

**ACTION SHEET
ITEM FROM THE
PUBLIC WORKS/CIP AND LAND USE COMMITTEE MEETING
OF
MONDAY, JANUARY 6, 2014**

ITEM 16

REQUEST FOR APPROVAL OF AN ORDINANCE RELATING TO THE CITY OF SANTA FE HOUSING CODE, CHAPTER 26, SFCC 1987; AMENDING SUBSECTION 26-1.21 TO INCLUDE VETERANS IN THE LIST OF PROFESSIONS TO QUALIFY FOR EXPANDED ELIGIBILITY STANDARDS FOR SANTA FE HOMES PROGRAM (SFHP) HOMES (COUNCILORS CALVERT AND BUSHEE) (ALEXANDRA LADD)

PUBLIC WORKS COMMITTEE ACTION: Approved on Consent

SPECIAL CONDITIONS OR AMENDMENTS:

STAFF FOLLOW UP:

VOTE	FOR	AGAINST	ABSTAIN
CHAIRPERSON WURZBURGER			
COUNCILOR CALVERT	X		
COUNCILOR IVES	X		
COUNCILOR RIVERA	X		
COUNCILOR TRUJILLO	Excused		

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

BILL NO. 2014-__

Santa Fe Homes Program (SFHP) - Veterans

SPONSOR(S): Calvert and Bushee

SUMMARY: An ordinance relating to the City of Santa Fe Housing Code, Chapter 26, SFCC 1987; amending Subsection 26-1.21 to include veterans in the list of professions to qualify for expanded eligibility standards for Santa Fe Homes Program (SFHP) homes.

PREPARED BY: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: No

DATE: December 20, 2013

ATTACHMENTS: Bill
FIR

1 CITY OF SANTA FE, NEW MEXICO

2 BILL NO. 2014-__

3 INTRODUCED BY:

4
5 Councilor Chris Calvert

6 Councilor Patti Bushee

7
8
9
10 AN ORDINANCE

11 RELATING TO THE CITY OF SANTA FE HOUSING CODE, CHAPTER 26, SFCC 1987;
12 AMENDING SUBSECTION 26-1.21 TO INCLUDE VETERANS IN THE LIST OF
13 PROFESSIONS TO QUALIFY FOR EXPANDED ELIGIBILITY STANDARDS FOR SANTA
14 FE HOMES PROGRAM (SFHP) HOMES.

15
16 BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:

17 Section 1. Subsection 26-1.21 (being Ord. #2005-30(A), §51) is amended to read:

18 26-1.21 Eligibility of SFHP Buyers

19 A. The household income of an SFHP homebuyer shall not exceed the defined income
20 ranges as set forth in subsection 26-1.5 except as set forth in paragraph E. below.

21 B. The household income of an SFHP manufactured home lot buyer shall not exceed the
22 defined income ranges as set forth in subsection 26-1.5 for a 3-person household, regardless of the
23 household size of the SFHP buyer except as set forth in paragraph E. below.

24 C. SFHP homebuyers and SFHP manufactured home lot buyers shall also meet
25 additional eligibility criteria established in the administrative procedures.

1 D. ~~[A SFHP home may not be sold to a household which is smaller than the following~~
2 household] Household sizes are provided as a guideline for SFHP homes in the administrative
3 procedures unless the office of affordable housing approves in writing a smaller minimum household
4 size[.].

<u>[Unit Size</u>	<u>Minimum Household Size</u>
Efficiency/studio	1 person household
1 Bedroom	1 person household
2 Bedrooms	1 person household
3 Bedrooms	2 person household
4 Bedrooms	3 person household]

5 E. An eligible buyer meeting the criteria of armed services veteran, emergency worker,
6 first responder, teacher or related educational employees in Santa Fe County whose household
7 income exceeds one hundred percent (100%) of area median income (AMI) but does not exceed one
8 hundred twenty percent (120%) of AMI shall be eligible to purchase an SFHP unit in income range 4.

9 (1) The status of the buyer as a veteran, emergency worker or first responder
10 ~~[shall be noted on the certificate of eligibility and]~~ shall be verified by the office of affordable
11 housing.

12 (2) The office of affordable housing shall maintain a list of occupations that meet
13 the requirement of emergency worker, first responder or essential worker, and the verification
14 of veteran status pursuant to administrative procedures. ~~[which shall include:~~

15 (a) ~~Police officers;~~

16 (b) ~~Nurses;~~

17 (c) ~~Emergency medical technicians;~~

18 (d) ~~Firefighters;~~

19 (e) ~~Other health and safety workers whose services are crucial to~~

1 community safety in an emergency situation; and

2 (f) ~~Teachers and related educational employees.]~~

3 (3) All other eligibility requirements shall apply.

4 APPROVED AS TO FORM:

5 
6 _____

7 KELLEY A. BRENNAN, INTERIM CITY ATTORNEY

**City of Santa Fe
Fiscal Impact Report (FIR)**

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. General Information

(Check) Bill: X Resolution: _____
(A single FIR may be used for related bills and/or resolutions)

Short Title(s): AN ORDINANCE RELATING TO THE CITY OF SANTA FE HOUSING CODE, CHAPTER 26, SFCC 1987; AMENDING SUBSECTION 26-1.21 TO INCLUDE VETERANS IN THE LIST OF PROFESSIONS TO QUALIFY FOR EXPANDED ELIGIBILITY STANDARDS FOR SANTA FE HOMES PROGRAM (SFHP) HOMES.

Sponsor(s): Councilors Calvert and Bushee
 Reviewing Department(s): Housing and Community Development, City Attorney's Office
 Person Completing FIR: Alexandra Ladd, Rebecca Seligman Date: 1/13/14 Phone: 955-6346

Reviewed by City Attorney: *Ally A. Burman* Date: 1/14/14
 (Signature)

Reviewed by Finance Director: *[Signature]* Date: 1/15/14
 (Signature)

Section B. Summary

Briefly explain the purpose and major provisions of the bill/resolution.

The SFHP ordinance currently allows those who work in professions considered "essential" (police, fire, teachers, health and safety workers, etc.) to earn more than is normally allowed to buy a Tier 4 home. These homebuyers must meet all other eligibility requirements, per the SFHP. This amendment adds armed services veterans to the list of "essential" professions with the desired outcome of incentivizing local veterans to participate in one of the local homebuyer training and counseling programs.

Section C. Fiscal Impact

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
- c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

1. Projected Expenditures:

- a. Indicate Fiscal Year(s) affected – usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
- b. Indicate: "A" if current budget and level of staffing will absorb the costs
 "N" if new, additional, or increased budget or staffing will be required
- c. Indicate: "R" – if recurring annual costs
 "NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
- d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
- e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

X Check here if no fiscal impact

Column #:	1	2	3	4	5	6	7	8
	Expenditure Classification	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs Recurring or "NR" Non-recurring	FY _____	"A" Costs Absorbed or "N" New Budget Required	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

Personnel*

\$ _____

Fringe**

\$ _____

Capital

Outlay \$ _____

Land/

Building \$ _____

Professional

Services \$ _____

All Other

Operating \$ _____

Costs

Total:

\$ _____ \$ _____

* Any indication that additional staffing would be required must be reviewed and approved in advance by the City Manager by attached memo before release of FIR to committees. **For fringe benefits contact the Finance Dept.

2. Revenue Sources:

a. To indicate new revenues and/or

b. Required for costs for which new expenditure budget is proposed above in item 1.

Column #:	1	2	3	4	5	6
	Type of Revenue	FY <u> 13/14 </u>	"R" Costs Recurring or "NR" Non-recurring	FY _____	"R" Costs – Recurring or "NR" Non-recurring	Fund Affected

_____ \$ _____

_____ \$ _____

_____ \$ _____

Total: \$ _____

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

There is no fiscal impact or revenue generated from the proposed bill.

Section D. General Narrative

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

This bill does not conflict with any City Code, approved ordinances or adopted policies. It complements other efforts to support the housing needs of veterans in our community.

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

If the bill is not enacted, this will be a missed opportunity to incentivize some veterans to become homeowners in Santa Fe.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

This bill is proposed concurrently with a bill proposed by Councilor Wurzburger that makes additional amendments to Chapter 26 and Chapter 14. At some point, the two bills will need to become part of the same ordinance.

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

Any program that has the potential to make it easier for members of the workforce to buy homes in Santa Fe is positive for the community at large. Specifically, when local workers also live in city, they have more time to spend with their families, volunteering for civic organizations, participating in neighborhood activities, and spending their consumer dollars locally. This bill allows those veterans earning the area median income and slightly above to also participate in the Santa Fe Homes Program.

Form adopted: 01/12/05; revised 8/24/05; 4/17/08

City of Santa Fe, New Mexico

memo

Date: January 13, 2014

To: Community Development Commission – January 15, 2014
Finance Committee – January 21, 2014
Public Works Committee – January 27, 2014
City Council – February 26, 2014

Via: Kate Noble, Interim Director *KW*
Housing and Community Development Department

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

Re: Amendments to the Santa Fe Homes Program (SFHP) – Chapter 26

ACTION REQUESTED

Recommend approval of the proposed amendments to the Santa Fe Homes Program (SFHP) for the purposes of responding to market conditions, making necessary corrections, and other changes as needed. The amendments accomplish the following:

- 1) update the Findings to reflect new data including the 2013 Housing Needs Assessment (Ch. 26-1.4);
- 2) make permanent the 20% threshold requirement and eliminate the sunset date of June 2014 for reinstating the original 30% requirement (Ch. 26-1.15; *Note: Ch. 14-8.11(F)* is also amended; **Planning Commission recommended extending sunset date to June 8, 2016 rather than making reduction permanent, 1/9/14**);
- 3) clarify applicability to specify conversion from commercial uses to residential is also subject to SFHP (Ch. 26-1.8(A)1; *Note: Ch. 14-8.11(D)* is also amended; **approved by Planning Commission 1/9/14**);
- 4) correct language that allows a developer of small project (2-10 units) to pay a fee in lieu of constructing a unit (Ch. 26-1.8(A)4);
- 5) change the mix of units by income tier from 10% each in the income ranges 2 and 3 to: 5% (income range 2); 10% (income range 3); 5% (income range 4) (Ch. 26-1.15);
- 6) delete home sales pricing information from code and reference administrative procedures (Ch. 26-1.16);
- 7) address design, unit types, dispersal of units in guidelines presented in the administrative procedures (Ch. 26-1.17);

- 8) eliminate shared appreciation, clarify the affordability lien and describe how it is subordinate and reduced by the city if home values decline (Ch. 26-1.18);
- 9) address household sizes in administrative procedures and add "veterans" to list of eligible homebuyers (first responders, teachers, health workers, etc.) who are allowed to exceed income limits and still qualify for an affordable home in Tier 4 (Ch. 26-1.21);
- 10) remove rental rate schedule from code and references admin procedures instead (Ch. 26-1.24);
- 11) Use Fair Market Rents (FMR) to determine rental amount at SFHP rental property covered by housing choice/rental assistance voucher (Ch. 26-1.28);
- 12) include other subsidy programs for simplified compliance in addition to Low Income Housing Tax Credit (LIHTC) (Ch.26-1.31).

BACKGROUND

The City of Santa Fe has a long history of supporting affordable housing through a combination of regulation, policy development, grant administration, and financial support for its nonprofit partners. The City adopted its first inclusionary zoning program, the Housing Opportunity Program (HOP) in 1998 and has been an entitlement community for Community Development Block Grant (CDBG) funds since the 1980s. Santa Fe was the first community in New Mexico to secure funds through the Neighborhood Stabilization Program (NSP) that were used to purchase homes in foreclosure for renters with mental illness. In FY 2013-14, the City will pass through to its subrecipients \$1.3 million in HUD rental assistance funds for very low renters with disabilities.

Additionally, the City has used its own resources to support affordable housing, most significantly to purchase Tierra Contenta and to create the Tierra Contenta Corporation development entity. The end result is a community that is not only houses 10% of the city's population, but has won national recognition for its high quality design, integration of housing types and uses, and most importantly, the achievement of its 46% affordability levels.

As a direct result of the City's proactive and integrative approach to affordable housing, since the early 1990s, approximately 3,300 affordable homes, townhouses and apartments have been made available for low- and moderate-income residents to buy or rent. Of this total, 390 homes were built as a result of annexation agreements or other negotiations; 540 homes were priced affordably because of City incentives through the Housing Opportunity Program (HOP); approximately 90 homes were built in compliance with HOP's regulations; over 1,000 multi-family homes were built for renters with low- and moderate-incomes; 27 homes were sold as required by SFHP; and 1,150 affordably-priced homes and apartments were built in Tierra Contenta.

ITEM AND ISSUE

In 2005, HOP was replaced by the SFHP ordinance, which required that 30% of all new developments be sold at affordable prices to income-qualified homebuyers and that 15% of all new rental units are rented to income-qualified renters. The affordability of the homeownership home is maintained through the establishment of a lien held by the City. The lien amount is based on the difference between 95% of the appraised value of the home and the effective/affordable home sales price. The lien may also include the value of fee waivers or reductions granted when the development proposal went through the permitting process. When the home is sold or transferred, the lien is either recycled to another income-qualified homebuyer or paid back to the City and placed in the Affordable Housing Trust Fund (AHTF) where it is used to support homebuyer activities.

In 2011, in response to the economic recession, the requirement was lowered to 20% for homeownership developments and other incentives were put in place to support local builders (Ord. 2011-17). While there are indications that the market is making a slow recovery, the primary purpose of these amendments is to

make permanent the reduced requirement put in place in 2011. A specific description for each part of the ordinance to be amended is provided in the following section.

- 1) **Update the Findings to reflect new data including the 2013 Housing Needs Assessment (Ch. 26-1.4).** *No additional explanation necessary.*
- 2) **Make permanent the 20% threshold requirement and eliminate the sunset date of June 2014 for reinstating the original 30% requirement (Ch. 26-1.15; Note: Ch. 14-8.11(F) is also amended).** *Other inclusionary zoning programs with a 30% requirement are generally located in areas with very high valued markets and zoning that allows much higher densities than are customary in Santa Fe. Local builders, developers, and housing advocates concur that 20% in Santa Fe’s market is achievable.*
- 3) **Clarify applicability to specify conversion from commercial uses to residential is also subject to SFHP (Ch. 26-1.8(A)1; Note: Ch. 14-8.11(D) is also amended).** *No additional explanation necessary.*
- 4) **Correct language that allows a developer of small project (2-10 units) to pay a fee in lieu of constructing a unit (Ch. 26-1.8(A)4).** *Ordinance 2011-17 lowered the SFHP requirement for homeownership housing from 30% to 20% and provided other incentives to support the construction industry. One of those incentives was to allow a builder of a small scale development (2 – 10 homes) the option of paying a fee rather than building the obligated unit(s), without necessitating a request for an alternate means of compliance. However, the exact language that was adopted in the bill omitted specifying that paying the fee was allowed, even though it was clearly the intention of the sponsors of the amendment that this be the case. The amendment corrects this deficiency.*
- 5) **Change the mix of units by income tier from 10% each in the income ranges 2 and 3 to: 5% (income range 2); 10% (income range 3); 5% (income range 4) (Ch. 26-1.15).** *Under the original SFHP requirement, the 30% were distributed evenly among three income tiers. The City maintains a pricing schedule which calculates a home sales price that is affordable to each particular tier. The income tiers are based HUD’s “Area Median Income” (AMI) data that is released annually for every governmental jurisdiction in the country. Affordability is then determined by setting home prices that are affordable to earners at various percentages of the AMI.*

When the 2011 amendment was made, the obligation was removed entirely from the highest tier and kept at 10% each for the lowest and middle tier. The justification for this was that the higher income earners were better able to afford market rate homes when the overall market values were depressed. Given recent market data that shows the market is in recovery, it seems timely to reestablish the requirement in the highest tier. The higher tier represents an important homebuyer demographic – both first time homebuyers but also “move up” homebuyers. Also, this income tier doesn’t qualify for CDBG downpayment assistance and other HUD funds that are reserved for buyers at 80% AMI and below. This amendment redistributes the requirement as illustrated in the following table:

Income Tier	% of AMI	Orig Req'm	2011 Amendment	2014 Amendment	2013 AMI (3 person HH)
1	<50%	5% Rental	5% Rental	5% Rental	<\$29,400
2	50-65%	5% Rental 10% Homeowner	5% Rental 10% Homeowner	5% Rental 5% Homeowner	\$29,400-38,250
3	65-80%	5% Rental 10% Homeowner	5% Rental 10% Homeowner	5% Rental 10% Homeowner	\$38,250-47,050
4	80-100%	10% Homeowner	10% Homeowner	5% Homeowner	\$47,050-58,800
5	100-120%	No requirement	No requirement	No requirement	\$58,800-\$70,600
	Total	15% Rental 30% Homeowner	15% Rental 20% Homeowner	15% Rental 20% Homeowner	

- 6) **Delete home sales pricing information from code and reference administrative procedures (Ch. 26-1.16).** Pricing schedules are updated annually. By removing the specific pricing information from the code and referencing it in the administrative procedures, the pricing schedule can be updated administratively instead of requiring a code amendment.
- 7) **Address design, unit types, dispersal of units in guidelines presented in the administrative procedures (Ch. 26-1.17).** The original table in the ordinance was somewhat restrictive. Even though the ordinance contains language that allows a developer to deviate from the City's standard, referring to a "guideline" in the administrative procedures provides more flexibility. A developer proposing an alternative to the City's standard can be approved administratively if staff determines that the proposal meets the intent of the ordinance.
- 8) **Eliminate shared appreciation, clarify the affordability lien and describe how it is subordinate and reduced by the city if values decline (Ch. 26-1.18).** The current code requires that for every affordability lien held by the City, an equity share is calculated pursuant to the proportion of the City's lien to the market value of the home. When the affordable homeowner sells the home, the lien is paid back and the remaining equity in the form of market appreciation is split between the seller and the City according to the percentage established at the time of purchase. While this mechanism can generate additional revenue for the City, it only works when the market is appreciating. The shared equity obligation is difficult for homebuyers to understand and it creates uncertainty for them when they sell their homes because they don't know how much equity they will take away from the home until the transaction is complete. This makes it cumbersome, if not prohibitive for "move up" buyers to finance the purchase of a bigger home that might better meet the needs of a growing family, etc. Likewise, in recent years, homeowners with a lien who sell their homes for less than their initial appraisal value have not had enough in their sales proceeds to pay back the City's lien in its entirety. The language proposed in the amendment seeks to clarify how this situation is handled, as well as how the lien works.
- 9) **Address household sizes in administrative procedures and add "veterans" to list of eligible homebuyers (first responders, teachers, health workers, etc.) who are allowed to exceed income limits and still qualify for an affordable home in Tier 4 (Ch. 26-1.21).** Similar to #7, referring to a "guideline" in the administrative procedures provides more flexibility. The ordinance provides a way to increase home buying opportunities for "essential workers" in that it allows them to purchase a Tier 4 home, even if they earn slightly too much to qualify and this specific amendment adds "veterans" to the approved category of occupations.
- 10) **Remove rental rate schedule from code and references admin procedures instead (Ch. 26-1.24).** Rental rate schedules are updated annually. By removing the specific pricing information from the code and referencing it in the administrative procedures, the rental rate schedule can be updated administratively instead of requiring a code amendment.
- 11) **Use Fair Market Rents (FMR) to determine rental amount at SFHP rental property covered by housing choice/rental assistance voucher (Ch. 26-1.28).** The current ordinance prohibits SFHP landlords from not accepting rental vouchers but it doesn't allow the landlord to use the voucher to cover the cost of any portion of managing the unit above the affordable rent levels. This amendment proposes using the FMR, set annually by HUD and the standard for rental subsidy programs, as a maximum rental amount for units occupied by voucher holders.
- 12) **Include other subsidy programs for simplified compliance in addition to Low Income Housing Tax Credit (LIHTC) (Ch.26-1.31).** Changes in the way that tax credits are allocated suggest that Santa Fe will not be the site of as many LIHTC-funded projects in the near future. In response, developers are turning to other federal subsidy programs. This language increases the flexibility in how the SFHP requirement interacts with subsidized development projects.

1 CITY OF SANTA FE, NEW MEXICO

2 BILL NO. 2014-__

3 INTRODUCED BY:

4
5 Councilor Rebecca Wurzbarger

6
7
8
9
10 AN ORDINANCE

11 RELATING TO THE SANTA FE HOMES PROGRAM (“SFHP”); AMENDING SECTION
12 14-8.11 SFCC 1987 TO MAKE PERMANENT THE CURRENT PERCENTAGE
13 REQUIREMENTS OF THE SFHP; AMENDING SECTION 26-1 SFCC 1987 TO UPDATE
14 THE LEGISLATIVE FINDINGS, TO ESTABLISH THE SCHEDULE FOR PAYMENTS IN
15 LIEU OF CONSTRUCTING UNITS FOR SFHP DEVELOPMENTS WITH TWO THROUGH
16 TEN TOTAL UNITS, TO MAKE PERMANENT THE CURRENT PERCENTAGE
17 REQUIREMENTS OF THE SFHP AND TO MAKE VARIOUS OTHER CHANGES TO THE
18 SFHP ORDINANCE.

19
20 BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:

21 Section 1. Section 14-8.11(D) SFCC 1987 (being Ord. No. Ord. No. 2011-37 § 11) is
22 amended to read:

23 (D) Applicability

24 (1) Except as set forth in this Subsection 14-8.11(D), the *SFHP* shall apply to
25 any *application for development*, including annexation, rezoning, subdivision

1 *plat*, increase in *density*, *development* plan, extension of or connection to *city*
2 utilities for land outside the city limits, and construction *permits* that propose
3 two or more *dwelling units* or *buildings* or portions of *buildings* that may be
4 used for both *nonresidential* and *residential* purposes and *manufactured*
5 *home lots*. *SFHP* applies to the *residential* portion of the *development*.

6 (a) The *SFHP* applies to *new* construction, ~~and~~ to the conversion of
7 existing rental units to ownership units and the conversion of
8 commercial uses to residential uses.

9 (b) The *SFHP* does not apply to a *family* transfer as set forth in Section
10 14-3.7(F)(2) or a division of land into two *lots* as set forth in Section
11 14-3.7(D) (Summary Procedure).

12 (c) The *applicant* is responsible for determining the applicability of
13 *SFHP* to the proposed *development* and complying with the
14 requirements of *SFHP*.

15 (2) The *SFHP* applies to dwelling units in vacation time share projects.

16 (3) The *SFHP* does not apply to:

17 (a) a *development* or portion of a *development* that is subject to a formal
18 written and binding agreement entered into prior to August 15, 2005
19 with the *city* or Santa Fe County in which the signatories agreed to
20 provide affordable housing or payment in lieu thereof; or

21 (b) *dwelling unit* or *manufactured home lots* for an elementary, middle
22 or high school; *college or university*; *hospital*; or similar institution
23 to be used exclusively by its *employees* or enrolled students and their
24 families. If the *dwelling units* or *manufactured homes* are no longer
25 exclusively used by its *employees* or enrolled students and their

families, the *SFHP* shall apply at the time the units are converted.

(4) Petitioners for annexation[s] and the office of affordable housing shall negotiate all terms for providing affordable housing on site, including the distribution of *development* types and the number of *SFHP* units required or alternate means of compliance. The number of *SFHP* units required or alternate means of compliance may be in excess of that required by *SFHP*. These terms shall be included in the annexation agreement. To the extent practicable, all other *SFHP* requirements apply to annexations. In no case shall the agreement provide for less affordable housing or a lesser in-lieu contribution than required by *SFHP*. As the *property* is developed, a separate *SFHP* agreement in compliance with the annexation agreement shall be recorded with each subdivision *plat* or *development* plan.

(5) All provisions of the prior ordinance, titled Housing Opportunity Program (HOP), remain in effect with respect to any agreements executed by the *city* and others which were required by HOP or incorporated HOP provisions by reference. However, the office of affordable housing is responsible for administering such agreements according to the administrative procedures for the *SFHP* ordinance until such time as all obligations under the agreements have been satisfied except for sale prices or rental rates. Sale prices and rental rates shall be based on the prior HOP administrative procedures and annually updated by staff.

Section 2. Section 14-8.11(F) SFCC 1987 (being Ord. No. 2012-11 § 25) is amended

to read:

(F) Santa Fe Homes Program Requirements

(1) [If a *SFHP* developer obtains a residential construction permit for a *SFHP*

1 development between June 8, 2011 through] Effective June 7, 2014, and
2 thereafter, [then] twenty percent of the total number of *dwelling units* or
3 *manufactured home lots* in an *SFHP development* shall be *SFHP units* and
4 meet all requirements of Section 26-1 SFCC 1987. A modification to a *SFHP*
5 agreement or *HOP* agreement that was entered into prior to June 8, 2011
6 shall be made to reflect the twenty percent requirement; and if applicable, an
7 annexation agreement, subdivision plat or development plan shall be
8 administratively amended to reflect the reduction and redistribution of *SFHP*
9 or *HOP lots* and the amended annexation agreement, subdivision plat or
10 development plan shall be recorded or filed, as applicable, by the *owner* or
11 *developer*.

12 ~~[(2) Effective June 8, 2014, and thereafter, thirty percent of the total number of~~
13 ~~*dwelling units* or *manufactured home lots* in an *SFHP* development shall be~~
14 ~~*SFHP* units and meet all requirements of Section 26-1 SFCC 1987.]~~

15 ([3]2) Fifteen percent of the total number of *dwelling units* or *manufactured home*
16 *lots* offered for rent in an *SFHP* development shall be *SFHP units* and meet
17 all requirements of Section 26-1 SFCC 1987.

18 ([4]3) However, the *governing body* may approve alternative means of compliance
19 as provided in Section 26-1.33 SFCC 1987 (*SFHP – Alternate Means of*
20 *Compliance*).

21 **Section 3. Subsection 26-1.4 SFCC 1987 (being Ord. #2005-30(A), § 33) is amended**

22 **to read:**

23 **26-1.4 Findings.**

24 The governing body finds and determines that:

25 A. Affordable housing furthers geographic and community balance through providing a

1 range of housing opportunities throughout the city; and

2 B. New residential development has not provided sufficient housing opportunities for
3 households with incomes below the area median income; and

4 C. The amount of land in the city available for new residential development is severely
5 limited by geography and topography; and

6 D. Inclusionary housing programs represent an extension of cities' police powers to
7 regulate land use, ensuring that the limited supply of developable land provides housing opportunities
8 for all incomes; and

9 E. Santa Fe is facing a growing shortage of housing that is affordable to a wide range of
10 our population affecting the ability of new graduates, senior citizens, families with children, and
11 employees in industries and services that are vital to a healthy economy to remain living in the city;
12 and

13 F. The lack of affordable housing is detrimental to the health, safety and welfare of the
14 city's residents; and

15 G. Federal and state funds for the construction of new affordable housing are
16 insufficient to fully address the problems of affordable housing within the city and the private housing
17 market has not provided adequate affordable housing opportunities for persons and households with
18 incomes below the area median income; and

19 H. The city has previously adopted the Housing Opportunity Program in an attempt to
20 address the affordable housing needs. This program has achieved limited effectiveness in stemming
21 the growing affordable housing crisis in the city; and

22 I. The governing body in partnership with the regional planning authority established
23 an affordable housing task force that was charged with recommending appropriate affordable housing
24 policy and programs for the region. The task force recommendations included the implementation of
25 a broadly applicable program to increase the supply of affordable housing particularly for those

1 households with incomes less than the area median income; and

2 J. Based on the findings of the task force the governing body finds that it is necessary to
3 adopt a new inclusionary zoning ordinance to replace the Housing Opportunity Program in order to
4 address the city's housing crisis; and

5 K. ~~[According to the "2004 Housing Needs Study" prepared for the Santa Fe county~~
6 ~~land use department by Prior and Associates, twenty-eight and one-half percent (28.5%) of all new~~
7 ~~homes in central Santa Fe county will need to be made affordable to households with incomes below~~
8 ~~the median income if the area is going to simply maintain its existing homeownership rate and sixty-~~
9 ~~six and two-tenths percent (66.2%) of new rental units will need to be affordable to households~~
10 ~~earning below eighty percent (80%) of the median income to meet the projected demand;]~~ According
11 to the Housing Needs Assessment, updated in 2013, the greatest mismatch between need and
12 available services and affordable housing inventory is for renter households earning less than thirty
13 percent (30%) of the Area Median Income (AMI) with as many as three thousand (3,000) renter
14 households in Santa Fe likely to be "cost burdened" or paying more than one-third (1/3) of their
15 incomes toward rents; and

16 L. ~~[According to the "Recommendations for an Affordable Housing Strategy in Santa~~
17 ~~Fe" developed by the regional planning authority's affordable housing task force there are currently~~
18 ~~seven thousand five hundred eleven (7,511) renters living in Santa Fe who are in need of homes that~~
19 ~~are affordable to households with incomes below the median income while very few homes are on the~~
20 ~~market that could help meet this need.]~~ The 2010 Census indicates that:

21 (1) Santa Fe's population is aging, with fifty percent (50%) of the overall
22 population aged fifty-five (55) years or older;

23 (2) Households are smaller, with single person households comprising forty
24 percent (40%) of overall households; and

25 (3) The median age is forty-four (44) years old, compared to forty (40) years old

1 in 2000.

2 All factors that indicate housing demand is likely to shift to smaller units that can accommodate the
3 needs of aging households and are located close to transit, services and amenities; and

4 M. Home sales prices continue to rise and were sixty-five percent (65%) higher in 2010
5 than in 2000, increasing the gap between what buyers can afford and how much homes are priced,
6 with only fourteen percent (14%) of current renters able to afford the median-priced home,
7 necessitating the continued implementation of the city's inclusionary zoning and other affordable
8 housing programs that improve the capacity of lower- and moderate-income Santa Fe residents to buy
9 homes; and

10 N. The city's support of affordable housing through regulation, policy development and
11 administrative funding has achieved significant results, serving the needs of the homeless to the
12 homeowner.

13 **Section 4. Subsection 26-1.8 SFCC 1987 (being Ord. #2005-30(A), §37, as amended)**
14 **is amended to read:**

15 **26-1.8 Applicability.**

16 A. Except as set forth in this paragraph the SFHP shall apply to any application for
17 development including, but not limited to, annexation, rezoning, subdivision plat, increase in density,
18 development plan, extension of or connection to city utilities for land outside the city limits, and
19 building permits which propose[s] two (2) or more dwelling units or buildings or portions of
20 buildings which may be used for both nonresidential and residential purposes and manufactured home
21 lots. SFHP applies to the residential portion of the development.

22 (1) The SFHP applies to new construction, ~~and~~ to the conversion of existing
23 rental units to ownership units and the conversion of commercial uses to residential uses.

24 (2) The SFHP shall not apply to a family transfer as set forth in subsection 14-
25 3.7(E)(3)(b) or a division of land into two (2) lots as set forth in subsection 14-2.3(E)(1)(a).

1 (3) It shall be the responsibility of the applicant to determine the applicability of
2 SFHP to the proposed development and comply with the requirements of SFHP.

3 (4) If a SFHP developer obtains a residential building permit for a SFHP
4 development with two (2) through ten (10) total units ~~between June 8, 2011 and June 7, 2014,~~
5 then a seventy percent (70%) reduction in fees associated with such development shall be
6 assessed and the developer has the option to pay a fee in lieu of providing the required
7 percentage of units in accordance with the SFHP administrative procedures.

8 B. The SFHP shall apply to dwelling units in vacation time share projects as defined in
9 Article 14-12 SFCC 1987.

10 C. In addition to paragraph A.(2) above, the SFHP shall not apply to the following:

11 (1) Any development or portion thereof which is subject to any formal, written
12 and binding agreement entered into prior to August 15, 2005, with the city or Santa Fe county
13 which if within said agreement the signatories agreed to provide affordable housing or
14 payment in lieu thereof; or

15 (2) Dwelling units or manufactured home lots for an elementary, middle or high
16 school, community college, private four (4) year college or related institutions where
17 coursework leads to an associate of arts, bachelors or vocational degree or certification,
18 hospital or similar institution to be used exclusively by its employees or enrolled students and
19 their families. If the dwelling units are no longer used exclusively by its employees or
20 enrolled students, the SFHP shall apply at the time the units are converted.

21 D. Petitioners for annexations and the office of affordable housing shall negotiate all
22 terms for providing affordable housing on site including the distribution of development types and the
23 number of SFHP units required or alternate means of compliance. The number of SFHP units
24 required or alternate means of compliance may be in excess of that required by SFHP. These terms
25 shall be included in the annexation agreement. To the extent practicable, all other SFHP requirements

1 shall apply to annexations. In no case shall the agreement provide for less affordable housing or a
2 lesser in-lieu contribution than required by SFHP. As the property is developed, a separate SFHP
3 agreement in compliance with the annexation agreement shall be recorded with each subdivision plat
4 or development plan.

5 E. All provisions of the prior ordinance, titled Housing Opportunity Program (HOP)
6 remain in full force and effect with respect to any and all agreements executed by the city and others
7 which were required by HOP or incorporated HOP provisions by reference. Accordingly, the office of
8 affordable housing will continue to use and annually update the administrative procedures for the
9 HOP ordinance until such time as all obligations under such agreements have been satisfied.

10 **Section 5. Subsection 26-1.15 SFCC 1987 (being Ord. #2005-30(A), §44, as**
11 **amended) is amended to read:**

12 **26-1.15 Required Number of For Sale SFHP Homes in a Development.**

13 A. If a SFHP developer obtains a residential building permit for a SFHP development,
14 [~~between June 8, 2011 and June 7, 2014, then~~] twenty percent (20%) of the total number of dwelling
15 units or manufactured home lots offered for sale in an SFHP development shall be SFHP Homes, as
16 follows:

17 (1) [~~Ten (10%)~~] Five percent (5%) of the total dwelling units or manufactured
18 home lots shall be sold at or below the affordable home price or affordable manufactured
19 home lot price, as applicable, for income range 2.

20 (2) Ten percent (10%) of the total dwelling units or manufactured home lots
21 shall be sold at or below the affordable home price or affordable manufactured home lot
22 price, as applicable, for income range 3, and

23 (3) [~~Zero (0%)~~] Five percent (5%) of the total dwelling units or manufactured
24 home lots shall be sold at or below the affordable home price or affordable manufactured
25 home lot price, as applicable, for income range 4.

1 A modification to a SFHP agreement or HOP agreement that was entered into prior to June 8,
2 2011 shall be made to reflect the twenty percent requirement; and if applicable, an annexation
3 agreement, subdivision plat or development plan shall be administratively amended to reflect the
4 reduction and redistribution of SFHP or HOP lots and the amended annexation agreement,
5 subdivision plat or development plan shall be recorded or filed, as applicable, by the owner or
6 developer. Fifteen percent of the total number of dwelling units or manufactured home lots offered
7 for rent in an SFHP development shall be SFHP units and meet all requirements of §26-1 SFCC 1987.

8 ~~[B. Effective June 8, 2014, and thereafter, thirty percent (30%) of the total number of~~
9 ~~dwelling units or manufactured home lots offered for sale in an SFHP development shall be SFHP~~
10 ~~Homes, as follows:~~

11 ~~(1) Ten percent (10%) of the total dwelling units or manufactured home lots~~
12 ~~shall be sold at or below the affordable home price or affordable manufactured home lot~~
13 ~~price, as applicable, for income range 2.~~

14 ~~(2) Ten percent (10%) of the total dwelling units or manufactured home lots~~
15 ~~shall be sold at or below the affordable home price or affordable manufactured home lot~~
16 ~~price, as applicable, for income range 3, and~~

17 ~~(3) Ten percent (10%) of the total dwelling units or manufactured home lots~~
18 ~~shall be sold at or below the affordable home price or affordable manufactured home lot~~
19 ~~price, as applicable, for income range 4.]~~

20 ~~[C]B.~~ If an applicant exceeds the percentage in income range 2 or income range 3 as set
21 forth above, the requirement in any higher income range may be reduced by the same percentage.

22 ~~[D]C.~~ The whole number resulting from this calculation shall be the number of SFHP
23 homes required to be constructed or SFHP manufactured home lots to be created. If the calculation
24 described results in a fraction of a unit, this obligation shall be satisfied as set forth in the
25 administrative procedures. Nothing herein shall prohibit a developer from building a greater number

1 of SFHP homes or creating a greater number of SFHP manufactured home lots than specified herein.
2 Such additional units shall meet all the requirements as an SFHP home or manufactured home lot to
3 be considered an SFHP home or manufactured home lot. The SFHP developer shall receive the fee
4 waivers described in subsection 14-8.11 G,(2) for such additional units so long as those units meet all
5 SFHP requirements.

6 [E]D. In any development with a mix of rental and ownership units or manufactured home
7 lots, the number of SFHP rental units or rental manufactured home lots shall be in the same
8 proportion as the number of non-SFHP rental units or rental manufactured home lots and likewise
9 with ownership units or ownership manufactured home lots.

10 [F]E. In any development with a mix of detached and attached ownership units, the
11 mix of SFHP units shall be in the same proportion as the mix of non-SFHP units.

12 [G]F. In the event that two (2) or fewer SFHP Homes or SFHP manufactured home lots are
13 required, the SFHP Homes or manufactured home lots shall be affordable to income range 3 or
14 [~~income range 2~~] lower.

15 [~~H The Governing Body by adoption of a resolution may approve the temporary~~
16 ~~modification to the requirements of this Section. This authority shall not be used for a specific SFHP~~
17 ~~development or for an individual economic situation, but shall apply to all SFHP development due to~~
18 ~~broad economic downturns.~~]

19 **Section 6. Subsection 26-1.16 SFCC 1987 (being Ord. #2005-30(A), §45, as**
20 **amended) is amended to read:**

21 **26-1.16. Determination of Affordable Home Price.**

22 A. To ensure the SFHP homes are affordable, the affordable home prices [~~below~~] are
23 calculated to ensure that the sum of principal and interest payments, taxes, property insurance and
24 mortgage insurance does not exceed thirty-three percent (33%) of the monthly income of the assumed
25 household size in each applicable income range. The affordable price shall be determined at the

1 midpoint in each income range as determined by the current pricing schedule based on HUD's area
 2 median income (AMI) figures for Santa Fe city.

3 ~~{B.}~~ Except as provided in this section below, at the time of enactment of this chapter, the
 4 affordable home price for each income range shall be:

Income Range	Affordable Home Price Studio	Affordable Home Price 1 Bedroom	Affordable Home Price 2 Bedroom	Affordable Home Price 3 Bedroom	Affordable Home Price 4 Bedroom
-					
Income Range 2	\$84,750	\$92,000	\$105,250	\$118,250	\$131,500
Income Range 3	\$112,500	\$119,500	\$136,750	\$153,750	\$170,750
Income Range 4	\$140,000	\$147,250	\$168,250	\$189,250	\$210,250

5
 6 ~~{C}B.~~ ~~[Except as provided in this section below, the]~~ The affordable manufactured home lot
 7 price shall be twenty-five percent (25%) of the affordable home price for a 3 bedroom home for each
 8 applicable income range, determined by the current SFHP pricing schedule in effect at the time of the
 9 SFHP development application. [as follows:]

Income Range	{Affordable Manufactured Home Lot Price}
-	-
Income Range 2	\$29,563
Income Range 3	\$38,438
Income Range 4	\$47,313

10
 11 ~~{D}C.~~ Beginning in 2006 and every year thereafter, the office of affordable housing shall
 12 review and adjust the affordable home price and affordable manufactured home lot for each
 13 applicable income range and home size based on the changes in area median income from the
 14 previous twelve (12) months, as determined by HUD. The price schedule will be adjusted within
 15 thirty (30) days of the release of the HUD data. However, every three (3) years thereafter at a
 16 minimum, the governing body shall review the methodology for calculating annual increases and
 17 make appropriate adjustments if necessary. The office of affordable housing shall report to the
 18 governing body within thirty (30) days of adjusting the affordable home price and affordable
 19 manufactured home lot price.

1 ~~[E.]D.~~ The affordable home price and affordable manufactured home lot price shall be
2 reduced pursuant to administrative procedures in order to limit the impact on SFHP home buyers of
3 fees assessed by condominium, common area, or homeowner associations. The affordable home price
4 or affordable manufactured home lot price shall be reduced so that the buyer's mortgage or
5 manufactured home loan principal amount and, accordingly, the buyer's monthly mortgage payments,
6 are reduced by an amount equal to the assessed fee in excess of ~~[seventy five dollars (\$75.00)]~~ an
7 allowable base fee, established pursuant to administrative procedures and updated annually according
8 to the HUD's AMI figures.

9 [F]E. Pursuant to administrative procedures, the affordable home price may be increased at
10 the request of the SFHP home buyer by the price of allowable option upgrades, not to exceed the
11 maximum option upgrade allowance.

12 [G]E. ~~[At the time of the enactment of this chapter, the maximum option upgrade allowance~~
13 ~~shall be no greater than five thousand dollars (\$5,000.)]~~ Beginning in 2006 and every year thereafter,
14 the office of affordable housing shall review and adjust the maximum option upgrade allowance
15 based on changes in the area median income for the previous twelve (12) months. Permissible items
16 to be included in the maximum option upgrade allowance shall be determined pursuant to
17 administrative procedures.

18 [H]G. Pursuant to administrative procedures, the affordable home price may be increased
19 by the amount of the approved energy efficiency adjustment.

20 **Section 7. Subsection 26-1.17 SFCC 1987 (being Ord. #2005-30(A), §46, as**
21 **amended) is amended to read:**

22 **26-1.17. Design, Unit Types, Siting, Warranty Requirements for SFHP homes.**

23 A. The SFHP homes shall be constructed according to the ~~[minimum requirements]~~
24 guidelines for bathrooms and areas of habitable residential space described ~~[below]~~ in the
25 administrative procedures and any deviation from the guideline is subject to city approval:

Unit Type	[Minimum Number of Bathrooms]	Minimum Area
Studio	1	750 square feet
1 Bedroom	1	850 square feet
2 Bedrooms	1	1,000 square feet
3 Bedrooms	2	1,150 square feet
4 Bedrooms	2	1,250 square feet]

Habitable space shall be defined and calculated in accordance with the city's building code, except that the minimum area of SFHP homes may be greater than minimum building code requirements.

B. The distribution of SFHP homes ~~[shall meet the following distribution:]~~ is presented in a guideline in the administrative procedures.

~~[(1) The distribution of SFHP unit sizes shall be as follows:~~

Unit Size	Required Percentage of SFHP Homes
Studio, 1 Bedroom and 2 Bedroom	25%
3 Bedroom	50%
4 Bedroom	25%]

(2) The SFHP developer may request approval from the office of affordable housing to provide a mix of unit sizes that varies from the ~~[above]~~ guideline presented in the administrative procedures. Factors that may be considered as a basis for approving a different unit size mix include, but are not limited to:

(a) A different mix would better match the mix of non-SFHP homes within the development.

(b) A different mix would better match the consumer demand for SFHP homes.

C. ~~[The minimum sizes specified in this subsection shall not apply to units converted~~

1 ~~from existing rental units to ownership units.]~~ In [such] developments^[5] where units are converted
2 from existing rental units to ownership units, the mix of size and type of SFHP Homes offered for
3 sale shall be in proportion to the mix of non-SFHP homes offered for sale.

4 D. SFHP homes at different price levels and of different home sizes shall be dispersed
5 [evenly] among the non-SFHP homes and be evidenced by designation of home lots at time of plat
6 recording for each phase of development on the basis that the proposed dispersal takes full advantage
7 of affordable housing opportunities that would not otherwise be maximized.

8 E. The SFHP homes shall be similar in architectural and landscaping appearance to the
9 non-SFHP homes.

10 F. The seller of an SFHP home shall provide a warranty of at least one year covering
11 defects in materials and workmanship in addition to any manufacturers' warranties or warranties
12 provided by a contractor or subcontractor, such as warranties on roofing and appliances. The
13 minimum one year warranty on defects in materials and workmanship shall not preclude the seller or
14 any person from providing a warranty of longer period. No developer, seller, general contractor,
15 subcontractor or other person shall be permitted to request that an SFHP homebuyer sign a waiver of
16 the required warranty. Any such waiver shall be considered null and void.

17 **Section 8. Subsection 26-1.18 SFCC 1987 (being Ord. #2005-30(A), §47, as**
18 **amended) is amended to read:**

19 **26-1.18. Affordability Controls on SFHP Homes; Rental Prohibition.**

20 A. An SFHP developer selling a SFHP home or manufactured home lot shall cause to be
21 recorded, in the county clerk's office, simultaneous with the recording of the deed of sale, a form of
22 deed restriction, restrictive covenant or other legal instrument that fulfills the requirements set forth in
23 the administrative procedures with regard to controls placed on the occupancy and subsequent resales
24 of SFHP homes and SFHP manufactured home lots. In order to maintain affordability, the SFHP
25 developer shall impose resale controls consisting of mortgage liens, which include [shared

1 ~~appreciation described below, and]~~ right of first refusal requirements as set forth in the administrative
2 procedures. The effect of the recordation of said document(s) shall be to create, in accordance with
3 state law, an obligation that runs with the property. The city shall approve the form of such
4 documents prior to recordation. Initial affordability shall be achieved by including in the SFHP
5 agreement terms of an escrow instruction requiring certification of SFHP compliance by the escrow
6 agent.

7 B. The amount of the above-described lien will be the difference between the SFHP
8 price and the initial market value of the SFHP home or SFHP manufactured home lot. In order to
9 provide additional equity to the SFHP buyer at the time of purchase, the initial market value shall be
10 determined as ninety-five percent (95%) of the appraised value of the SFHP home or SFHP
11 manufactured home lot.

12 C. ~~[An SFHP lien will provide for shared appreciation by requiring the buyer to repay~~
13 ~~the original amount of the lien plus a share of appreciation, if any, upon resale of the home or~~
14 ~~manufactured home lot or violation of the occupancy requirements as described herein and by the~~
15 ~~administrative procedures. The city's share of appreciation, if any, will be in proportion to the ratio of~~
16 ~~the SFHP lien to the initial market value at the time of the SFHP buyer's initial purchase. The~~
17 ~~administrative procedures shall provide for a deduction from gross appreciation to account for capital~~
18 ~~improvements and repairs made during time of ownership and for a proportion of closing costs~~
19 ~~incurred upon resale. For purpose of example, following are steps used to determine the city's share of~~
20 ~~appreciation:~~

21 (1) ~~Determine SFHP affordable home price (example: 3 bedroom home in~~
22 ~~income range 3): \$142,000~~

23 (2) ~~Determine appraised value of SFHP home: \$220,000~~

24 (3) ~~Determine initial market value of SFHP home: $\$220,000 \times 95\% = \$209,000$~~

25 (4) ~~Determine amount of lien: $\$209,000 - \$142,000 = \$67,000$~~

1 (5) ~~Determine city's share of appreciation (proportion of lien to initial market~~
2 ~~value): \$67,000/\$209,000 = 32%~~

3 The affordability lien, as described, is non-interest bearing, no payment due until sale or
4 transfer, and subordinate to the buyer's first position financing and other sources of subsidized
5 assistance. The lien will be forgiven by the City or its agent when the primary financing is paid off or
6 30 years, whichever comes first.

7 D. Upon resale of an SFHP home or manufactured home lot, the affordability lien may
8 be assumed by another SFHP buyer as approved by the city or its agent, or the seller must repay the
9 SFHP lien to the city or its agent. In the event that the home has lost value and the sales proceeds are
10 not enough to pay off the seller's primary financing and other assistance to which the affordability
11 lien is subordinate, the city will reduce the amount of the lien due to ensure that all other obligations
12 are met, however, in no event, shall the city release more than the total amount of the lien.

13 E. The proceeds of repayment of SFHP liens resulting from SFHP agreements or
14 annexations and held by the City shall be credited to a housing trust fund approved by the governing
15 body and managed by the office of affordable housing, which may include funds from other sources.
16 Uses of housing trust fund monies may include down payment assistance, as well as subsidies for
17 low-income rental, emergency and special needs housing. Funding from the trust fund must be
18 awarded through a competitive process.

19 F. An SFHP home buyer or SFHP manufactured home lot buyer shall not rent the SFHP
20 unit or manufactured home lot to a second party, except as approved in writing by the office of
21 affordable housing for instances in which the owner is under duress by reason of unemployment,
22 family medical emergencies, or inability to sell the home for an amount equal to or greater than the
23 original sale price, or other unique circumstances of family hardship. The city, at its sole discretion
24 will approve or disapprove the request to rent a SFHP home pursuant to administrative procedures.

25 **Section 9. Subsection 26-1.21 SFCC 1987 (being Ord. #2005-30(A), §50, as**

1 amended) is amended to read:

2 **26-1.21. Eligibility of SFHP Buyers.**

3 A. The household income of an SFHP homebuyer shall not exceed the defined income
4 ranges as set forth in subsection 26-1.5 except as set forth in paragraph E. below.

5 B. The household income of an SFHP manufactured home lot buyer shall not exceed the
6 defined income ranges as set forth in subsection 26-1.5 for a 3-person household, regardless of the
7 household size of the SFHP buyer except as set forth in paragraph E. below.

8 C. SFHP homebuyers and SFHP manufactured home lot buyers shall also meet
9 additional eligibility criteria established in the administrative procedures.

10 D. ~~[A SFHP home may not be sold to a household which is smaller than the following~~
11 ~~household]~~ Household sizes are provided as a guideline for SFHP homes in the administrative
12 procedures unless the office of affordable housing approves in writing a smaller minimum household
13 size[?].

[Unit Size	Minimum Household Size
Efficiency/studio	1 person household
1 Bedroom	1 person household
2 Bedrooms	1 person household
3 Bedrooms	2 person household
4 Bedrooms	3 person household]

14
15 E. An eligible buyer meeting the criteria of armed services veteran, emergency worker,
16 first responder, teacher or related educational employees in Santa Fe County whose household
17 income exceeds one hundred percent (100%) of area median income (AMI) but does not exceed one
18 hundred twenty percent (120%) of AMI shall be eligible to purchase an SFHP unit in income range 4.

19 (1) The status of the buyer as a veteran, emergency worker or first responder
20 ~~[shall be noted on the certificate of eligibility and]~~ shall be verified by the office of affordable
21 housing.

22 (2) The office of affordable housing shall maintain a list of occupations that

1 meet the requirement of emergency worker, first responder or essential worker, and the
2 verification of veteran status pursuant to administrative procedures. [~~which shall include:~~

3 (a) ~~Police officers;~~

4 (b) ~~Nurses;~~

5 (c) ~~Emergency medical technicians;~~

6 (d) ~~Firefighters;~~

7 (e) ~~Other health and safety workers whose services are crucial to~~
8 ~~community safety in an emergency situation; and~~

9 (f) ~~Teachers and related educational employees.]~~

10 (3) All other eligibility requirements shall apply.

11 **Section 10. Subsection 26-1.22 SFCC 1987 (being Ord. #2005-30(A), §51) is**
12 **amended to read:**

13 **26-1.22. Requirements for SFHP Rental Units**

14 A. The marketing, leasing and occupancy of an SFHP rental unit and SFHP
15 manufactured home lot that is rented shall conform to the criteria set forth in the administrative
16 procedures. Rental rates shall be in accordance with the rates set forth in subsection 26-1.24. SFHP
17 rental units shall be built to comply with the minimum size, unit type(s) and other structural
18 requirements set forth in subsection 26-1.25. The location of the SFHP rental units shall be approved
19 by the office of affordable housing. [~~The units or manufactured home lots shall be dispersed~~
20 ~~throughout the development; however, if multiple SFHP units or manufactured home lots are~~
21 ~~required, the units or manufactured home lots may be grouped provided that the groups are dispersed~~
22 ~~throughout the development.] The units or manufactured home lots shall have compatible exterior
23 architectural and landscaping appearance with other units in the development.~~

24 **Section 11. Subsection 26-1.24 SFCC 1987 (being Ord. #2005-30(A), §53, as**
25 **amended) is amended to read:**

1 **26-1.24. Determination of Affordable Rent.**

2 A. To ensure that rental rates do not exceed thirty percent (30%) of the monthly income
 3 for both rent and utilities for households in each applicable income range, the affordable rent for
 4 SFHP rental dwelling units [~~shall equal the rental rate;~~] is determined annually, based on HUD
 5 income limits, pursuant to the administrative procedutes [~~as set forth below. These rents include~~
 6 ~~utilities and shall be adjusted if utilities are provided separately].~~

7 B. Affordable rental rates shall be determined for each income range [~~as follows:~~]
 8 pursuant to the SFHP rental rate schedule in the administrative procedures. The required rental rates
 9 include utilities and shall be adjusted if utilities are provided separately.

Income Range	[Affordable Rent Efficiency/Studio or 1 Bedroom	Affordable Rent 2 Bedrooms	Affordable Rent 3 Bedrooms	Affordable Rent 4 Bedrooms
Income Range 1	\$346	\$396	\$445	\$495
Income Range 2	\$577	\$660	\$742	\$825
Income Range 3	\$750	\$858	\$965	\$1,073

10
 11 C. The affordable rent for manufactured home lots shall not exceed thirty percent (30%)
 12 of the affordable rent for a 3 bedroom dwelling unit for each applicable income range[~~, as follows:];~~
 13 pursuant to SFHP rental rate schedule.

Income Range	[Affordable Manufactured Home Lot Rent
Income Range 1	\$134
Income Range 2	\$223
Income Range 3	\$290

14
 15 D. Beginning in 2006 and every year thereafter, affordable rent and affordable
 16 manufactured home lot rent for each applicable income range shall be adjusted by the percentage
 17 change in area median income from the previous twelve (12) months, as per HUD's annual
 18 determination of income limits, and the office of affordable housing shall issue an updated schedule
 19 of affordable rents and affordable manufactured home lot rent for each applicable income range. The

1 office of affordable housing shall report to the governing body within thirty (30) days of adjusting
2 affordable rents and affordable manufactured home lot rent.

3 **Section 12. Subsection 26-1.28 SFCC 1987 (being Ord. #2005-30(A), §57, as**
4 **amended) is amended to read:**

5 **26-1.28. Allowed and Disallowed Uses of Subsidies.**

6 Prospective tenants who may be income eligible and have rent subsidy, such as a Section 8
7 Voucher, are eligible to rent a SFHP unit; however, under no circumstances shall rents in excess of
8 ~~[those allowed under the SFHP]~~ Fair Market Rent (FMR) as established annually by HUD, be
9 charged. Developers of SFHP rental units may use any type of capital development subsidy to
10 achieve the required rents.

11 **Section 13. Subsection 26-1.29 SFCC 1987 (being Ord. #2005-30(A), §58) is**
12 **amended to read:**

13 **26-1.29. Term of Compliance.**

14 Rental housing developments and manufactured home lot developments subject to SFHP (or
15 portions thereof completed and occupied at different times) shall maintain required occupancy and
16 rental rates in SFHP units for a period of ~~[(twenty 20)]~~ ten (10) years after the date of issuance of a
17 certificate of occupancy for the entire development or portions thereof. This requirement shall be
18 made applicable to successors in title, if any, by means of a deed restriction. (Ord. #2005-30(A), §58)

19 **Section 14. Subsection 26-1.30 SFCC 1987 (being Ord. #2005-30(A), §44, as amended)**
20 **is amended to read:**

21 **26-1.30. Monitoring by the City of SFHP Leases and Enforcement of**
22 **Agreements.**

23 SFHP agreements involving SFHP rental units shall provide for annual monitoring and
24 certification of leased SFHP rental units by the city or its agents, as set forth in the administrative
25 procedures. The city shall have the right to inspect and photocopy all accounting and occupancy

1 records with regard to any SFHP rental unit. It shall further have the right to contact and interview
2 any SFHP tenant with regard to compliance issues. Owners of SFHP rental units shall keep adequate
3 records of all payments of rent and data concerning tenants, in accordance with standard practices of
4 the rental housing industry. If disputes arise over what constitutes adequate record keeping, the city or
5 its agents under its SFHP agreement shall have the right to require owners to adopt financial and
6 information management practices that are recommended by a certified public accountant and/or
7 property management manuals published by the institute of real estate management. The city, or its
8 agents shall have access to all relevant financial and tenant information records during normal
9 business hours, upon providing verbal or written notice at least two (2) business days prior to a
10 proposed monitoring visit. Upon completion of this annual monitoring activity, the city, or its agents
11 shall certify that the property owner is in compliance with the SFHP agreement, or shall issue
12 findings of noncompliance. Upon findings of noncompliance with the SFHP agreement, the city, or
13 its agents shall issue orders for bringing the SFHP development into compliance. Such orders shall
14 give the property owner twelve (12) months to reach compliance, but may also require actions to
15 compensate for noncompliance. If a property owner willfully and continually refuses to comply with
16 SFHP agreements or related orders from the city, the city or its agents may invoke sanctions set forth
17 in subsection 26-1.19.

18 **Section 15. Subsection 26-1.31 SFCC 1987 (being Ord. #2005-30(A), §60) is**
19 **amended to read:**

20 **26-1.31. Simplified Compliance and Low-Income Housing Tax Credit Projects.**

21 Notwithstanding any other terms of SFHP or a SFHP agreement, if rental units in a SFHP
22 development have been awarded tax credits under the federal low-income housing tax credit program,
23 or have received substantial subsidy under another local, state or federal funding program that enables
24 the project to serve renters or meets other emerging needs as identified in the city's annual action plan
25 and approved by HUD, such units shall be deemed to comply with all tenant certification and rental

1 requirements of the SFHP program, so long as the project is in good standing with regard to the
2 monitoring standards of that program. For such projects in good standing, the only monitoring
3 required by the city shall be delivery to the office of affordable housing, within ten (10) days of
4 receipt, all copies of the monitoring agency's reports and correspondence with regard to compliance
5 monitoring.

6 **Section 16. Review.** This Ordinance shall be reviewed by the governing body one year
7 from the date of adoption and thereafter on an annual basis with particular attention given to
8 quantifying the economic benefits of this policy change.

9 APPROVED AS TO FORM:

10 

11
12 KELLEY A. BRENNAN, INTERIM CITY ATTORNEY

City of Santa Fe Fiscal Impact Report (FIR)

This Fiscal Impact Report (FIR) shall be completed for each proposed bill or resolution as to its direct impact upon the City's operating budget and is intended for use by any of the standing committees of and the Governing Body of the City of Santa Fe. Bills or resolutions with no fiscal impact still require a completed FIR. Bills or resolutions with a fiscal impact must be reviewed by the Finance Committee. Bills or resolutions without a fiscal impact generally do not require review by the Finance Committee unless the subject of the bill or resolution is financial in nature.

Section A. General Information

(Check) Bill: X Resolution: _____
(A single FIR may be used for related bills and/or resolutions)

Short Title(s): AN ORDINANCE RELATING TO THE SANTA FE HOMES PROGRAM ("SFHP"); AMENDING SECTION 14-8.11 SFCC 1987 TO MAKE PERMANENT THE CURRENT PERCENTAGE REQUIREMENTS OF THE SFHP; AMENDING SECTION 26-1 SFCC 1987 TO UPDATE THE LEGISLATIVE FINDINGS, TO ESTABLISH THE SCHEDULE FOR PAYMENTS IN LIEU OF CONSTRUCTING UNITS FOR SFHP DEVELOPMENTS WITH TWO THROUGH TEN TOTAL UNITS, TO MAKE PERMANENT THE CURRENT PERCENTAGE REQUIREMENTS OF THE SFHP AND TO MAKE VARIOUS OTHER CHANGES TO THE SFHP ORDINANCE.

Sponsor(s): Councilor Wurzbarger
Reviewing Department(s): Housing and Community Development
Person Completing FIR: Alexandra Ladd Date: 1/13/14 Phone: 955-6346

Reviewed by City Attorney: *Valley A. Beerman* Date: 1/14/14
(Signature)

Reviewed by Finance Director: *[Signature]* Date: 1/15/14
(Signature)

Section B. Summary

Briefly explain the purpose and major provisions of the bill/resolution.
The bill proposes to amend the SFHP ordinance so that the current affordability requirement of 20% for homeownership projects is made permanent. Other changes include: revising the percentage allotted to the designated income tiers, removing the shared equity requirement from the affordable housing lien agreements, making unit/household size and type agreements "guidelines" that are housed in the administrative procedures and removing the pricing/rental schedules from the ordinance to be made an attachment to the administrative procedures that is updated annually.

Section C. Fiscal Impact

Note: Financial information on this FIR does not directly translate into a City of Santa Fe budget increase. For a budget increase, the following are required:

- a. The item must be on the agenda at the Finance Committee and City Council as a "Request for Approval of a City of Santa Fe Budget Increase" with a definitive funding source (could be same item and same time as bill/resolution)
- b. Detailed budget information must be attached as to fund, business units, and line item, amounts, and explanations (similar to annual requests for budget)
- c. Detailed personnel forms must be attached as to range, salary, and benefit allocation and signed by Human Resource Department for each new position(s) requested (prorated for period to be employed by fiscal year)*

I. Projected Expenditures:

- a. Indicate Fiscal Year(s) affected -- usually current fiscal year and following fiscal year (i.e., FY 03/04 and FY 04/05)
- b. Indicate: "A" if current budget and level of staffing will absorb the costs
"N" if new, additional, or increased budget or staffing will be required
- c. Indicate: "R" -- if recurring annual costs
"NR" if one-time, non-recurring costs, such as start-up, contract or equipment costs
- d. Attach additional projection schedules if two years does not adequately project revenue and cost patterns
- e. Costs may be netted or shown as an offset if some cost savings are projected (explain in Section 3 Narrative)

3. Expenditure/Revenue Narrative:

Explain revenue source(s). Include revenue calculations, grant(s) available, anticipated date of receipt of revenues/grants, etc. Explain expenditures, grant match(s), justify personnel increase(s), detail capital and operating uses, etc. (Attach supplemental page, if necessary.)

There is no fiscal impact or revenue generated from the proposed bill.

Section D. **General Narrative**

1. Conflicts: Does this proposed bill/resolution duplicate/conflict with/companion to/relate to any City code, approved ordinance or resolution, other adopted policies or proposed legislation? Include details of city adopted laws/ordinance/resolutions and dates. Summarize the relationships, conflicts or overlaps.

This bill does not conflict with any City Code, approved ordinances or adopted policies. It includes sections of Chapter 26, the Santa Fe Homes Program (SFHP) and Chapter 14 that address the City's affordability requirement.

2. Consequences of Not Enacting This Bill/Resolution:

Are there consequences of not enacting this bill/resolution? If so, describe.

If the bill is not enacted, the current requirement of the SFHP for developers to provide 20% of their homeownership units at regulated prices to income qualified buyers will sunset on June 8, 2014 and revert to the original requirement of 30%. Another important outcome of this amendment is to remove the pricing/rental schedules, household/unit/size/type requirements from the code so that they are referenced in the administrative procedures and can more easily be kept current without having to do a code amendment.

3. Technical Issues:

Are there incorrect citations of law, drafting errors or other problems? Are there any amendments that should be considered? Are there any other alternatives which should be considered? If so, describe.

This bill is proposed concurrently with a bill proposed by Councilor Calvert that makes additional amendments to Chapter 26, allowing veterans to be considered "essential" for the purposes of income qualification. At some point, the two bills will need to become part of the same ordinance.

4. Community Impact:

Briefly describe the major positive or negative effects the Bill/Resolution might have on the community including, but not limited to, businesses, neighborhoods, families, children and youth, social service providers and other institutions such as schools, churches, etc.

The bill has the potential to better align the City's regulation to current market and development realities. Santa Fe's overall economic health benefits from the vitality of the construction industry, not only through the production of affordable units, but also by the creation of jobs and generation of business for related professional services. Easing the requirement for SFHP may support the continued recovery of our local housing market.

Form adopted: 01/12/05; revised 8/24/05; 4/17/08