Projects Manager
City of Santa Fe

Re: Zocalo Phase 5 Alternative Means of Compliance

Alexandra,

This letter will outline our plan to meet the affordable housing requirements for Zocalo Phase 5, the final phase of Zocalo, and provide a summary of the affordable housing status. As stated in earlier discussions, Zocalo is an unfinished project approved for 301 condominiums with only 191 condominiums built to date. Phase 4B which is 54 units is currently under construction and will be complete in early 2016.

Zocalo was started by Foothills Estates, LLC in 1999 and went into foreclosure in 2009 without starting Phase 5 and leaving Phase 4 halfway constructed. Zocalo is operated and maintained by the Zocalo Condominium Owners Association (COA) which urgently needs the entire balance of all the planned units in order to operate efficiently and effectively. Due to the extended period of time it has taken to finish all of the units at Zocalo, the current residents have experienced substantial increases in COA fees to help cover the maintenance and upkeep of the property.

Rincon Investments, LLC purchased Zocalo out of foreclosure at the height of the recession with the intention of completing Phase 4B and Phase 5. Phase 5 is currently finishing the design work and is about to begin the permitting process, and we anticipate being able to break ground on Phase 5 by mid-2016. Phase 5 is the most challenging phase of construction with major challenges with topography and drainage.

The Zocalo development under Foothills Estates, LLC, the original owner of the development, entered into a Housing Opportunity Program Agreement and Home HOP Lien with the City of Santa Fe on November 15, 2001. The agreement established Zocalo as a Type C development, which according to the Housing Opportunity Program Ordinance (Ord. #1998-3, §3) requires 11% of the development to be affordable based on the following formula taken from the HOP Ordinance.
Where T=total units, N=non-HOP units; and H=HOP units
T = N + H
H = N x 0.11
T = (N x 1) + (N x 0.11)
T = N x 1.11
N = T/1.11

Phases 1 through 5 of Zocalo will have a total of 301 units. According to the formula above the required number of HOP homes is:
Where T = 301 units
301/1.11 = N = 271.17
301 = 271.17 + H
H = 29.83 units required up on complete build out.

Zocalo has a long standing history of providing affordable units above the required minimal standards and has delivered the same exceptional high quality as the market rate units. Zocalo has wanted to maintain a cohesive and comprehensive look throughout the property so the affordable units would appear no differently than the market rate units.

Based on the list of affordable units sold to date at Zocalo provided by M. Nellie Martinez, the Deputy Director of The Housing Trust on December 2, 2013, the City of Santa Fe has recorded 20 affordable units sold at Zocalo. Rincon Investments, LLC, the current owner of the remaining reserve development rights for Zocalo, is currently under construction on phase 4B with the completion anticipated to be in April 2016. Rincon Investments, LLC paid a fee-in-lieu of $84,588 for 3 of units which was approved by Community Development Commission, and is going to convert a 2 bedroom/2bath unit it owns to the affordable housing program prior to the final Certificate of Occupancy on phase 4B. This will bring the total number of affordable units delivered at Zocalo to 24 with 6 to be delivered during the completion of Phase 5.

Phase 5 for Zocalo is 56 units and we will be required to deliver 6 affordable units upon full build-out. Phase 5 will be built in a series of mini-phases and is required to deliver 1 affordable unit per every 9 units that are built. Rincon Investments is seeking flexibility in the delivery of the 6 units to accommodate the financial hardship of completing the project. Phase 5 has the most challenging topography of all the phases of Zocalo, and is going to require an extensive network of retaining walls, new roads, and miles of new utilities for the development to be completed. Phase 5 will have the highest infrastructure costs per unit resulting in an incredibly high cost to deliver a single unit. The original developer, Foothills Estates, could have been more proactive in delivering extra affordable units in the earlier phases due to the lower infrastructure costs per unit in order to adequately prepare for Phase 5.

We have received bids to complete the project, and the estimated costs to build one unit to completion is approximately $412,000. The sales price for the average affordable unit will be an average of $141,636, resulting in a $270,364 loss per unit. The total loss on the six affordable units will be $1,622,185. This amount will have to be subsidized across the 50 market rate units, resulting in a $32,443 per market rate unit subsidy. The estimated subsidy per market rate unit is extremely high and will create a price substantially above true market value. The estimated subsidy will make the project unfeasible and will prevent the project from moving forward.

Therefore, Rincon Investments is requesting an Alternate Means of Compliance. Rincon Investments will propose two options for the Community Development Commission to vote on to decide which option is most beneficial to the City of Santa Fe.

Option A for an Alternative Means of Compliance is to pay a fee-in-lieu for all 6 required affordable units equivalent to the total subsidized value of purchasing existing units and converting them to the affordable housing program. Appendix 1 provides a list of recent sales of 1, 2, and 3 bedroom units within Zocalo and what the average market value is for those units. The chart below calculates the proposed value of the fee-in-lieu based on the likely unit mix and the AMI percentage of a likely affordable buyer which would be converted to the affordable housing program. According to Alexandra Ladd, the Santa Fe Housing Trust prefers to place individuals in Zocalo at the 80% AMI level due to the volatility of ever increasing HOA fees at Zocalo.

Unit Size	Market Rate Value	AMI %	Affordable Sales Price	$ Value of Subsidy
1 BR	$162,814	80%	$137,937	$ 24,877
1 BR	$162,814	80%	$137,937	$ 24,877
2 BR	$229,000	80%	$167,054	$ 61,946
2 BR	$229,000	80%	$167,054	$ 61,946
2 BR	$229,000	80%	$167,054	$ 61,946
3 BR	$355,000	80%	$189,039	$ 165,961
			Total	$ 401,552
			Average	$ 66,925

Rincon Investments is proposing to pay a fee-in-lieu of $66,925 for each of the 6 required affordable units. If granted the approval to pay the fee-in-lieu, Rincon will pay the fee-in-lieu prior to certificate of occupancy of every 9 market rate units. This will ensure that the fee-in-lieu is paid to the housing trust prior to the completion of any market rate units.

Furthermore, the fee-in-lieu from the 6 units of $401,552 dollars can be leveraged into down payment assistance or other affordable homeownership needs and used on a community wide basis, providing essential support for potential homebuyers. The $401,552 could place significantly more individuals into housing than the 6 units which would be provided at Zocalo if the fee-in-lieu is not accepted. The fee-in-lieu is the preferred Alternative Means of Compliance option for Rincon Investments.

Option B for an Alternative Means of Compliance is to allow for the purchase of existing market rate units within Zocalo and convert them to the affordable housing program in lieu of delivering the newly constructed units. This will allow Rincon the flexibility to purchase existing market rate units. The existing market rate units are still recovering from the recession and are priced below the costs to deliver a new unit. Purchasing existing units and converting them to affordable housing is equivalent to Foothills Hills Estates being proactive on delivering extra affordable units in the earlier phases of Zocalo.

If granted the approval to convert existing market rate units, Rincon will convert an affordable unit per every 9 market rate units prior to the final certificate of occupancy of any market rate units. This will ensure that an affordable unit is delivered to the housing trust prior to the completion of any market rate units.

During our discussions, it is understood that the original requirement from the 2001 HOP Agreement for Zocalo for the unit mix and AMI requirements are no longer applicable since the unit mix and types of units have changed over the years. The original plan has never been followed, and we are seeking flexibility to deliver any type of existing unit into the affordable housing program. There is currently a wide mix of units at Zocalo, and we will likely purchase a mixture of 1, 2, and 3 bedroom units to convert depending on what is available.

Without an alternate means of compliance, phase 5 will not happen. This is not in the best interest of the current residents, especially our affordable homeowners who also pay the COA fees. Without more units across which spread these fees, the fees will continue to escalate. In addition, there are also community-wide benefits to be realized if the build out is to proceed. Zocalo Phase 5 is set to create 300 jobs over the course of a three year build out, and provide a tangible boost to Santa Fe's economy. The City of Santa Fe would also benefit from an estimated gross receipts tax of $1,600,000 based on $19,800,000 in hard construction costs and general contractor fees. There are also permitting and water conservations fees of $200,000. The total benefit to the City of Santa Fe is 300 construction jobs and $1,800,000.

We very much appreciate the consideration for an Alternate Means of Compliance. We strongly feel that it is in the best interest of the existing 191 Zocalo residents who contribute to the Zocalo COA to finish phase 5 of the project as soon as possible. We think the added flexibility of option A is the preferred Alternative Means of Compliance for Rincon Investments. Option A will place more individuals into affordable housing than option B. Both option A and B will allow the project to be completed and bring a significant boost to Santa Fe's economy and job market.

Please call me to clarify any of the conditions outlined in this letter. Thank you for all your help.

Sincerely,

Josh Rogers
Rincon Investments, LLC

Appendix 1 – Zocalo Sales Comparisons

One Bedroom					
MLS	**Property Address**	**Sales Price**	**Square Feet**	**Price PSF**	**Bed/Bath**
201100760	1254 Avenida Morelia #101	$ 150,000	1,039	$ 144.37	1/1
201101539	1250 Avenida Morelia #105	$ 157,000	1,039	$ 151.11	1/1
201204534	1250 Avenida Morelia #202	$ 165,256	1,039	$ 159.05	1/1
201005260	1251 Avenida Morelia #102	$ 179,000	1,039	$ 172.28	1/1
	Average	**$ 162,814**			

Two Bedrooms					
MLS	**Property Address**	**Sales Price**	**Square Feet**	**Price PSF**	**Bed/Bath**
201203612	604 Avenida Villahermosa #106	$ 215,000	1,108	$194.04	2/2
201101004	604 Avenida Villahermosa #103	$ 225,000	1,108	$203.07	2/2
201303758	604 Avenida Villahermosa #105	$ 225,000	1,108	$203.07	2/2
201300989	608 Avenida Villa Hermosa #104	$ 228,000	1,108	$ 205.78	2/2
201105329	608 Avenida Villahermosa #204	$ 235,000	1,148	$204.70	2/2
201404872	608 Avenida Villahermosa #110	$ 235,000	1,467	$160.19	2/2
201500981	1254 Avenida Morelia #205	$ 240,000	1,318	$182.09	2/1
	Average	**$ 229,000**			

Three Bedrooms					
MLS	**Property Address**	**Sales Price**	**Square Feet**	**Price PSF**	**Bed/Bath**
201400662	1380 Avenida Rincon # 304	$ 355,000	1,474	$240.84	3/2
	Average	**$ 355,000**			

Attachment C

Variables	**Amount for 65% AMI**		
Unit Size	1bd unit	2 bdrm/2 ba	3bd unit
Target Family Size (1)	1	2	3
Target Income level (AMI	65-80% AMI	65-80% AMI	65-80% AMI
Target client income 65% AMI	$ 28,400	$ 32,500	$ 36,450
Portion of income allocated to Housing Exps.	33%	33%	33%
Mortgage Interest rate (2)	4.17%	4.17%	4.17%
HOA fee for referenced unit	$ 289	$ 286	$ 315
Calculation			
33% Monthly Income for housing exp (65% AMI)	$ 781	$ 894	$ 1,002
Deduct out HOA fee	$ 492	$ 608	$ 687
Calculate Maximum Mortgage (65%)	$ 100,971	$ 124,726	$ 141,067

Variables	**Amount for 80% AMI**		
Unit Size	1bd unit	2 bdrm/2 ba	3bd unit
Target Family Size (1)	1	2	3
Target Income level (AMI	80%AMI	80% AMI	80% AMI
Target client income 80% AMI	$ 34,950	$ 40,000	$ 44,950
Portion of income allocated to Housing Exps.	33%	33%	33%
Mortgage Interest rate (2)	4.17%	4.17%	4.17%
HOA fee for referenced unit	$ 289	$ 286	$ 315
Calculation			
33% Monthly Income for housing exp (65% AMI)	$ 961	$ 1,100	$ 1,236
Deduct out HOA fee	$ 672	$ 814	$ 921
Calculate Maximum Mortgage (65%)	$ 137,937	$ 167,054	$ 189,039

(1) City of Santa Fe Resolution 2010-49 section 8.5.1 - Factors in Determining Housing Expense Ratios
(2) 4.17 is the average annual rate in 2014 as cited in the 8.5.2 in the Administrative Procedures at http://www.freddiemac.com/pmms/pmms30.htm
(3) Methodology - Excludes taxes, hazard insurance, and PMI because taxes and hazard insurance are included in the HOA fees. PMI not required if the second mortgage will exceed 20% of appraised value

City of Santa Fe, New Mexico

memo

DATE: November 13, 2015

TO: Community Development Commission

VIA: Alexandra Ladd, Housing Special Projects Manager

FROM: Margaret Ambrosino, Senior Housing Planner

ITEM: Discussion of Community Development Block Grant (CDBG) Funding Priorities

Current Situation:

As noted in 2014, the CDBG funding priorities, as indicated by the community and also put forth by the by the CDC for the past several years, have been weighted towards down payment assistance for first time home buyers and public service activities administered through non-profit service providers. The CDBG allocation in recent years, of just over $500,000 (approx. $400,000+ factoring in grant administration costs) in any given year, has traditionally been divided between approximately 10 projects to meet the wide range of priorities as identified in the city's 2013-2017 Consolidated Plan.

There has been much discussion over the past year amongst community leaders concerning needs to boost rental housing and helping the homeless as representing the <u>highest of the high priorities</u>. The Office of Affordable Housing staff has conducted research with local housing experts and service providers on determining how CDBG and AHTF funds can be leveraged to support these causes and presents the following findings:

- CDBG funding towards a Low-Income Housing Tax Credit project for rental housing; tax credit awards are not known until May and CDBG funding allocations are made in February in order to meet HUD's citizen participation and report requirement timeline; also challenging for timely expenditure of CDBG.
- CDBG funds are typically used towards the capital investment side and not the rental assistance, such as in the form of subsistence payments (rent, utilities, etc.) which comes with limitations per client. (CDBG has been used in the past as subsistence payments in the form of short-term rental assistance and assistance with utilities; assists those at imminent risk of becoming homeless; but has been funded at a low level.

In reviewing the history of funding, down payment assistance for low- to moderate-income home buyers has provided the following advantages:

- best leverage for an applicant
- timely expenditure of grant funds
- what generates program income
- projects that show, through the application phase, a significant benefit to a population; such as a high increase in individuals served from that of a prior year

Goals:

1. Review CDBG funding priorities and determine whether or not the city should state specific projects or needs in the December Notice of Funding Availability for the 2016-2016 program year;
2. If priorities for CDBG funding should change, how that funding can intersect with AHTF ;
3. If keeping the same priorities as in past funding years, determine how the Office of Affordable Housing can best utilize AHTF.

a) 2013-2017 Consolidated Plan Priorities List
b) September 30, 2015 City Council Public Hearing for CAPER
c) 2005-2015 CDBG Funding History
d) Housing Focus Areas from the 2008 Housing Plan

P-25 Priority Needs as listed in the 2013-2017 Consolidated Plan

Priority Need Name	Priority Level	Population	Goals Addressed
Rental Vouchers	High	Extremely low-income renters; people at risk of being homeless; persons with disabilities; homeless youth; veterans; elderly; families in transition; persons with HIV/AIDS and their families; public housing residents; mentally ill; chronic substance abusers; victims of domestic violence	Reduced rate of cost burden and corresponding drop in poverty rate for homeless households and those in danger of becoming homeless. *(Increase Opportunities for At Risk Populations);* Inventory of rental units and vouchers expanded to meet increased demand *(Increase Affordable Housing Opportunities)*
Emergency Shelter	High	Extremely low-income residents; chronic homeless; homeless youth; veterans; families in transition; mentally ill; chronic substance abusers; victims of domestic violence	Reduced rate of cost burden and corresponding drop in poverty rate for homeless households and those in danger of becoming homeless. *(Increase Opportunities for At Risk Populations)*
Support Services for Homeless or People at Risk of Homelessness	High	Extremely low-income renters; people at risk of being homeless; persons with disabilities; homeless youth; veterans; elderly; families in transition; persons with HIV/AIDS and their families; public housing residents; mentally ill; chronic substance abusers; victims of domestic violence	Reduced rate of cost burden and corresponding drop in poverty rate for homeless households and those in danger of becoming homeless. *(Increase Opportunities for At Risk Populations)*
Refinancing Services and Support for Current Homeowners	High	Low-income homeowners; homeowners in risk of foreclosure; homeowners in substandard housing	Reduced rate of cost burden and corresponding drop in poverty rate for homeless households and those in danger of becoming homeless. *(Increase Opportunities for At Risk Populations);* Increased homeownership opportunities and support for long term affordability and accessibility for current homeowners. *(Increase Affordable Housing Opportunities)*

Provision of Rental Units and Support Services for LI/ VLI Renters	High	Low- and very low-income renters; persons transitioning out of homelessness; renters in need of support services; public housing residents	Inventory of rental units and vouchers expanded to meet increased demand *(Increase Affordable Housing Opportunities);* Housing opportunities reflect emerging needs, changing demographics and are aligned with redevelopment projects, economic development objectives and sustainability goals *(Address Emerging and Current Needs and Changing Demographics)*
Rental Rehabilitation	Low	Low- and moderate-income renters; low-income landlords; residents of low- income neighborhoods that are redeveloping or in transition; public housing residents	Inventory of rental units and vouchers expanded to meet increased demand *(Increase Affordable Housing Opportunities);* Housing opportunities reflect emerging needs, changing demographics and are aligned with redevelopment projects, economic development objectives and sustainability goals *(Address Emerging and Current Needs and Changing Demographics)*
Down Payment Assistance	High	Low- and moderate-income residents who are "buyer ready"; first responders (fire, police, etc.)	Increased homeownership opportunities and support for long term affordability and accessibility for current homeowners. *(Increase Affordable Housing Opportunities)*
Homebuyer Training & Counseling	High	Low- and moderate-income homebuyers; current renters	Increased homeownership opportunities and support for long term affordability and accessibility for current homeowners. *(Increase Affordable Housing Opportunities)*

Homeowner Rehabilitation Programs, Energy- efficiency Upgrades, Accessibility Retrofits	High	Low- and moderate-income homeowners; residents in redeveloping or transitioning neighborhoods; homeowners living in aging or substandard housing stock; seniors who need to "age in place;" people with disabilities	Increased homeownership opportunities and support for long term affordability and accessibility for current homeowners. *(Increase Affordable Housing Opportunities);* Housing opportunities reflect emerging needs, changing demographics and are aligned with redevelopment projects, economic development objectives and sustainability goals *(Address Emerging and Current Needs and Changing Demographics)*
Construction of affordably-priced homes for homeownership	Low	Low- and moderate-income homebuyers and current renters; local workforce	Increased homeownership opportunities and support for long term affordability and accessibility for current homeowners. *(Increase Affordable Housing Opportunities)*
Fair Housing Outreach	High	Low- and moderate-income renters; low-income landlords; persons with disabilities; Spanish speakers; large families; general public	Housing opportunities reflect emerging needs, changing demographics and are aligned with redevelopment projects, economic development objectives and sustainability goals *(Address Emerging and Current Needs and Changing Demographics)*
Diversity of Housing Types	Low	Low- and moderate-income renters; seniors; small households; entrepreneurs; aging veterans; entrepreneurs and other self-employed	Housing opportunities reflect emerging needs, changing demographics and are aligned with redevelopment projects, economic development objectives and sustainability goals *(Address Emerging and Current Needs and Changing Demographics)*

Non-Housing Community Facilities and Services	High	Low- and moderate-income residents; residents in redeveloping or transitioning neighborhoods; youth	Housing opportunities reflect emerging needs, changing demographics and are aligned with redevelopment projects, economic development objectives and sustainability goals *(Address Emerging and Current Needs and Changing Demographics)*

Table 1 – Priority Needs Summary

Narrative:

The City of Santa Fe's policy priorities are based on the city's changing demographics, gaps between available resources and needs, and the capacity to effectively deliver services.

As was reflected in the Needs Analysis and Market Analysis, households are smaller, aging and increasingly headed by singles. While home sales prices are lower than before the economic downturn, the gap between what people earn and housing costs continues to widen. Median sales prices have increased by 65% since 2000. Roughly translated, a homebuyer needs to earn $30,000 more to purchase a median priced home in today's market, compared to 2000. Likewise, while renters' incomes have remained relatively flat, rents in Santa Fe have increased over 25% since 2000. Most distressingly, almost half of the city's population is cost-burdened, including both renters and homeowners.

The biggest mismatch in market supply and demand is for the city's very low-income renter households who comprise one-third of the city's renter population. This group earns less than 30% of the city's area median income, meaning that any rent greater than $500/month is unaffordable. Only 10% of the city's rental units have rents in this range.

5) **REQUEST FOR APPROVAL OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) 2014-2015 CONSOLIDATED ANNUAL PERFORMANCE EVALUATION REVIEW (CAPER). (MARGARET AMBROSINO)**

The staff report was presented by Alexandra Ladd, from Margaret Ambrosino's Memorandum of August 4, 2015, which is in the Council packet, noting we have 90 days to get this turned in, commenting essentially we have to turn it in to HUD to explain how we have spent the CDBG funds and programs we provided.

The Governing Body commented and asked questions as follows:

– Councilor Dominguez said, regarding the unspent money articulated in Table one, he doesn't see anywhere that says by when they are supposed to spend it, and asked if there are specific timelines for spending it.

  Ms. Ladd said it is up to the City, noting at the end of every program year, they may reprogram those funds depending on the circumstances, or carry them forward. She noted there was a situation this year with the Housing Trust where they were supposed to have two of their loans closed before June 30th, but due to things that happens in real estate closings, it didn't happen until July. So we will carry that forward. She said as long as it is accounted for, the unspent funds don't exceed a certain percentage of the overall grant amount, and if we have a good explanation for carrying them forward, HUD is pretty accommodating on that.

– Councilor Dominguez said other than Esperanza and the Santa Fe Recovery Center, it's housing that has this allocation hasn't been spent, and he assumes what you are saying is, because of the timing of closing, it's not just public funds, it's private funds as well.

  Ms. Ladd said this is true, especially for the Home Improvement Program, noting the down payment assistance isn't repaid unless the home is sold, but loan payments are made for the Home Improvement Program, and they are constantly generating income, commenting this is the source of the bulk of the program income. She said the non-housing projects usually are a single rehab of a building, or new roof, or accessibility ramps, noting there are projects with a fairly easy start and finish timeline.

– Councilor Dominguez asked if she is speaking of the ramp at the Santa Fe Recovery Center.

  Ms. Ladd said that is correct, and they needed that one section so they can use their beautiful building.

– Councilor Dominguez said commented there have been several public hearings and you have complied with the public notice imposed by HUD. He said he often wonders if there isn't more we can do to notify the public. The public has to be aware and take advantage of process itself. He thinks the PIO could do more to get the word out. He said a lot of education that needs to happen. He said he is in support of this request.

- Councilor Maestas said we had a significant philosophical debate about the Pulte development, in terms of following through with the set-aside for affordable single family homes, versus what Pulte proposes as an alternative which is more multi-family units. He said sometimes we spread our affordable housing over so many different areas, and asked if we should reconsider focusing on a few areas and directing more resources to it.

- Councilor Maestas continued, noting there is a shortage of multi-family units although we are starting to see some developments, and he realizes this is all set and he will support this. However, he would like to have a broader debate on changing the paradigm and objectively evaluating the effectiveness of the cost/benefit. He realizes the performance measures are what was planned and what was actually accomplished. He wants to dig deeper and look at some of a benefit/cost analysis of each of the different areas and see what has the best ratio and being to start concentrating more investment in that. He thinks at some point we need to have a debate about that to step back and revisit how we are spending our money across the board in these programs, and perhaps consider investing in fewer areas that have higher cost benefit/cost ratio.

  Ms. Ladd said the CDBG Commission has struggled with that every year, and for the last two years they had an extra meeting in November before the funding process starts to discuss our priorities, noting it is a drop in the bucket because it isn't a lot of money. The Commission has discussed if we should we pick a priority for the whole amount and really try to throw everything at one need and do that every year. She said part of the problem in that, because housing needs are so different for example, for someone on the street, versus the needs of a working person who wants to buy their first home. So, are you quantifying it as just keeping someone alive, is that enough, or are you looking at a success story further down the road if they get the housing. She said it would be interesting, noting they have some of those numbers. She said every $1 of down-payment assistance can leverage $14 from other sources.

- Councilor Maestas said he wouldn't advocate reducing fund to just the most vulnerable, but thinks it would be good to take a step back and revisit the whole priority instead of trying to spread it out and look objectively at which programs have the highest benefit for the cost.

- Mayor Pro-Tem Ives said he has no issue with approving it tonight. However, he is concerned that we get all the different aspects of these programs throughout the City in a little bit of a piecemeal. For example, this is coming forward now because this is the last day to get this done. He thinks it would be helpful in the upcoming budget to really understand the full breadth of all the programs run by the City designed to address needs of the homeless and those looking for inexpensive homes or rentals. He said we have had a number of studies on assessment of needs we discussed previously for those working in this field."

- Mayor Pro-Tem Ives continued, saying he would like to see a couple of study sessions inviting all who are involved in these programs and have a broad discussion on needs. He said his sense is we need to totally look at affordable housing to make sure it is affordable at the renter and ownership levels. He said it isn't as much a criticism as much as an affirmative request to do it differently. He thinks this follows what Councilor Maestas is saying that we need to make sure we are doing what is needed in our community. He said a lot of these are structured under federal and State procedures so we don't have much flexibility. He remains unconvinced we are meeting the needs of Santa Fe. He asked her if she would that up as we move forward, probably in November, and set up a meeting with all interested parties on affordable housing to make sure we are doing it right.

– Mayor Pro-Tem Ives said we passed the measure directing staff to engage with Chainbreakers and other organizations that deal with the homeless and low income folks, and asked if that has been done here in preparation of this document.

Ms. Ladd said, "Well no. The preparation of this document started about 3 months ago. It goes out to all the service providers so they can input their information, make corrections or what. So it does go out to a range of contributors but mostly for verification purpose the way this is set up and we can't deviate from this template at all. There's not a whole lot of room for any kinds of needs assessment. But with that said, we are beginning a process to do a whole new affordable housing plan, and Chainbreakers has been engaged on that. In fact, we have a meeting next meeting to start that process. I think a policy plan we actually have control over what it says is probably going to be a little bit more effective way to tease out some of those issues.

Ms. Ladd continued saying, "I should clarify that the way the funding process works for the CDBG is that the City puts out a notice of funding availability and then receives proposals for the projects. There have been years where projects have been funded because they put in good proposals, not necessarily because they related to a specific need. All of the applicants demonstrate the need and do a wonderful job. I think that's why the CDBG Commission wanted to start that conversation earlier and even write that into the notice of funding availability: We are going to fund projects that help very low income renters this year, and that's it. And I don't know what that ultimate goal will look like, but something along those lines. We would happily invite any members of the Council to participate. We will open it to members of the Committee. It will be advertised as a public meeting."

– Mayor Pro-Tem said he remembers that measure being strong directive to engage all those entities across the board in those issues. The fact that you're somewhat saying we haven't done it here is a little concerning vis a vis that Resolution. He wants to be sure we aren't just going lip service, and we're doing the affirmative reaching out.

– Mayor Pro-Tem Ives asked when the report back to the Governing Body from the earlier measure will be forthcoming.

Ms. Ladd said they will figure that out when they meet on Tuesday.

Public Hearing

There was no one speaking for or against this request.

The Public Hearing was closed

MOTION: Councilor Bushee moved, seconded by Councilor Lindell, to approve the request for approval of the Community Development Block Grant (CDBG) 2014-2015 Consolidated Annual Performance Evaluation Review (CAPER) as presented

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

For: Mayor Pro-Tem Ives, Councilor Bushee, Councilor Dimas, Councilor Dominguez, Councilor Lindell, Councilor Maestas, Councilor Rivera and Councilor Trujillo.

Against: None.

6) CONSIDERATION OF BILL NO. 2015-33: ADOPTION OF ORDINANCE NO. 2015-31 (MAYOR GONZALES, ~~AND~~ COUNCILOR BUSHEE, AND COUNCILOR IVES). AN ORDINANCE AMENDING THE DISTRESS MERCHANDISE SALE LICENSE PROVISIONS, SECTION 18-5.1 SFCC 1987, TO REQUIRE ADDITIONAL INFORMATION BE PROVIDED WITH AN APPLICATION FOR A BUSINESS LICENSE; AND TO CLARIFY UNDER WHAT CIRCUMSTANCES A LICENSE WILL BE DENIED (LISA MARTÍNEZ) (Postponed at September 9, 2015 City Council Meeting)

Mayor Pro-Tem Ives asked to join as a cosponsor of this Ordinance.

Greg Smith, Planning Division Director, said Lisa Martinez is unable to attend due to a family emergency. He said he and Ms. Brennan are prepared to respond to questions. He said they made minor amendments to clarify the intent with regard to Distress Merchandise Sale, providing an additional provision giving the City Manager some enforcement on this issue.

Ms. Brennan said, "I just wanted to ask if, and I'm trying to find this now, at the end we can add one word to one provision when the motion is made and I'll find it by then.

Councilor Maestas said he read the whole thing and support the amendment but didn't see any language that was stricken to determine if the business license would be revoked.

Ms. Brennan said, "I believe that this simply are the provisions that were added...were the provisions that were requested and necessary relating to the subsequent business being a unique business. In other words, distinguishable in certain ways that are listed so that it clarified that particular issue. I don't believe it changed anything else."

Councilor Maestas said on page 1, Section 18-5.1, it looks like the application process for a Distress Sale Permit starts at the Finance Department, but sees no involvement by the Finance Committee. He said, "What you are saying is the last hearing we had was a fluke, was a misinterpretation of the Ordinance. Is that correct."

CDBG History of Funding: 2005-2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Project(s) Completed	2014	2015
HOUSING												
Homewise (formerly NHS)											$40,000	
Owner Rehab Loans					$ 126,750	$ 100,000	$ 85,000	$ 85,000		Dec-14		
Emergency Repair Loans										Y		
Downpayment Assistance	$ 225,000	$ 200,000	$ 200,000	$ 100,000	$ 126,750	$ 153,397			$ 120,500	Dec-14	$40,000	$100,000
Sewer Pilot Program							$ 100,000			Y		
Santa Fe Community Housing Trust												
Soft Second Mortgages	$ 150,000	$ 100,000	$ 150,000	$ 50,000	$ 169,000	$ 189,107	$ 100,000		$ 96,700	Dec-14	$60,000	$100,000
The Village Sage				$ 142,500						Y		
Energy Rx Program (Partnered w/ YouthWorks)					$ 60,000					Y		
Stage Coach Inn Acquistion							$ 85,000		$ 126,601	Y		
Fair Housing											$500	$7,200
Fair Housing										Y	$1,282	
Supportive Housing Development												
New Facility										N/A		
Housing Market Data Base										N/A		
Emergency Rental Assistance Program										N/A		
Santa Fe Habitat for Humanity										N/A		
Land Bank Program										N/A		
Energy program for solar electiric and water heaters								$ 68,000		Y		
Land Acquisition										Y		
Downpayment Assistance	$ 20,000	$ 30,000	$ 45,000	$ 30,000		$ 105,000			$ 96,700	Dec-14	$60,000	
Home Improvement Program												$50,000
La Cieneguita pre-construction (Casa de Buena Ventura)						$ 33,480				Y		
Homeward Bound Apts												
Window replacment program								$ 55,000		Y		
SF Recovery Center (Alcoholic Program)										N/A		
construction (supplies) for 7 ada units - withdrew the contract								$ 121,721		Withdrawn		
Facility Improvement										N/A	$7,000	$35,000
YouthWorks! (Single-family housing acquisition and rehab												$45,000
ECONOMIC DEVELOPMENT												
Santa Fe Small Business Development Loan Fund												
Small Business Loans										Y		
Small Business Dev. Center - Loan Guaranty												
Small Business Loans										N/A		
Santa Fe Business Incubator Program	$ 40,000	$ 40,000	$ 30,000							?		
Business Opportunity Program												

CDBG History of Funding: 2005-2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Project(s) Completed	2014	2015
Santa Fe Education & Apprenticeship Network												
Work Force Development										N/A		
CityHome												
Work Force Development										N/A		
ELCDC												
Manage the SFBRLF						$ 27,300				No	In Collection	
Econometric Study										N/A		
PUBLIC SERVICES												
Friends of the Farmers Market										N/A		
Education/Outreach										N/A		
Child Care Center										N/A		
Tuition Subsidy										N/A		
Construction										N/A		
Fire Department										N/A		
Health Outreach										N/A		
Crisis Response										N/A		
Beds										N/A		
SR Recover Center/Recovery of Alcoholic Program		$ 25,000	$ 21,600	$ 43,300	$ 16,359					Y		
Children & Youth										N/A		
Community Needs Assessment										N/A		
Kitchen Angels						$ 25,000	$ 30,000	$30,000	$20,000	Y	$20,000	$20,000
Fine Arts for Children and Teens - ArtClub After School Prgrm.	$ 10,000									Y		
Tax Help Santa Fe (SF Community College)		$ 6,700								Y		
St.Elizabeth's Shelter											$73,000	
Homeless shelter					$10,000					Y		
YouthWorks												
Hopewell Mann Outreach program									$ 12,500	Y		
Adelante - SF Public Schools										Y		
Program to match homeless youths and their families with public services						$ 20,000		$ 10,000	$ 15,000	Y		
Deferred Action											$17,500	$24,000
Middle School Project											$17,500	$23,500
Faith at Work out of business as of 2011												
Rental assistance to low to mod income families										N/A		
Youth Shelters												
Match homeless, runaways and at risk youth with public serices					$ 39,750		$ 10,000	$ 10,000	$12,000	Y		$12,000

CDBG History of Funding: 2005-2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Project(s) Completed	2014	2015
PUBLIC FACILITIES/IMPROVEMENTS												
La Cieneguita Child Care Center										N/A		
New Facility										N/A		
AMPC/Pedestrian Bridge												
Paving										N/A		
PVG,HDCP Playground, Amb.										N/A		
Calle Anaya										N/A		
Calle Nava										N/A		
Silva Street										N/A		
Escudero Street										N/A		
Raphael Street												
Parks												
Qnuru- solar lights in city parks (Frenchy's/MonicaLucero/Sal Perez					$ 95,961					Y		
Young Park										N/A		
Hopewell/Mann Park										N/A		
Santa Fe River/De Vargas Park										N/A		
Alto Street Playground										N/A		
Life Center for Young Adults										N/A		
Facility Expansion										N/A		
Life Link/La Luz Shelter										N/A		
Facility Construction	$ 37,500									Y		
Open Hands Facility										N/A		
Facility Planning												
Monica Roybal										N/A		
Main Building Renovation												
Teen Center Renovation										N/A		
La Familia Medical Center												
Satellite Clinic, Telephone System										N/A		
Facility Expansion	$ 90,000									Y		
1035 Alto										N/A		
Enhancement La Cieneguita										N/A		
Community Room Development										N/A		
Enhancing Hopewell/Mann												
Streetscape Improvements										N/A		
Pre-Construction/Design of Community Center - SFCHA		$ 30,000		$ 55,000						Y		
Planning for Recreation Redevelopment Project												
CIP/Youth Development										N/A		
Tierra Contenta Youth & Family Center Consortium												
Facility Planning										Y		

CDBG History of Funding: 2005-2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Project(s) Completed	2014	2015
Second St./La Canada Neighborhood Traffic Management Pilot Program												
Traffic Calming/Streetscape Improvements										N/A		
Santa Fe Teen Arts Center/Warehouse 21												
Planning for a new facility										N/A		
Prepare bid docs for remodel/expansion										Y		
Santa Fe Boys and Girls Club												
Facility Renovation										N/A		
Senior Citizens Center										N/A		
Alto Park(Bicentennial Pool)										N/A		
La Farge Door Modification										N/A		
St. Elizabeth Shelter										N/A		
Casa Cerrillos Site Improvement				$ 20,000						Y		
Alarid Site Improvements		$ 50,000	$ 20,000							Y		
Women's Health Services												
Facility Renovation	$ 50,000									Y		
Youthworks												
Facility Improvement											$45,000	
Gap funding towards building acquistion						$ 133,000				Y		

CDBG History of Funding: 2005-2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	Project(s) Completed	2014	2015
PUBLIC FACILITIES/IMPROVEMENTS, Continued												
Facility Renovation											$45,000	
Girls, Inc.												
purchase supplies and equipment for emergency repairs to the bldg									$ 40,148	Y		$30,750
PLANNING												
Airport Road Study						$ 67,184				Y		
ADMINISTRATION	$ 110,655	$ 100,800	$ 117,156	$ 115,172	$ 116,408	$ 115,241	$ 524,956	$ 101,252	$ 94,763	Y	$114,000	$126,000
* 2009 funding includes CDBG and CDBG-R/ 2010 includes Program Income												
2010 includes a mid year allocation of the SFBRLF Program Income of $304,576												

ACTION PLAN - Housing Funding Allocations

In the past, the development of affordable housing relied primarily on federal and state funding sources. While the City and its housing partners will continue to pursue such funds, it is clear that local funding options need to be broadened. This is essential if local housing efforts are to be successful in recruiting and retaining employees, providing needed housing for special populations such as the homeless, seniors and disabled and efforts to support green building and other housing innovations are to be realized.

GOALS:

A. To achieve an average leverage of public resources with $3 of private, state or federal funds for every $1 of local funding allocated to support projects and programs identified in the housing plan;
B. To establish an on-going, local source of revenue such as a RETT to support affordable housing programs in Santa Fe; and,
C. To provide funding so that it supports innovative and sustainable housing solutions that result in permanently affordable and sustainable housing for residents who live and/or work in Santa Fe.

POLICY:

a. Give priority in funding for programs that will support recruitment and retention of difficult to recruit and retain employees;
b. Provide funding to support new rental housing that will address a variety of housing needs in the community, including affordable housing for very low income renters;
c. Establish a new funding source for housing development, preservation and related services; and
d. Support the efforts of non-profit and for profit developers and housing agencies to increase the supply of housing for very low to moderate-income households, with an emphasis on homeownership and mixed income rental developments or programs.

PROGRAMS

a. Develop partnerships with public and private lending institutions to reduce housing costs for both builders and consumers;
b. Work with the state and federal governments to expand funding for affordable housing, especially housing for people with disabilities, seniors and other special needs populations;
c. Develop partnerships with public and private lending institutions to reduce housing costs for both builders and consumers;
d. Implement the Affordable Housing Trust Fund for Santa Fe.

KEY RESULTS AREAS

- Establishment of the Affordable Housing Trust Fund, with an on-going, dedicated stream of funding;
- Management of a financially sound and effective program;
- Implementation of a housing plan that addresses the full spectrum of housing needs, promotes sustainable design and green building techniques and supports strategies to increase the number of employees who live and work in Santa Fe; and,
- Leverage of outside resources on a $3 to $1 basis.

ACTION PLAN - Housing for Local Employees Programs

Revenues will be needed to support housing for local employees, with an emphasis on critical and emergency workers and those employed in educational services. The City of Santa Fe, as well as other local employers, could use this program to enhance recruitment and retention so employees can live and work in Santa Fe.

The Housing Needs Assessment found the following:

- **Employers perceive housing and the cost of living in Santa Fe to be a problem for retaining and recruiting qualified employment. They are also supportive of city efforts to address housing through partnerships and regulations.**
- **The inability to find qualified, skilled labor and applicants for current jobs, the loss of 7.6 percent of the combined workforce due to the cost of living in the area and the percentage of in-commuters leaving the community after 5 years of employment points to the adverse effects that housing and the cost of living is also having on more senior positions in the community.**
- **About 54 percent of in-commuters were one-time residents of the city that have moved to afford housing. The group that is most likely to be households with children that have been employed in the city for at least five years and earn between about 100 and 150 percent AMI, followed by households earning between 50 and 80 percent AMI.**
- **Resident households earning less than 50 percent AMI and over 150 percent AMI are more likely than other income groups to remain in the community. A similar percentage of in-commuters that used to live in the city and current resident worker households earn between 80 and 100 percent AMI, indicating current ownership programs in the city may be helping to retain some of these households.**

GOAL:

A. To create and maintain housing that is affordable for Santa Fe Employees earning less than 120% of the Area Median Income.
B. To encourage employees earning 121% to 150% of the AMI to purchase homes in Santa Fe.

POLICY:

1. To focus local housing programs and funding toward difficult to recruit and retain employees, including police officers, firefighters, medical personnel and teachers.
2. Provide a preference for local employees to receive assistance so they may remain and/or return to Santa Fe to live and work.
3. Allow difficult to recruit and retain employees that own a home out of the City to purchase a SFHP and/or HOP unit to support local recruiting efforts.

PROGRAMS:

a. Continue the Santa Fe Homes Program, as it focuses on producing housing for households that earn 50% to 100% of the AMI.
b. Continue current down payment assistance and homebuyer counseling programs and use funds such as a RETT for this purpose.
c. Establish a down payment, shared equity or other homebuyer assistance t local employees who are earning 100% to 150% of the AMI and use funds such as a RETT for this purpose.
d. Make low interest rehabilitation loans available that may be combined with buying existing homes in need of repair or rehabilitating existing homes so that local employees remain in and/or purchase these homes and stay in the community.
e. Establish a land banking program for both future development and potential short-term development pending favorable market conditions..

KEY RESULTS AREAS

► Produce 300 units annually through SFHP, Tierra Contenta and other new developments and continue incentives that support these efforts (fee waivers and provision of water for affordable units);

► Sell 30% of homes produced through these programs to difficult to recruit and emergency workers and those employed in education;

► Provide 20 down payment assistance loans to purchase new and/or existing homes at an average of $20,000 per loan ($400,000).

ACTION PLAN - Rental Housing

Affordable rental housing is one component of an overall housing strategy. For many households, rental housing is the only reasonable option available to them to live and work in Santa Fe. Its availability is one of the first steps to be taken toward home ownership, as living in a place that is affordable provides for predictability in the housing payment and allows them to keep debts lowered and save the money needed for a down payment. For other households, including seniors and those living on disability income, rental housing is the only choice they will have to live in the community due to their limited incomes.

GOAL:

A. To use public and private resources to provide rental housing for very low, low and moderate income households in the community;
B. To encourage renters to become homeowners;
C. To increase the supply of rental housing that is priced to be affordable to households earning 50% or less of the AMI; and,
D. To introduce set-asides for special populations including seniors, disabled, the homeless and single parent households.

POLICY:

a. Encourage and foster diverse housing opportunities for very low, low and moderate-income households (earning less than 60% of the AMI).
b. Use incentives and encourage proposals that support the production, acquisition and redevelopment of rental housing that would be affordable to households earning 50% or less of the AMI; in mixed income developments; and,
c. Provide for increased use and support of tenant/landlord educational and mediation opportunities.

PROGRAMS:

a. Work with the New Mexico Housing Finance Authority to establish priorities for allocating federal tax credits to mixed income rental developments where at least 30% of the rental units will be affordable to households earning less than 50% of the AMI;
b. Fund a local housing voucher program to provide assistance to the homeless and near homeless;
c. Allow up to 10% of the for sale units produced under the Santa Fe Homes Program to be sold to non-profits and used as rental housing for families;
d. Create a marketing and public relations program to get renters to be buyer ready;
e. Continue support for landlord tenant programs;
f. Ensure that sites are identified that will have zoning that is appropriate for rental housing and have City donate land where possible to enhance a projects' competitive advantage in securing federal tax credits/subsidies.
g. Working with for-profit and non-profit organizations, develop one new multi-family, mixed income rental property. Total units not to exceed 100 per project;
h. Identify all existing affordable rentals and develop a preservation plan as needed.

KEY RESULTS AREAS

► Establish an agreement with the NMMFA regarding priorities for tax credit allocation in Santa Fe;

► Set aside funding to support a local voucher program that would support 30 vouchers annually at a cost of $150,000.00 or $5,000 per voucher in order to buy down the cost of rental housing so that it is affordable to households earning less than 50% of the AMI. Impose a requirement that these units are to remain permanently affordable; and,

► Prepare an inventory of sites that may be suitable for multi-family development and support efforts to acquire these properties and use them for rental housing. Determine a dedicated source of funding for these projects.

► *Current rents in the city average about $882 per month, which is affordable to a 2-person household earning about 65 percent of the AMI. Comparing incomes of renters needing and demanding housing to the distribution of existing units shows a primary gap for rental housing for renters earning less than 30 percent AMI and between 30 and 50 percent AMI.*

► *To catch-up with current rental needs, about 47 units would be demanded by persons in-commuting to jobs in the city (city, county and school district employees only) and another 759 units would be needed to relieve existing renters in either overcrowded or substandard units. About 41 percent of these units will need to be priced for households earning less than 50 percent AMI, or about 331 total units.*

► *To keep-up with new job growth in the city, about 739 rentals will be needed by 2012 and another 292 units between 2012 and 2015. About 28 percent of these units will need to be priced for households earning below 50 percent*

ACTION PLAN - Rehabilitation of Existing Housing

Santa Fe has many fine neighborhoods with a variety of housing styles and types. Conserving and maintaining this housing will help preserve the character of the City's neighborhoods. It will also encourage reinvestment in the neighborhoods and provide additional housing opportunities for moderate-income households interested in and willing to purchase a "fixer-upper". Rehabilitation of existing homes can be coupled with programs to improve energy efficiency and reduce water usage in existing units, thus addressing green building goals of the community.

- **Forty-nine percent of current owners and 63 percent of current renters expressed interest in home improvement loans.**
- **Promote the low-interest home improvement loan programs. Expand and promote home improvement and green building loans. Also consider remodel/sweat equity assistance to both existing residents (to allow them to make needed improvements to their homes) and to new buyers (to allow them to acquire and make needed improvements to older, existing homes upon purchase).**

GOAL: To conserve and maintain Santa Fe's existing housing stock and residential neighborhoods.

POLICY:

a. Promote the rehabilitation of deteriorating or substandard residential properties.
b. Promote use of energy conservation and water conservation techniques when homes are rehabilitated or upgraded.

PROGRAMS:

a. Provide information about green building incentives recently adopted at the state level that would encourage conversion to solar hot water or other technologies. Package these incentives with a rehabilitation loan program;
b. Continue the rehabilitation loan program targeted toward low to moderate income homeowners which includes home renovations and water conservation measures including the purchase of new appliances, retrofits, and water catchment projects.
c. Create a "focus neighborhood program" for singles, families and seniors alike. Explore financing mechanisms including the new NMMFA rehab program.

KEY RESULTS AREA

- Major renovation of at least 10 homes owned by low to moderate income homeowners at a total cost of $250,000.00 annually;
- Support buyers in acquired and upgrading at least five homes per year and
- Provide home improvement funds for home repairs and water and energy-savings measures for at least 260 homeowners at an average loan of $800.00 or $210,000.00 annually.

ACTION PLAN - Support Sustainable Development and a Green City

One of the major initiatives identified by the City Council is to support sustainable development and a green city. To this end, the housing plan places an emphasis on facilitating and supporting goals and programs to further sustainable residential development.

GOALS:

1. Encourage green building techniques;
2. Evaluate options, in conjunction with Planning and Land Use and Economic Development, that require and establish incentives for green building in residential properties;
3. Incorporate sustainable design and green building principles in the Master Plan for the Northwest Quadrant that will be a replicable model as part of the design guidelines for this project; and,
4. Continue to support non-profits in green building initiatives.

POLICY:

1. Incorporate sustainable design and green building as part of the land use code;
2. Identify reasonable incentives to support green building innovation which exceeds the requirements established through the land use code;
3. Provide water for affordable housing developments, especially those that incorporate multiple water saving techniques in the design and construction of the homes.
4. Promote pilot projects to test alternative energy use, passive solar design and unique water harvesting techniques, including the use of gray water, in residential construction.

PROGRAMS:

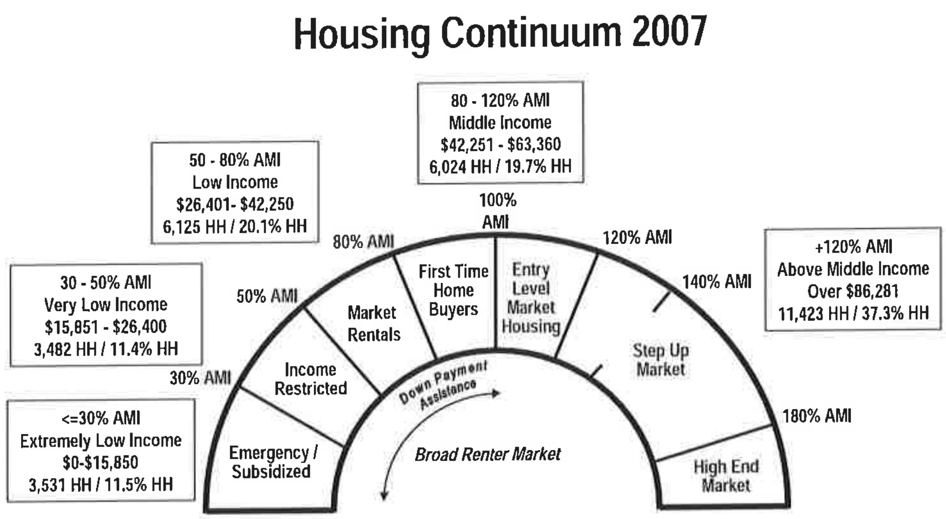
1. Integrate available state incentives with local incentives to promote green building and design. Provide financial incentives, including low interest loans or grants for developments that exceed minimum green building thresholds; Partner with existing green development loan funds, i.e., NMMFA, Enterprise, Los Alamos National Bank.
2. Work with the NMMFA, Fannie Mae and other lenders to use green mortgages, which allow for a higher sales price and still maintain the same monthly mortgage because of lower energy and water consumption.
3. Develop a green remodel loan program for low to moderate income homebuyers that would provide below market rate rehabilitation loans for remodeling projects that incorporate use of energy efficient appliances, heating and roofing systems, windows and water harvesting techniques. As part of this program, an energy audit team consisting of highly trained workers would perform energy audits and assist homeowners and landlords in prioritizing energy improvements and locating materials and appliances to reduce energy consumption.
4. Support transit oriented residential development that provides for a mix of uses, including residential, small commercial and retail and use of alternative modes of transportation.

KEY RESULTS AREAS

- ► Development of educational materials outlining state incentives and local requirements for green building and other techniques. Materials to include a cost/benefit analysis and contact information;
- ► All new residential development would meet the minimum thresholds established through the SF Green Building Code. At least 10% would exceed this requirement and receive incentives to encourage production of these types of homes;
- ► Pilot at least one sustainable design/green building project every two years;
- ► Provide loans to low to moderate income households who remodel their homes for more energy efficiency and sustainable living for a total cost of $500,000.00; and
- ► Initiate planning for at least one transit oriented development.

Appendix – Housing Needs Assessment Key Findings

The Housing Needs Assessment was completed in April, 2007. The following chart illustrates where households fall by area median income and the types of programs that are typically needed to provide housing choices for residents at these incomes. For example, extremely low income households earn less than 30% of the AMI and need deeply discounted rental housing. Often seniors who own homes may fall into this category. The programs offered in Santa Fe target homeownership towards households earning 50% to 100% of the AMI. Rental housing is focused on households earning below 50% of the AMI. A description of the key findings is located at the end of this plan.



Programs and Opportunities

The needs assessment noted that the City of Santa Fe has several housing programs already in place. The following outlines potential applications of programs to assist with the housing needs and gaps of residents and workers in the city.

- Rentals. More units affordable to households earning less than 50 percent of the AMI are needed to meet current and future housing needs of residents and employees in Santa Fe. In addition to Low Income Housing Tax Credit opportunities, explore ways to increase housing options and assistance for households in this income category. To achieve low enough rents, significant subsidy and possible development incentives (including deferral of fees) will be required. Mixed income developments will mitigate the perception of "low-income" housing projects and will increase options for low-income residents. Housing market studies supporting demand for units at 50 percent AMI and below price points helps incentivize developers to provide these units by showing they will be occupied. In addition, providing funding in the form of grants to developers for units priced affordable to households earning 50 percent AMI or below using available funds from a cash-in-lieu program or other source can also help produce units.

About 18 percent of renters are households headed by a person age 65 or older. About 45 percent of these households indicated they would definitely consider residing in affordable rental housing; 28 percent would definitely consider rental housing that includes services such as meals, transportation and activities; and 33 percent would definitely consider residing in a community that is solely for persons age 65 or older.

- Housing for Local Residents and Workers. Current ownership housing programs focus on households earning less than 100 percent AMI. Gaps were noted in higher income ranges (up to 150 percent AMI) with evidence that the city is losing many families, tenured and skilled workers seeking housing priced between about \$200,000 and \$300,000. Market-rate housing, particularly in the southwest area of the city, overlaps with these price points, creating an additional challenge for programs targeting these households. Explore additional developer incentives and fee waivers that may assist developers in providing more market housing in these price ranges.

  Employers noted strong support of city initiatives to develop workforce housing on city-owned land; to work in partnerships to create housing and for regulations on commercial development to provide housing.

  Habitat for Humanity has built 55 homes since 1987 and will complete an additional seven homes in 2007. Families contribute to the building of their homes through 500 hours of "sweat equity." About 37 percent of local owners and 64 percent of renters would definitely consider this type of program.

- Unit Conversion. Few opportunities remain for condo conversions in Santa Fe, where an estimated 500 to 1,000 units were converted between 1998 and 2003 in the city. Explore the potential for smaller conversion projects (older multi-family rental units, etc.). With interest in condominiums and attached product from second homeowners, care should be taken that converted units are sold to locals. This option will help increase ownership opportunities and will also encourage upgrading of older rental properties.

- Fixer-Upper and Rehabilitation Programs. Continue low-interest home improvement loan programs and consider expanding promotion of these loans. Also consider remodel/sweat equity assistance to both existing residents (to allow them to make needed improvements to their homes) and to new buyers (to allow them to make needed improvements to older, existing homes upon purchase). Forty-nine percent of current owners and 63 percent of current renters expressed interest in home improvement loans. Explore options to encourage landlords to upgrade and maintain properties to increase quality of older rental properties.

  In tandem with creating a program to encourage buyers to purchase homes in need of repair, also explore a program that would produce smaller, more maintenance free homes for older adults to purchase. In turn, the program could acquire the homes of seniors moving into the newer or remodeled units. These homes could be renovated by the entity acquiring them or sold to new buyers who might also receive favorable financing to make needed improvements.

- Down Payment Assistance. Opportunities for higher income households (e.g. earning 100 percent AMI) to take advantage of existing down-payment assistance programs should be explored – 69 percent of current renters and 24 percent of current owners expressed interest in this type of program. There is a need to expand awareness of down payment programs available to households earning over 80 percent AMI and potentially expand the availability of funds to higher income groups. With the growing gap in affordability, there is a need for assisting higher income households in addition to households earning less than 80 percent AMI. Over one-half of households earning less than 80 percent AMI and about 40 to 45 percent of households earning between 100.1 and 150 percent AMI expressed interest in down payment assistance.

- Plan for Residential Growth/Demand. Recognize that as more people move to the city, the demand for services, such as schools, day care, transportation and shopping, will increase. This will, in turn, create additional demand for housing from the employees needed to provide these services. It will be important for the city to plan for, encourage and support more affordable housing development as a result of this demand. Precedent has been set with the 30 percent inclusionary zoning program, Tierra Contenta master planned community and the current undertaking in the northwest quadrant for a second master planned community. The challenge will be to ensure a mix of housing for all incomes is provided to maintain a balanced and diverse community.

- Reverse Annuity Mortgage. Work with local lenders to expand and implement Reverse Annuity Mortgage Programs for seniors that own their homes. These programs allow older adults access to the equity in their home for living expenses and can enhance their ability to remain in their homes and make needed repairs. About 11 percent of seniors that own their homes indicated interest in participating in this type of program.

- Partnerships. Continue public/private partnerships as a means to achieve identified housing goals. Through such partnerships, housing that is more affordable can be achieved with enhanced financing options, assuring that a portion of the housing that is created is for residents of the City of Santa Fe and that there will not be a dependence on-going subsidy, such as Section 8 Rental Subsidy. In other words, permanently affordable units can be introduced into the area that will retain affordability over time without on-going financial resources.

- Housing for Special Populations. This includes opportunities for seniors, developmentally and physically disabled, large families, single parents, the homeless or near homeless and ex-offenders. Various program strategies can be implemented, including property tax abatement for lower income home owners, developing more group homes or shared living for the disabled, increasing emergency shelter options and offering transitional housing. Continue programs that combine housing assistance with job training, education and day care for single parent households. All of these programs will address housing and social needs for Santa Fe residents who encounter multiple obstacles when trying to improve their living situation. Specific recommendations on special population needs as concluded from local service agency interviews include the following:

    - Provide more rental apartments affordable to very low (30 to 50 percent AMI) and extremely low-income (below 30 percent AMI) households. The wait lists for existing units are currently very long. A variety of housing types and unit sizes are needed in recognition that every household type will need a different type of housing;

- More shelter and homeless beds are needed, as demonstrated by the point-in time results – 85 beds available for 540 people who need beds each night;

- There were many service providers who felt that a "housing first" model was most appropriate with respect to providing permanent housing with supportive services. In this model, people are given permanent housing as a first step and then intensive case management is brought to help the households stay in permanent housing and address other issues such as addiction, mental and physical health challenges and lack of employment;

- There is a lack of housing for purchase for people below 65 percent of the AMI. These units must be very affordably priced in order for people at this level of AMI to afford the monthly payments. These homes need to be priced in the range of $100,000 to $150,000;

- There are a declining number of resale houses that are available below $250,000, indicating a loss of affordable housing stock. This was also supported by realtor, lender and developer interviews;

- Prevention of homelessness was emphasized by several people who were interviewed. Foreclosure prevention and assistance with rental payments were seen as important services that could be expanded in the community; and

- Some recommendations to best achieve identified needs include:

    - Better coordination among the multiple agencies working on homeless housing and services would assist the agencies in identifying gaps and overlaps in services. A funding source might be a dedicated sales tax like the one in Albuquerque that funds public safety, including homeless services. The Mayor's Blue Ribbon Panel on Homelessness has begun to address this issue through one of their subcommittees.

    - Better coordination of non-profits working on affordable for sale housing. In some cities, there is a common data base maintained by the city that lists all available new and resale affordable housing, which is an idea that the City of Santa Fe and/or its non-profits might consider. Realtors noted they are confused by the variety of ways that affordable homeownership is being achieved. They suggest that a uniform approach be utilized that everyone can understand.

Finally, lenders felt homebuyer counseling and education services are fragmented and under utilized. Services need to be expanded. Suggested improvements include offering courses with more schedule options and tailoring course content to meet wide-ranging needs. Some borrowers must complete homebuyer courses to qualify for loans even if they have previously owned a home or completed a course elsewhere. Mini courses are needed in addition to more in-depth training for first-time buyers. Coordination and consolidation of these programs could also help with the confusion and overlap

AFFORDABLE, PRIVATELY OWNED RENTALS
SANTA FE, NEW MEXICO **04/2008**

name	address	Age	Occupancy	Type	No of units
tax credit					
The Bluffs	6600 Jaguar Drive	8	97	fam	160
Cedar Creek	3991 Camino Juliana	**11**	97	fam	94
Country Club	5999 Airport Road	5*	98	fam	62
Evergreen	2020 Calle Lorca	7**	98	fam	70
Las Palomas	2001 Hopewell	2-3***	**90**	fam	280
Paseo Del Sol	4551 Paseo Del Sol				80
Tuscany at St. Francis	2218 Miguel Chavez	8	98	fam	176
Ventana de Vida	1500 Pacheco	7	97	elderly	120
Casa Rufina	2823 Rufina	2	100	elderly	120
Villa Real	501 West Zia	**15**	97	fam	120
Vista Linda	6332 Entrada De Milagro	**11**	**94**	fam	109
				total:	1391
section 8/202					
Sange De Cristo	1801 Espinacitas	**30**	100	fam	164
Santa Fe Apts	255 Camino Alire	**39**	97	fam	64
Encino Villa	1501 Montano	18	100	elderly	40
SF Homeward Bound	500 Harkle		100	fam/eld	19
				total:	287
Rent Supplement Project Based					
La Luz	2325 Cerillos	**20**	100	fam	24
				total:	24
				Grand Total:	1702

*= complete reno in 2003 with tax credits
**=complete reno in 2001 with tax credits
***=complete reno in 2006 and resyndicated tax credits then

Housing Summit
April 5, 2008

Notes from Teams' Findings

Overall Ideas:

- Justice
- Ownership more important than rental at low end
- HO/Pride in HO/Family
- Reinforce community support for all
- Help people keep houses
- Economic growth to help people into homes
- Real program not just Builders Community-wide
- Encourage Employer participation
- Move AH into established neighborbood
- Local businesses to help employees
- Sustainable Community Development
- Existence and availability of AH
- Police to live and invest in community
- Not enough housing for disabled
- Integrated affordable rental housing for VLI
- Creative ways of housing – Co-op, etc.
- SF Alliance – Buy Local
- City/Bldg community work together – builders hurting . Modify ordinance
- Green and Affordable to be linked
- Make publicly owned land available
- Fund HTF a/GO Bond $500M
- Creative ideas for funding. All of these take cash. Declining federal support
- Broaden types of Housing in market – Rent to own program.
- Green Housing Sustainability
- How to sustain affordable housing efforts
- State of local economy impact on housing
- What is needed & priorities
- Nothing done in isolation – TOD part of this, walkable, in-fill. Concerned about conservation overlay. 100-year regional plan
- Importance of everyone's housing needs. Seniors, disabled.
- Improve education process to improve job prospects.
- 20-35 year old professional class
- Work w/Homewise on less toxic materials
- Looking to buy.

Team A: Homeownership
Constant analysis of needs assessment including working with inclusive members of community (those most affected); **Rating: 2 dots**

People with problems need to help with solutions; **Rating: 4 dots and 4 stars**

Provide resources to meet solutions; **Rating: 7 dots and 2 stars**

Lobby for higher quality education with funding for teacher salaries and higher teacher standards; **Rating: 7 dots**

More proactive economic development;

Collaboration (city, county, residents, business, stakeholders to create a vision);
Rating: 7 dots and 3 stars

Root causes of homeownership program are:

educational deficits; **Rating 3 stars**
mortgage crisis;
lack of sustainable incomes, **Rating 1 dot**
high cost of land; **Rating 4 dots and 2 stars**
availability of land; **Rating 5 dots**;
deficit in infrastructure: i.e. water,
financing for builders; **Rating 2 dots**
cost of construction; and
vision does not match reality; **Rating 1 star**

Improve permitting process;

More flexible ordinances;

Incentives to local land owners to use land for green/affordable homes;

Alternative building technology

Team B: Commuters

- Need to better analyze why people move/What are the values associated with the decision/judgment to move out of the City: housing costs (bigger and better housing somewhere else), cost of living, schools, see Santa Fe as a workplace only; have a critical mass of family and friends outside of Santa Fe.

- Make existing homes and neighborhoods more affordable; **Rating: 3 dots**
  -Land Trust; **Rating: 7 dots and 2 stars**
  -Changes in Land Use; **Rating: 4 dots**
  -maintain rehab resources; **Rating: 1 dot**
  -real estate transfer tax; **Rating: 2 dots**
  -educate commuters

- Educating Commuters: **Rating: 7 dots**
  -through existing homeownership non-profits;
  -public information campaign; Rating: 5 dots

- Create more public transportation; **Rating: 9 dots and 2 stars**

- Multi-family affordable purchase (ownership/rental); **Rating 11 dots and 1 star**

- Benefits to community by closing gap:
  reduction in traffic (environmental footprint);
  increased community;
  improvement in quality of life,
  more dollars for local economy and increase in tax base;
  less stress on infrastructure/reduction in traffic.

Team C: Rental Housing

- Rental housing maintains diversity;
- Rental reduces turnover;
- Youth may stay in community;
- Helps keep kids in school;
- Tax credit rentals to involve a non-profit management company;
  Rating: 8 dots and 3 stars
- Additional subsidies so tax credits target lower income down to 30% of AMI;
  Rating: 11 dots
- Increase vouchers; Rating: 13 dots and 2 stars
- Using HUD federal loan and City Grants, create mixed-use, mixed-income;
  Rating: 17 dots
- Create a rent to own program;
- Make acceptance of Section 8 vouchers mandatory in the City;

Team D: Employer Problems

- Partnerships: There are 70+ organizations in Santa Fe County that are supporting "housing"; **Rating: 1 dot**
  -could be purchasing bulk materials; **Rating: 1 dot**
  -advocates for creative leadership;

- Realtors: "Home from Work" – National Realtors Association send to national for training for program (cost-benefit-analysis for employers-employees to show the benefits of businesses to support education of housing assistance for workers and homeownership housing;

- Realtors nationally working with Congress: neighborhood stabilization funds for land banking; subprime mechanisms to inhibit foreclosures;

Realtors: Gap in property management professionals for rental properties;
Rating: 3 dots

- Increase the understanding of existing homeownership programs and knowing how to access; **Rating: 1 dot**

-One Stop Shop for housing (like state has been providing for health care); **Rating: 5 dots**

-Cash, cash, cash – sharing the burden;

-Type of house: 85% of housing stock is existing single family in the entire county but 40% of the (100%) need rental or want rental;

-County is up to 120% of AMI and the City is stuck at 100% AMI and this should be changed;

-Inclusionary Zoning Ordinance (IZO) needs to expand AMI and type of housing;

-Employers could contribute to funds to support developers (mitigating funds) for IZO; i.e. supporting existing programs;

-60% of police officers live outside the City and a lot have children and move to live close to better schools; **Rating: 1 dot**

-Santa Fe has one of the highest legal minimum wages and one of the lowest average wages in the country relative to average homes prices; **Rating: 2 dots and 3 stars**

-Subsidies: **Rating: 14 dots and 4 stars for all**

-city land;
-water banking;
-more efficient development permitting time; ****received all 4 stars**
-city "talking" about requiring streets all in before houses built (horrible idea for time reduction);
-state land (in the city)

-Highway 14 economic development project with housing needs to be carried through to completion.

-Railrunner represents a big concern for pulling people out of Santa Fe;.

-30-40% of employees have gas money and cars to take home to another city due to not living in Santa Fe. Policy does not encourage live/work in community; Could this money be turned into homeownership funds? **Rating: 2 dots**

-Homewise: Business Campaign for Homeownership about to be launched; **Rating: 1 dot**

-offer mortgages at below market rate;
-offer education for homeownership;
-savings plan.

-SFPS – offers education to employees for homeownership. This helps expand understanding and credibility; **Rating: 1 dot**

-More money for down-payment and employer assistance; **Rating: 3 dots**

-Employers: Bookkeepers to "pre-tax" move a percentage into savings or CD or IRA for homeownership and then write check for payroll (employees get to determine what percentage); **Rating: 1 dot**

-Employers donate some percentage of paid salaries for daycare – 9% and lack of transportation – 7%; **Rating: 1 dot**

Tax incentives for employers to provide funding (due to not as much SS and FICA payment). The biggest benefit is getting all employee positions filled;
Rating: 4 dots and 4 stars

Rentals: Professional certification for youth
Current construction costs are 40% higher than monthly rental rates now
Rating: 1 dot

Rio Rancho: Get a larger home there and more land; means land costs go down and tax increment financing reduces infrastructure.

Team E: Seniors

- Any transfer tax must be used only for affordable housing;
Rating: 22 dots and 7 stars

- Seniors with extra rooms be allowed to rent to well matched housemates;
Rating: 3 dots

- Landowners be allowed to lease land to the City for a temporary mobile home park or additional homes/apartments for Seniors; **Rating: 9 dots**

- Homeowners with large lots should be allowed to build additional housing on their property; **Rating: 5 dots**

- Change zoning and land use laws to encourage greater density;
Rating: 7 dots and 3 stars

- Infrastructure should be donated or city funded; **Rating: 3 dots**

- Transportation help – Senior vans twice a week to grocery store; volunteers to take them shopping; **Rating: 1 dot**

ACTION PLAN - Housing Funding Allocations

In the past, the development of affordable housing relied primarily on federal and state funding sources. While the City and its housing partners will continue to pursue such funds, it is clear that local funding options need to be broadened. This is essential if local housing efforts are to be successful in recruiting and retaining employees, providing needed housing for special populations such as the homeless, seniors and disabled and efforts to support green building and other housing innovations are to be realized.

GOALS:

A. To achieve an average leverage of public resources with $3 of private, state or federal funds for every $1 of local funding allocated to support projects and programs identified in the housing plan;
B. To establish an on-going, local source of revenue such as a RETT to support affordable housing programs in Santa Fe; and,
C. To provide funding so that it supports innovative and sustainable housing solutions that result in permanently affordable and sustainable housing for residents who live and/or work in Santa Fe.

POLICY:

a. Give priority in funding for programs that will support recruitment and retention of difficult to recruit and retain employees;
b. Provide funding to support new rental housing that will address a variety of housing needs in the community, including affordable housing for very low income renters;
c. Establish a new funding source for housing development, preservation and related services; and
d. Support the efforts of non-profit and for profit developers and housing agencies to increase the supply of housing for very low to moderate-income households, with an emphasis on homeownership and mixed income rental developments or programs.

PROGRAMS

a. Develop partnerships with public and private lending institutions to reduce housing costs for both builders and consumers;
b. Work with the state and federal governments to expand funding for affordable housing, especially housing for people with disabilities, seniors and other special needs populations;
c. Develop partnerships with public and private lending institutions to reduce housing costs for both builders and consumers;
d. Implement the Affordable Housing Trust Fund for Santa Fe.

KEY RESULTS AREAS

- Establishment of the Affordable Housing Trust Fund, with an on-going, dedicated stream of funding;
- Management of a financially sound and effective program;
- Implementation of a housing plan that addresses the full spectrum of housing needs, promotes sustainable design and green building techniques and supports strategies to increase the number of employees who live and work in Santa Fe; and,
- Leverage of outside resources on a $3 to $1 basis.

ACTION PLAN - Housing for Local Employees Programs

Revenues will be needed to support housing for local employees, with an emphasis on critical and emergency workers and those employed in educational services. The City of Santa Fe, as well as other local employers, could use this program to enhance recruitment and retention so employees can live and work in Santa Fe.

The Housing Needs Assessment found the following:

- **Employers perceive housing and the cost of living in Santa Fe to be a problem for retaining and recruiting qualified employment. They are also supportive of city efforts to address housing through partnerships and regulations.**
- **The inability to find qualified, skilled labor and applicants for current jobs, the loss of 7.6 percent of the combined workforce due to the cost of living in the area and the percentage of in-commuters leaving the community after 5 years of employment points to the adverse effects that housing and the cost of living is also having on more senior positions in the community.**
- **About 54 percent of in-commuters were one-time residents of the city that have moved to afford housing. The group that is most likely to be households with children that have been employed in the city for at least five years and earn between about 100 and 150 percent AMI, followed by households earning between 50 and 80 percent AMI.**
- **Resident households earning less than 50 percent AMI and over 150 percent AMI are more likely than other income groups to remain in the community. A similar percentage of in-commuters that used to live in the city and current resident worker households earn between 80 and 100 percent AMI, indicating current ownership programs in the city may be helping to retain some of these households.**

GOAL:

A. To create and maintain housing that is affordable for Santa Fe Employees earning less than 120% of the Area Median Income.

B. To encourage employees earning 121% to 150% of the AMI to purchase homes in Santa Fe.

POLICY:

1. To focus local housing programs and funding toward difficult to recruit and retain employees, including police officers, firefighters, medical personnel and teachers.
2. Provide a preference for local employees to receive assistance so they may remain and/or return to Santa Fe to live and work.
3. Allow difficult to recruit and retain employees that own a home out of the City to purchase a SFHP and/or HOP unit to support local recruiting efforts.

PROGRAMS:

a. Continue the Santa Fe Homes Program, as it focuses on producing housing for households that earn 50% to 100% of the AMI.

b. Continue current down payment assistance and homebuyer counseling programs and use funds such as a RETT for this purpose.

c. Establish a down payment, shared equity or other homebuyer assistance t local employees who are earning 100% to 150% of the AMI and use funds such as a RETT for this purpose.

d. Make low interest rehabilitation loans available that may be combined with buying existing homes in need of repair or rehabilitating existing homes so that local employees remain in and/or purchase these homes and stay in the community.

e. Establish a land banking program for both future development and potential short-term development pending favorable market conditions..

KEY RESULTS AREAS

► Produce 300 units annually through SFHP, Tierra Contenta and other new developments and continue incentives that support these efforts (fee waivers and provision of water for affordable units);

► Sell 30% of homes produced through these programs to difficult to recruit and emergency workers and those employed in education;

► Provide 20 down payment assistance loans to purchase new and/or existing homes at an average of $20,000 per loan ($400,000).

ACTION PLAN - Rental Housing

Affordable rental housing is one component of an overall housing strategy. For many households, rental housing is the only reasonable option available to them to live and work in Santa Fe. Its availability is one of the first steps to be taken toward home ownership, as living in a place that is affordable provides for predictability in the housing payment and allows them to keep debts lowered and save the money needed for a down payment. For other households, including seniors and those living on disability income, rental housing is the only choice they will have to live in the community due to their limited incomes.

► *Current rents in the city average about $882 per month, which is affordable to a 2-person household earning about 65 percent of the AMI. Comparing incomes of renters needing and demanding housing to the distribution of existing units shows a primary gap for rental housing for renters earning less than 30 percent AMI and between 30 and 50 percent AMI.*

► *To catch-up with current rental needs, about 47 units would be demanded by persons in-commuting to jobs in the city (city, county and school district employees only) and another 759 units would be needed to relieve existing renters in either overcrowded or substandard units. About 41 percent of these units will need to be priced for households earning less than 50 percent AMI, or about 331 total units.*

► *To keep-up with new job growth in the city, about 739 rentals will be needed by 2012 and another 292 units between 2012 and 2015. About 28 percent of these units will need to be priced for households earning below 50 percent*

GOAL:

A. To use public and private resources to provide rental housing for very low, low and moderate income households in the community;
B. To encourage renters to become homeowners;
C. To increase the supply of rental housing that is priced to be affordable to households earning 50% or less of the AMI; and,
D. To introduce set-asides for special populations including seniors, disabled, the homeless and single parent households.

POLICY:

a. Encourage and foster diverse housing opportunities for very low, low and moderate-income households (earning less than 60% of the AMI).
b. Use incentives and encourage proposals that support the production, acquisition and redevelopment of rental housing that would be affordable to households earning 50% or less of the AMI; in mixed income developments; and,
c. Provide for increased use and support of tenant/landlord educational and mediation opportunities.

PROGRAMS:

a. Work with the New Mexico Housing Finance Authority to establish priorities for allocating federal tax credits to mixed income rental developments where at least 30% of the rental units will be affordable to households earning less than 50% of the AMI;
b. Fund a local housing voucher program to provide assistance to the homeless and near homeless;
c. Allow up to 10% of the for sale units produced under the Santa Fe Homes Program to be sold to non-profits and used as rental housing for families;
d. Create a marketing and public relations program to get renters to be buyer ready;
e. Continue support for landlord tenant programs;
f. Ensure that sites are identified that will have zoning that is appropriate for rental housing and have City donate land where possible to enhance a projects' competitive advantage in securing federal tax credits/subsidies.
g. Working with for-profit and non-profit organizations, develop one new multi-family, mixed income rental property. Total units not to exceed 100 per project;
h. Identify all existing affordable rentals and develop a preservation plan as needed.

KEY RESULTS AREAS

► Establish an agreement with the NMMFA regarding priorities for tax credit allocation in Santa Fe;

► Set aside funding to support a local voucher program that would support 30 vouchers annually at a cost of $150,000.00 or $5,000 per voucher in order to buy down the cost of rental housing so that it is affordable to households earning less than 50% of the AMI. Impose a requirement that these units are to remain permanently affordable; and,

► Prepare an inventory of sites that may be suitable for multi-family development and support efforts to acquire these properties and use them for rental housing. Determine a dedicated source of funding for these projects.

ACTION PLAN - Rehabilitation of Existing Housing

Santa Fe has many fine neighborhoods with a variety of housing styles and types. Conserving and maintaining this housing will help preserve the character of the City's neighborhoods. It will also encourage reinvestment in the neighborhoods and provide additional housing opportunities for moderate-income households interested in and willing to purchase a "fixer-upper". Rehabilitation of existing homes can be coupled with programs to improve energy efficiency and reduce water usage in existing units, thus addressing green building goals of the community.

- ▶ **Forty-nine percent of current owners and 63 percent of current renters expressed interest in home improvement loans.**
- ▶ **Promote the low-interest home improvement loan programs. Expand and promote home improvement and green building loans. Also consider remodel/sweat equity assistance to both existing residents (to allow them to make needed improvements to their homes) and to new buyers (to allow them to acquire and make needed improvements to older, existing homes upon purchase).**

GOAL: To conserve and maintain Santa Fe's existing housing stock and residential neighborhoods.

POLICY:

a. Promote the rehabilitation of deteriorating or substandard residential properties.
b. Promote use of energy conservation and water conservation techniques when homes are rehabilitated or upgraded.

PROGRAMS:

a. Provide information about green building incentives recently adopted at the state level that would encourage conversion to solar hot water or other technologies. Package these incentives with a rehabilitation loan program;
b. Continue the rehabilitation loan program targeted toward low to moderate income homeowners which includes home renovations and water conservation measures including the purchase of new appliances, retrofits, and water catchment projects.
c. Create a "focus neighborhood program" for singles, families and seniors alike. Explore financing mechanisms including the new NMMFA rehab program.

KEY RESULTS AREA

- ▶ Major renovation of at least 10 homes owned by low to moderate income homeowners at a total cost of $250,000.00 annually;
- ▶ Support buyers in acquired and upgrading at least five homes per year and
- ▶ Provide home improvement funds for home repairs and water and energy-savings measures for at least 260 homeowners at an average loan of $800.00 or $210,000.00 annually.

ACTION PLAN - Support Sustainable Development and a Green City

One of the major initiatives identified by the City Council is to support sustainable development and a green city. To this end, the housing plan places an emphasis on facilitating and supporting goals and programs to further sustainable residential development.

GOALS:

1. Encourage green building techniques;
2. Evaluate options, in conjunction with Planning and Land Use and Economic Development, that require and establish incentives for green building in residential properties;
3. Incorporate sustainable design and green building principles in the Master Plan for the Northwest Quadrant that will be a replicable model as part of the design guidelines for this project; and,
4. Continue to support non-profits in green building initiatives.

POLICY:

1. Incorporate sustainable design and green building as part of the land use code;
2. Identify reasonable incentives to support green building innovation which exceeds the requirements established through the land use code;
3. Provide water for affordable housing developments, especially those that incorporate multiple water saving techniques in the design and construction of the homes.
4. Promote pilot projects to test alternative energy use, passive solar design and unique water harvesting techniques, including the use of gray water, in residential construction.

PROGRAMS:

1. Integrate available state incentives with local incentives to promote green building and design. Provide financial incentives, including low interest loans or grants for developments that exceed minimum green building thresholds; Partner with existing green development loan funds, i.e., NMMFA, Enterprise, Los Alamos National Bank.
2. Work with the NMMFA, Fannie Mae and other lenders to use green mortgages, which allow for a higher sales price and still maintain the same monthly mortgage because of lower energy and water consumption.
3. Develop a green remodel loan program for low to moderate income homebuyers that would provide below market rate rehabilitation loans for remodeling projects that incorporate use of energy efficient appliances, heating and roofing systems, windows and water harvesting techniques. As part of this program, an energy audit team consisting of highly trained workers would perform energy audits and assist homeowners and landlords in prioritizing energy improvements and locating materials and appliances to reduce energy consumption.
4. Support transit oriented residential development that provides for a mix of uses, including residential, small commercial and retail and use of alternative modes of transportation.

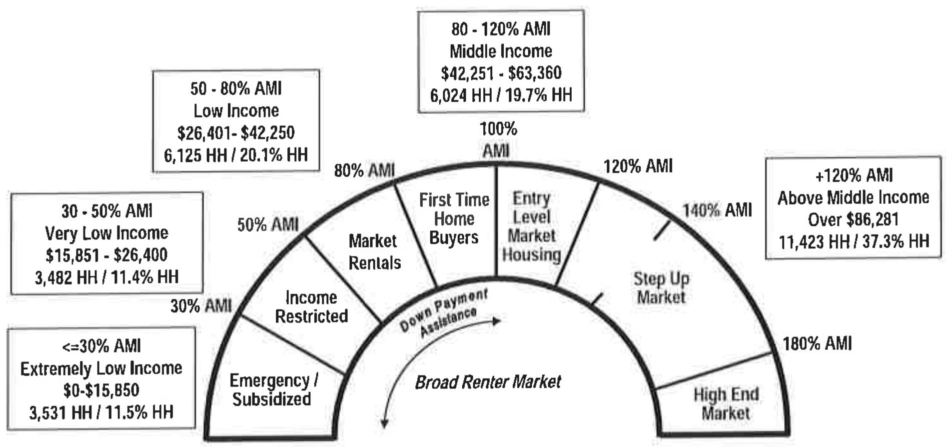
KEY RESULTS AREAS

- ► Development of educational materials outlining state incentives and local requirements for green building and other techniques. Materials to include a cost/benefit analysis and contact information;
- ► All new residential development would meet the minimum thresholds established through the SF Green Building Code. At least 10% would exceed this requirement and receive incentives to encourage production of these types of homes;
- ► Pilot at least one sustainable design/green building project every two years;
- ► Provide loans to low to moderate income households who remodel their homes for more energy efficiency and sustainable living for a total cost of $500,000.00; and
- ► Initiate planning for at least one transit oriented development.

Appendix – Housing Needs Assessment Key Findings

The Housing Needs Assessment was completed in April, 2007. The following chart illustrates where households fall by area median income and the types of programs that are typically needed to provide housing choices for residents at these incomes. For example, extremely low income households earn less than 30% of the AMI and need deeply discounted rental housing. Often seniors who own homes may fall into this category. The programs offered in Santa Fe target homeownership towards households earning 50% to 100% of the AMI. Rental housing is focused on households earning below 50% of the AMI. A description of the key findings is located at the end of this plan.

Housing Continuum 2007



Programs and Opportunities

The needs assessment noted that the City of Santa Fe has several housing programs already in place. The following outlines potential applications of programs to assist with the housing needs and gaps of residents and workers in the city.

- <u>Rentals</u>. More units affordable to households earning less than 50 percent of the AMI are needed to meet current and future housing needs of residents and employees in Santa Fe. In addition to Low Income Housing Tax Credit opportunities, explore ways to increase housing options and assistance for households in this income category. To achieve low enough rents, significant subsidy and possible development incentives (including deferral of fees) will be required. Mixed income developments will mitigate the perception of "low-income" housing projects and will increase options for low-income residents. Housing market studies supporting demand for units at 50 percent AMI and below price points helps incentivize developers to provide these units by showing they will be occupied. In addition, providing funding in the form of grants to developers for units priced affordable to households earning 50 percent AMI or below using available funds from a cash-in-lieu program or other source can also help produce units.

About 18 percent of renters are households headed by a person age 65 or older. About 45 percent of these households indicated they would definitely consider residing in affordable rental housing; 28 percent would definitely consider rental housing that includes services such as meals, transportation and activities; and 33 percent would definitely consider residing in a community that is solely for persons age 65 or older.

- Housing for Local Residents and Workers. Current ownership housing programs focus on households earning less than 100 percent AMI. Gaps were noted in higher income ranges (up to 150 percent AMI) with evidence that the city is losing many families, tenured and skilled workers seeking housing priced between about $200,000 and $300,000. Market-rate housing, particularly in the southwest area of the city, overlaps with these price points, creating an additional challenge for programs targeting these households. Explore additional developer incentives and fee waivers that may assist developers in providing more market housing in these price ranges.

  Employers noted strong support of city initiatives to develop workforce housing on city-owned land; to work in partnerships to create housing and for regulations on commercial development to provide housing.

  Habitat for Humanity has built 55 homes since 1987 and will complete an additional seven homes in 2007. Families contribute to the building of their homes through 500 hours of "sweat equity." About 37 percent of local owners and 64 percent of renters would definitely consider this type of program.

- Unit Conversion. Few opportunities remain for condo conversions in Santa Fe, where an estimated 500 to 1,000 units were converted between 1998 and 2003 in the city. Explore the potential for smaller conversion projects (older multi-family rental units, etc.). With interest in condominiums and attached product from second homeowners, care should be taken that converted units are sold to locals. This option will help increase ownership opportunities and will also encourage upgrading of older rental properties.

- Fixer-Upper and Rehabilitation Programs. Continue low-interest home improvement loan programs and consider expanding promotion of these loans. Also consider remodel/sweat equity assistance to both existing residents (to allow them to make needed improvements to their homes) and to new buyers (to allow them to make needed improvements to older, existing homes upon purchase). Forty-nine percent of current owners and 63 percent of current renters expressed interest in home improvement loans. Explore options to encourage landlords to upgrade and maintain properties to increase quality of older rental properties.

  In tandem with creating a program to encourage buyers to purchase homes in need of repair, also explore a program that would produce smaller, more maintenance free homes for older adults to purchase. In turn, the program could acquire the homes of seniors moving into the newer or remodeled units. These homes could be renovated by the entity acquiring them or sold to new buyers who might also receive favorable financing to make needed improvements.

- Down Payment Assistance. Opportunities for higher income households (e.g. earning 100 percent AMI) to take advantage of existing down-payment assistance programs should be explored – 69 percent of current renters and 24 percent of current owners expressed interest in this type of program. There is a need to expand awareness of down payment programs available to households earning over 80 percent AMI and potentially expand the availability of funds to higher income groups. With the growing gap in affordability, there is a need for assisting higher income households in addition to households earning less than 80 percent AMI. Over one-half of households earning less than 80 percent AMI and about 40 to 45 percent of households earning between 100.1 and 150 percent AMI expressed interest in down payment assistance.

- Plan for Residential Growth/Demand. Recognize that as more people move to the city, the demand for services, such as schools, day care, transportation and shopping, will increase. This will, in turn, create additional demand for housing from the employees needed to provide these services. It will be important for the city to plan for, encourage and support more affordable housing development as a result of this demand. Precedent has been set with the 30 percent inclusionary zoning program, Tierra Contenta master planned community and the current undertaking in the northwest quadrant for a second master planned community. The challenge will be to ensure a mix of housing for all incomes is provided to maintain a balanced and diverse community.

- Reverse Annuity Mortgage. Work with local lenders to expand and implement Reverse Annuity Mortgage Programs for seniors that own their homes. These programs allow older adults access to the equity in their home for living expenses and can enhance their ability to remain in their homes and make needed repairs. About 11 percent of seniors that own their homes indicated interest in participating in this type of program.

- Partnerships. Continue public/private partnerships as a means to achieve identified housing goals. Through such partnerships, housing that is more affordable can be achieved with enhanced financing options, assuring that a portion of the housing that is created is for residents of the City of Santa Fe and that there will not be a dependence on-going subsidy, such as Section 8 Rental Subsidy. In other words, permanently affordable units can be introduced into the area that will retain affordability over time without on-going financial resources.

- Housing for Special Populations. This includes opportunities for seniors, developmentally and physically disabled, large families, single parents, the homeless or near homeless and ex-offenders. Various program strategies can be implemented, including property tax abatement for lower income home owners, developing more group homes or shared living for the disabled, increasing emergency shelter options and offering transitional housing. Continue programs that combine housing assistance with job training, education and day care for single parent households. All of these programs will address housing and social needs for Santa Fe residents who encounter multiple obstacles when trying to improve their living situation. Specific recommendations on special population needs as concluded from local service agency interviews include the following:

    - Provide more rental apartments affordable to very low (30 to 50 percent AMI) and extremely low-income (below 30 percent AMI) households. The wait lists for existing units are currently very long. A variety of housing types and unit sizes are needed in recognition that every household type will need a different type of housing;

- More shelter and homeless beds are needed, as demonstrated by the point-in time results – 85 beds available for 540 people who need beds each night;

- There were many service providers who felt that a "housing first" model was most appropriate with respect to providing permanent housing with supportive services. In this model, people are given permanent housing as a first step and then intensive case management is brought to help the households stay in permanent housing and address other issues such as addiction, mental and physical health challenges and lack of employment;

- There is a lack of housing for purchase for people below 65 percent of the AMI. These units must be very affordably priced in order for people at this level of AMI to afford the monthly payments. These homes need to be priced in the range of $100,000 to $150,000;

- There are a declining number of resale houses that are available below $250,000, indicating a loss of affordable housing stock. This was also supported by realtor, lender and developer interviews;

- Prevention of homelessness was emphasized by several people who were interviewed. Foreclosure prevention and assistance with rental payments were seen as important services that could be expanded in the community; and

- Some recommendations to best achieve identified needs include:

    - Better coordination among the multiple agencies working on homeless housing and services would assist the agencies in identifying gaps and overlaps in services. A funding source might be a dedicated sales tax like the one in Albuquerque that funds public safety, including homeless services. The Mayor's Blue Ribbon Panel on Homelessness has begun to address this issue through one of their subcommittees.

    - Better coordination of non-profits working on affordable for sale housing. In some cities, there is a common data base maintained by the city that lists all available new and resale affordable housing, which is an idea that the City of Santa Fe and/or its non-profits might consider. Realtors noted they are confused by the variety of ways that affordable homeownership is being achieved. They suggest that a uniform approach be utilized that everyone can understand.

Finally, lenders felt homebuyer counseling and education services are fragmented and under utilized. Services need to be expanded. Suggested improvements include offering courses with more schedule options and tailoring course content to meet wide-ranging needs. Some borrowers must complete homebuyer courses to qualify for loans even if they have previously owned a home or completed a course elsewhere. Mini courses are needed in addition to more in-depth training for first-time buyers. Coordination and consolidation of these programs could also help with the confusion and overlap

AFFORDABLE, PRIVATELY OWNED RENTALS
SANTA FE, NEW MEXICO

04/2008

tax credit					
name	**address**	**Age**	**Occupancy**	**Type**	**No of units**
The Bluffs	6600 Jaguar Drive	8	97	fam	160
Cedar Creek	3991 Camino Juliana	**11**	97	fam	94
Country Club	5999 Airport Road	5*	98	fam	62
Evergreen	2020 Calle Lorca	7**	98	fam	70
Las Palomas	2001 Hopewell	2-3***	**90**	fam	280
Paseo Del Sol	4551 Paseo Del Sol				80
Tuscany at St. Francis	2218 Miguel Chavez	8	98	fam	176
Ventana de Vida	1500 Pacheco	7	97	elderly	120
Casa Rufina	2823 Rufina	2	100	elderly	120
Villa Real	501 West Zia	**15**	97	fam	120
Vista Linda	6332 Entrada De Milagro	**11**	**94**	fam	109
				total:	1391
section 8/202					
Sange De Cristo	1801 Espinacitas	**30**	100	fam	164
Santa Fe Apts	255 Camino Alire	**39**	97	fam	64
Encino Villa	1501 Montano	18	100	elderly	40
SF Homeward Bound	500 Harkle		100	fam/eld	19
				total:	287
Rent Supplement Project Based					
La Luz	2325 Cerillos	**20**	100	fam	24
				total:	24
				Grand Total:	1702

*= complete reno in 2003 with tax credits
**=complete reno in 2001 with tax credits
***=complete reno in 2006 and resyndicated tax credits then

Housing Summit
April 5, 2008

Notes from Teams' Findings

Overall Ideas:

- Justice
- Ownership more important than rental at low end
- HO/Pride in HO/Family
- Reinforce community support for all
- Help people keep houses
- Economic growth to help people into homes
- Real program not just Builders Community-wide
- Encourage Employer participation
- Move AH into established neighborbood
- Local businesses to help employees
- Sustainable Community Development
- Existence and availability of AH
- Police to live and invest in community
- Not enough housing for disabled
- Integrated affordable rental housing for VLI
- Creative ways of housing – Co-op, etc.
- SF Alliance – Buy Local
- City/Bldg community work together – builders hurting . Modify ordinance
- Green and Affordable to be linked
- Make publicly owned land available
- Fund HTF a/GO Bond $500M
- Creative ideas for funding. All of these take cash. Declining federal support
- Broaden types of Housing in market – Rent to own program.
- Green Housing Sustainability
- How to sustain affordable housing efforts
- State of local economy impact on housing
- What is needed & priorities
- Nothing done in isolation – TOD part of this, walkable, in-fill. Concerned about conservation overlay. 100-year regional plan
- Importance of everyone's housing needs. Seniors, disabled.
- Improve education process to improve job prospects.
- 20-35 year old professional class
- Work w/Homewise on less toxic materials
- Looking to buy.

Team A: Homeownership
Constant analysis of needs assessment including working with inclusive members of community (those most affected); **Rating: 2 dots**

People with problems need to help with solutions; **Rating: 4 dots and 4 stars**

Provide resources to meet solutions; **Rating: 7 dots and 2 stars**

Lobby for higher quality education with funding for teacher salaries and higher teacher standards; **Rating: 7 dots**

More proactive economic development;

Collaboration (city, county, residents, business, stakeholders to create a vision);
Rating: 7 dots and 3 stars

Root causes of homeownership program are:
- educational deficits; **Rating 3 stars**
- mortgage crisis;
- lack of sustainable incomes, **Rating 1 dot**
- high cost of land; **Rating 4 dots and 2 stars**
- availability of land; **Rating 5 dots**;
- deficit in infrastructure: i.e. water,
- financing for builders; **Rating 2 dots**
- cost of construction; and
- vision does not match reality; **Rating 1 star**

Improve permitting process;

More flexible ordinances;

Incentives to local land owners to use land for green/affordable homes;

Alternative building technology

Team B: Commuters

- Need to better analyze why people move/What are the values associated with the decision/judgment to move out of the City: housing costs (bigger and better housing somewhere else), cost of living, schools, see Santa Fe as a workplace only; have a critical mass of family and friends outside of Santa Fe.

- Make existing homes and neighborhoods more affordable; **Rating: 3 dots**
  - -Land Trust; **Rating: 7 dots and 2 stars**
  - -Changes in Land Use; **Rating: 4 dots**
  - -maintain rehab resources; **Rating: 1 dot**
  - -real estate transfer tax; **Rating: 2 dots**
  - -educate commuters

- Educating Commuters: **Rating: 7 dots**
  - -through existing homeownership non-profits;
  - -public information campaign; Rating: 5 dots

- Create more public transportation; **Rating: 9 dots and 2 stars**

- Multi-family affordable purchase (ownership/rental); **Rating 11 dots and 1 star**

- Benefits to community by closing gap:
  reduction in traffic (environmental footprint);
  increased community;
  improvement in quality of life,
  more dollars for local economy and increase in tax base;
  less stress on infrastructure/reduction in traffic.

Team C: Rental Housing

- Rental housing maintains diversity;
- Rental reduces turnover;
- Youth may stay in community;
- Helps keep kids in school;
- Tax credit rentals to involve a non-profit management company;
  Rating: 8 dots and 3 stars
- Additional subsidies so tax credits target lower income down to 30% of AMI;
  Rating: 11 dots
- Increase vouchers; Rating: 13 dots and 2 stars
- Using HUD federal loan and City Grants, create mixed-use, mixed-income;
  Rating: 17 dots
- Create a rent to own program;
- Make acceptance of Section 8 vouchers mandatory in the City;

Team D: Employer Problems

- Partnerships: There are 70+ organizations in Santa Fe County that are supporting "housing"; **Rating: 1 dot**
  -could be purchasing bulk materials; **Rating: 1 dot**
  -advocates for creative leadership;

- Realtors: "Home from Work" – National Realtors Association send to national for training for program (cost-benefit-analysis for employers-employees to show the benefits of businesses to support education of housing assistance for workers and homeownership housing;

- Realtors nationally working with Congress: neighborhood stabilization funds for land banking; subprime mechanisms to inhibit foreclosures;

Realtors: Gap in property management professionals for rental properties;
Rating: 3 dots

- Increase the understanding of existing homeownership programs and knowing how to access; **Rating: 1 dot**

-One Stop Shop for housing (like state has been providing for health care); **Rating: 5 dots**

-Cash, cash, cash – sharing the burden;

-Type of house: 85% of housing stock is existing single family in the entire county but 40% of the (100%) need rental or want rental;

-County is up to 120% of AMI and the City is stuck at 100% AMI and this should be changed;

-Inclusionary Zoning Ordinance (IZO) needs to expand AMI and type of housing;

-Employers could contribute to funds to support developers (mitigating funds) for IZO; i.e. supporting existing programs;

-60% of police officers live outside the City and a lot have children and move to live close to better schools; **Rating: 1 dot**

-Santa Fe has one of the highest legal minimum wages and one of the lowest average wages in the country relative to average homes prices; **Rating: 2 dots and 3 stars**

-Subsidies: **Rating: 14 dots and 4 stars for all**

- -city land;
- -water banking;
- -more efficient development permitting time; ****received all 4 stars**
- -city "talking" about requiring streets all in before houses built (horrible idea for time reduction);
- -state land (in the city)

-Highway 14 economic development project with housing needs to be carried through to completion.

-Railrunner represents a big concern for pulling people out of Santa Fe;.

-30-40% of employees have gas money and cars to take home to another city due to not living in Santa Fe. Policy does not encourage live/work in community; Could this money be turned into homeownership funds? **Rating: 2 dots**

-Homewise: Business Campaign for Homeownership about to be launched; **Rating: 1 dot**

- -offer mortgages at below market rate;
- -offer education for homeownership;
- -savings plan.

-SFPS – offers education to employees for homeownership. This helps expand understanding and credibility; **Rating: 1 dot**

-More money for down-payment and employer assistance; **Rating: 3 dots**

-Employers: Bookkeepers to "pre-tax" move a percentage into savings or CD or IRA for homeownership and then write check for payroll (employees get to determine what percentage); **Rating: 1 dot**

-Employers donate some percentage of paid salaries for daycare – 9% and lack of transportation – 7%; **Rating: 1 dot**

Tax incentives for employers to provide funding (due to not as much SS and FICA payment). The biggest benefit is getting all employee positions filled;
Rating: 4 dots and 4 stars

Rentals: Professional certification for youth
Current construction costs are 40% higher than monthly rental rates now
Rating: 1 dot

Rio Rancho: Get a larger home there and more land; means land costs go down and tax increment financing reduces infrastructure.

Team E: Seniors

- Any transfer tax must be used only for affordable housing;
  Rating: 22 dots and 7 stars

- Seniors with extra rooms be allowed to rent to well matched housemates;
  Rating: 3 dots

- Landowners be allowed to lease land to the City for a temporary mobile home park or additional homes/apartments for Seniors; **Rating: 9 dots**

- Homeowners with large lots should be allowed to build additional housing on their property; **Rating: 5 dots**

- Change zoning and land use laws to encourage greater density;
  Rating: 7 dots and 3 stars

- Infrastructure should be donated or city funded; **Rating: 3 dots**

- Transportation help – Senior vans twice a week to grocery store; volunteers to take them shopping; **Rating: 1 dot**