

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Bill No. 2016-4

Santa Fe Homes Program Update

SPONSOR(S): Mayor Gonzales

SUMMARY: The proposed bill including a definition for alternate means of compliance, and amending the definition of extreme hardship; amending the requirements for Santa Fe Homes Program rental units; amending the process by which a developer of rental housing is allowed to pay a fee-in-lieu instead of seeking an alternate means of compliance with the requirements of the Santa Fe Homes Program; and establishing an effective date for the amendments.

PREPARED BY: Rebecca Seligman, Legislative Liaison Assistant

FISCAL IMPACT: No

DATE: January 14, 2015

ATTACHMENTS: Amendment (Staff)
Bill
FIR

**CITY OF SANTA FE, NEW MEXICO
PROPOSED AMENDMENT(S) TO BILL NO. 2016-4
Santa Fe Homes Program Update**

Mayor and Members of the City Council:

We propose the following amendment(s) to Bill No. 2016-4:

1. On page 7, line 22 after “need” *insert* “as determined by the Governing Body”

Respectfully submitted,

City Staff

ADOPTED: _____

NOT ADOPTED: _____

DATE: _____

Yolanda Y. Vigil, City Clerk

CITY OF SANTA FE, NEW MEXICO
PROPOSED AMENDMENT(S) TO BILL NO. 2016-4
Santa Fe Homes Program Update

Mayor and Members of the City Council:

We propose the following amendment(s) to Resolution No. 2016-4:

1. On page 6, line 1 after “December 31, *delete* “2017” and *insert in lieu thereof* “2019”
2. On page 6, line 10 after “B”, *insert* “One year prior to the sunset clause date, this amendment will be evaluated to determine its effectiveness in reaching the City’s goal of creating at least 2,000 multi-family rental units.”
3. On page 6, line 10 after “January 1, *delete* “2018” and *insert in lieu thereof* “2020”

Editor’s note: re-letter paragraphs accordingly

Respectfully submitted,

Community Development Commission

ADOPTED: _____

NOT ADOPTED: _____

DATE: _____

Yolanda Y. Vigil, City Clerk

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CITY OF SANTA FE, NEW MEXICO

BILL NO. 2016-__

INTRODUCED BY:

Mayor Javier M. Gonzales

AN ORDINANCE

INCLUDING A DEFINITION FOR ALTERNATE MEANS OF COMPLIANCE, AND AMENDING THE DEFINITION OF EXTREME HARDSHIP; AMENDING THE REQUIREMENTS FOR SANTA FE HOMES PROGRAM RENTAL UNITS; AMENDING THE PROCESS BY WHICH A DEVELOPER OF RENTAL HOUSING IS ALLOWED TO PAY A FEE-IN-LIEU INSTEAD OF SEEKING AN ALTERNATE MEANS OF COMPLIANCE WITH THE REQUIREMENTS OF THE SANTA FE HOMES PROGRAM; AND ESTABLISHING AN EFFECTIVE DATE FOR THE AMENDMENTS.

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

Section 1. Subsection 26-1.5 SFCC 1987 (being Ord. #2005-30 (as amended)) is amended to read:

26-1.5 Definitions.

Administrative procedures means the procedures adopted by the governing body which set forth how the Santa Fe Homes Program shall be administered.

Affordable home price means the highest price at which an SFHP home may be sold

1 pursuant to subsection 26-1.16 of this chapter. For purposes of this chapter, the price of an SFHP
2 home cannot exceed the maximum established price, including the base price and any fees
3 charged of the buyer by the seller or a related entity, minus any of the buyer's closing costs or
4 financing costs paid by the seller, as indicated by the settlement statement for the sale. The cost of
5 allowable option upgrades may be in addition to the affordable home prices, as permitted by
6 subsection 26-1.16F.

7 *Affordable manufactured home lot price* means the highest price at which an SFHP
8 manufactured home lot may be sold pursuant to subsection 26-1.16 of this chapter.

9 *Affordable rent* means the highest monthly rent that may be charged for an SFHP rental
10 unit pursuant to subsection 26-1.24 of this chapter.

11 *Allowable option upgrades* means additions and/or modifications to the standard features
12 of an SFHP home chosen solely at the option of the SFHP buyer to upgrade the standard features
13 of the SFHP home.

14 *Alternate Means of Compliance* means that SFHP Developer has proposed complying
15 with the SFHP requirements through off-site construction, cash payment in lieu of constructing or
16 creating the required SFHP units or manufactured home lots or dedication of land suitable for
17 construction or creation of inclusionary units of equivalent or greater value than would be
18 required for onsite construction, rather than constructing the required units pursuant to subsection
19 26-1.33.

20 *Applicant* means a property owner or agent of a property owner who submits a
21 development request to the city which is subject to any SFHP requirements, or any successor in
22 title that is subject to SFHP requirements.

23 *Area median income (AMI)* means the median income for the Santa Fe metropolitan
24 statistical area as adjusted for various household sizes and published and revised periodically by
25 the United States Department of Housing and Urban Development. However, that in the event of

1 a discrepancy between the AMI established by HUD and HUD's Program Income limits, the
2 higher of the two shall be used to establish AMI for the purpose of SFHP.

3 *Certified* means a buyer of a Santa Fe Homes Program Unit or renter of such unit whose
4 income has been verified by the city or its agent as meeting the income limits which establish
5 eligibility to buy or rent under the program. Buyers shall also receive a certificate verifying they
6 have completed homebuyer training courses as part of the certification process.

7 *City* means the city of Santa Fe or its agent.

8 *Dwelling unit* means one (1) room, or rooms connected together, constituting a separate,
9 independent housekeeping establishment for owner occupancy, or rental or lease, and physically
10 separated from any other rooms or dwelling units which may be in the same structure, and
11 containing independent cooking, sleeping and bathroom facilities.

12 *Energy efficiency adjustment* means the amount that may be added to the affordable
13 home price of a for-sale SFHP Unit that meets energy efficiency standards pursuant to subsection
14 26-1.16 H. SFCC 1987.

15 *Extreme hardship* means a condition occurring as a direct consequence of the SFHP
16 Ordinance which [~~(a) deprives a property owner of all economically viable use of the subject~~
17 ~~property taken as a whole; or (b)] would require the property owner to lose money on the
18 development taken as a whole and/or affects the financing viability of the project and the property
19 owner can demonstrate to the governing body's satisfaction that said loss would be an
20 unavoidable consequence of the SFHP requirement for construction of SFHP units [~~; or (c) the~~
21 ~~property owner can demonstrate to the council's satisfaction that complying with the~~
22 ~~requirements of this chapter would constitute taking property in violation of the Constitution of~~
23 ~~the United States or New Mexico].~~~~

24 *Income qualified* means a buyer or renter whose household income does not exceed the
25 amount which establish eligibility to buy or rent a Santa Fe Homes program unit, within income

1 ranges established for the program or under specific development agreements.

2 *Income range* means the range of annual incomes used in the determination of eligibility
3 of an SFHP home buyer or an SFHP tenant. The income ranges are:

4 Income range 1: fifty percent (50%) or less of area median income

5 Income range 2: more than fifty percent (50%) but not more than sixty-five percent
6 (65%) of area median income

7 Income range 3: more than sixty-five percent (65%) but not more than eighty percent
8 (80%) of area median income

9 Income range 4: more than eighty percent (80%) but not more than one hundred percent
10 (100%) of area median income

11 *Land use department* means the land use department of the city, its agent or successor.

12 *Manufactured home lot* means a lot which is marketed and either sold or rented for the
13 purposes of the placement of a manufactured home.

14 *Maximum option upgrade allowance* means the maximum amount paid by the SFHP
15 buyer for allowable option upgrades pursuant to subsection 26-1.16.

16 *Median income* means the area median income as defined.

17 *Office of affordable housing* means the department created by subsection 26-1.6 to
18 administer the Santa Fe Homes Program and other affordable housing programs.

19 *SFHP* means Santa Fe Homes Program.

20 *SFHP agreement* means an agreement between a property owner of record and the city
21 whereby the city confers benefits in the form of development incentives to the property owner in
22 exchange for compliance with SFHP with regard to providing required SFHP units or alternate
23 means of compliance.

24 *SFHP developer* means an owner of a property subject to any SFHP requirements, who is
25 carrying out any phase of developing the subject tract, or as defined in this section, certain

1 successors in title.

2 *SFHP development* means a tract of land or any improvements thereon which are subject
3 to an SFHP agreement.

4 *SFHP home* means a dwelling unit marketed and sold to satisfy SFHP requirements.

5 *SFHP home buyer* means a purchaser of an SFHP home or the entire household
6 occupying an SFHP home or the purchaser or entire household occupying an SFHP manufactured
7 home lot.

8 *SFHP manufactured home lot* means a lot which is marketed and either sold or rented for
9 the purposes of the placement of a manufactured home and to satisfy SFHP requirements.

10 *SFHP property owner* means the owner of any property which is subject to SFHP
11 requirements, or as defined in this section, certain successors in title.

12 *SFHP proposal* means a proposal by a property owner of record made to the city
13 detailing the property owner's plan for complying with SFHP.

14 *SFHP rental unit* means a rental unit marketed and leased specifically to satisfy SFHP
15 requirements.

16 *SFHP tenant* means a person who is a lessee of an SFHP rental unit, or a manufactured
17 home rental lot, or the entire household occupying an SFHP rental unit or SFHP manufactured
18 home lot.

19 *SFHP unit* means a dwelling unit required to be provided on site by an SFHP developer
20 or an SFHP property owner to satisfy the SFHP requirements.

21 *Unit* means a dwelling unit.

22 **Section 2. Subsection 26-1.22 SFCC 1987 (being Ord. #2005-30 (as amended))**
23 **is amended to read:**

24 **26-1.22 Requirements for SFHP Rental Units.**

25 A. If a SFHP developer obtains a residential building permit for multifamily

1 residential development between January 1, 2016 and December 31, 2017, then a fee associated
2 with such development shall be assessed in accordance with SFHP administrative procedures. A
3 modification to a SFHP agreement or HOP agreement to construct rental units and create
4 manufactured home lots for rent that was entered into prior to January 1, 2017 shall be made to
5 reflect the modified requirement; and if applicable, an annexation agreement, subdivision plat or
6 development plan shall be administratively amended to reflect the modified requirement and the
7 amended document shall be recorded or filed, as applicable by the owner or development.
8 Incentives for SFHP Developers as set forth in subsection 14-8.11 SFCC 1987 (Ord. #2005-
9 30(A), §63) will not be available for these projects.

10 B. Effective January 1, 2018, and thereafter, fifteen percent (15%) of the total
11 number of dwelling units offered for rent in a SFHP development shall be delivered as described
12 in this section.

13 C. The marketing, leasing and occupancy of an SFHP rental unit and SFHP
14 manufactured home lot that is rented shall conform to the criteria set forth in the administrative
15 procedures. Rental rates shall be in accordance with the rates set forth in subsection 26-1.24.
16 SFHP rental units shall be built to comply with the minimum size, unit type(s) and other
17 structural requirements set forth in subsection 26-1.25. The location of the SFHP rental units shall
18 be approved by the office of affordable housing. The units or manufactured home lots shall have
19 compatible exterior architectural and landscaping appearance with other units in the development.

20 **Section 3. Subsection 26-1.33 SFCC 1987 (being Ord. #2005-30 (as amended))**
21 **is amended to read:**

22 **26-1.33 Alternate Means of Compliance.**

23 A. One of the goals and purposes of the SFHP is to foster economic integration by
24 requiring that developers provide required SFHP units and manufactured home lots on the
25 property proposed for development. However, it is recognized that at times this approach may not

1 feasible for a variety of reasons. In this event, the applicant may seek permission from the
2 governing body to comply with the SFHP through any one or combination of the following
3 alternative means acceptable to the city in its sole discretion: off-site construction, cash payment
4 in lieu of constructing or creating the required SFHP units or manufactured home lots or
5 dedication of land suitable for construction or creation of inclusionary units of equivalent or
6 greater value than would be required for onsite construction.

7 B. The city may approve an alternate means of compliance for the following,
8 provided that any approval must be based on a finding that the purposes of this chapter would be
9 better served by implementation of the proposed alternative(s). In determining whether the
10 purposes of this chapter would be better served under the proposed alternative, ~~the city~~ staff
11 from the Land Use Department and the Office of Affordable Housing shall consider the factors
12 listed in subsection 26-1.33C below. Consideration of these factors will provide basis for staff's
13 recommendation regarding the approval or denial of alternate compliance to the Governing Body.

14 (1) SFHP for-sale projects [of eleven (11) units or more, provided that the
15 project meets the definition of extreme hardship];

16 (2) SFHP [projects of ten (10) units or fewer] rental projects; and

17 (3) SFHP projects that meet the definition of a vacation time share project as
18 set forth in Section 14-12 SFCC 1987.

19 C. In determining whether the purposes of this chapter would be better served under
20 the proposed alternative, the city shall consider the following:

21 (1) The extent to which the proposed alternate results in a benefit that
22 responds directly to a community-wide documented need;

23 ([1]2) Whether implementation of an alternative would overly concentrate
24 SFHP units within any specific area and if so must reject the alternative unless the
25 undesirable concentration of the SFHP units is offset by other identified benefits that

1 flow from implementation of the alternative in issue; and

2 ([2]3) The extent to which other factors affect the feasibility of prompt
3 construction of the SFHP units on the property, such as costs and delays, the need for
4 appraisal, site design, zoning, infrastructure, clear title, grading and environmental
5 review; and

6 ([3]4) The potential of leveraging funds for other needed affordable housing
7 programs described in the city's housing plans.

8 D. The value of the fee in lieu contribution shall be established pursuant to
9 administrative procedures.

10 E. The governing body, at its sole discretion, may grant a waiver of the SFHP
11 requirements. Any approval of a waiver for any sized project shall be based on the finding that
12 the condition of extreme hardship, as defined, cannot be sufficiently alleviated by the alternate
13 means of compliance described in paragraph B.

14 **Section 4. Subsection 26-1.36 SFCC 1987 (being Ord. #2005-30 (as amended))**
15 **is amended to read:**

16 **26-1.36 Effective Date.**

17 The effective date of this chapter shall be February 20, 2016 (ten (10) days after passage
18 of this chapter).

19 APPROVED AS TO FORM:

20 
21 _____

22 KELLEY A. BRENNAN, CITY ATTORNEY

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24

25 *M/Legislation/Bills 2016/Santa Fe Homes Program Update*

**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: _____

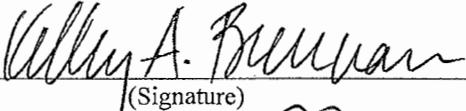
(A single FIR may be used for related bills and/or resolutions)

Short Title(s): AN ORDINANCE INCLUDING A DEFINITION FOR ALTERNATE MEANS OF COMPLIANCE, AND AMENDING THE DEFINITION OF EXTREME HARDSHIP; AMENDING THE REQUIREMENTS FOR SANTA FE HOMES PROGRAM RENTAL UNITS; AMENDING THE PROCESS BY WHICH A DEVELOPER OF RENTAL HOUSING IS ALLOWED TO PAY A FEE-IN-LIEU INSTEAD OF SEEKING AN ALTERNATE MEANS OF COMPLIANCE WITH THE REQUIREMENTS OF THE SANTA FE HOMES PROGRAM; AND ESTABLISHING AN EFFECTIVE DATE FOR THE AMENDMENTS.

Sponsor(s): Mayor Javier M. Gonzales

Reviewing Department(s): Housing and Community Development

Persons Completing FIR: Alexandra Ladd Date: 12/15/15 Phone: 955-6346

Reviewed by City Attorney:  Date: 12/23/15
(Signature)

Reviewed by Finance Director:  Date: 12-23-2015
(Signature)

Section B. Summary

Briefly explain the purpose and major provisions of the bill/resolution:
 The bill removes the requirement of requesting City Council approval of a proposed alternate means of compliance for multi-family rental development. The developer can opt to pay a fee-in-lieu of providing units on site. The fee is determined via the Administrative Procedures for the Santa Fe Homes Program.

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

Finance Director: _____

- 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 _____	"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.)

The proposed bill will allow fees to be collected for deposit into the Affordable Housing Trust Fund; however, given the unpredictable pattern of real estate development, there is no way to analyze how much will be generated.

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.

None identified.

2. Consequences of Not Enacting This Bill/Resolution:

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

Santa Fe's supply of rental housing is very constricted at present time, due in some part to the inclusionary requirements related to the SFHP Ordinance. Without responding to market conditions and incentivizing multi-family rental development, rents will continue to rise affecting affordability across all income ranges, but with particular consequence for very low income renters.

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.

None identified.

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 generate income for the Affordable Housing Trust Fund which in turn would be used to support programs and projects to assist very low income renters. The bill also has the potential to make market-rate multi-family development more financially feasible. Adding inventory to the rental market will alleviate to a small degree the upward trend in rents that has been fueled by record high occupancy rates and a shortage of available units.

**ACTION SHEET
ITEM FROM THE
PUBLIC WORKS/CIP AND LAND USE COMMITTEE MEETING
OF
MONDAY, JANUARY 11, 2016**

ITEM 9

REQUEST FOR APPROVAL OF AN ORDINANCE INCLUDING A DEFINITION FOR ALTERNATE MEANS OF COMPLIANCE AND AMENDING THE DEFINITION OF EXTREME HARDSHIP; AMENDING THE REQUIREMENTS FOR SANTA FE HOMES PROGRAM RENTAL UNITS; AMENDING THE PROCESS BY WHICH A DEVELOPER OF RENTAL HOUSING IS ALLOWED TO PAY A FEE-IN-LIEU INSTEAD OF SEEKING AN ALTERNATE MEANS OF COMPLIANCE WITH THE REQUIREMENTS OF THE SANTA FE HOMES PROGRAM; AND ESTABLISHING AN EFFECTIVE DATE FOR THE AMENDMENTS **(MAYOR GONZALES)** **(ALEXANDRA LADD)**

PUBLIC WORKS COMMITTEE ACTION: Approved with amendments

FUNDING SOURCE:

SPECIAL CONDITIONS / AMENDMENTS / STAFF FOLLOW UP:

VOTE	FOR	AGAINST	ABSTAIN
CHAIRPERSON TRUJILLO			
COUNCILOR BUSHEE	X		
COUNCILOR DIMAS	X		
COUNCILOR DOMINGUEZ	X		
COUNCILOR IVES	<i>Excused</i>		

Chair Trujillo remember that but DOT has done studies on realignment. There were attacks on it. It is better to be safe than sorry. He saw a lot of traffic on that corridor.

Mr. Pacheco said they have selected a contractor and will come to Council for construction and construction management. It is the same professional group that designed it.

The motion passed by unanimous (3-0) voice vote. Councilor Dimas was not present for the vote.

9. REQUEST FOR APPROVAL OF AN ORDINANCE INCLUDING A DEFINITION FOR ALTERNATE MEANS OF COMPLIANCE AND AMENDING THE DEFINITION OF EXTREME HARDSHIP; AMENDING THE REQUIREMENTS FOR SANTA FE HOMES PROGRAM RENTAL UNITS; AMENDING THE PROCESS BY WHICH A DEVELOPER OF RENTAL HOUSING IS ALLOWED TO PAY A FEE-IN-LIEU INSTEAD OF SEEKING AN ALTERNATE MEANS OF COMPLIANCE WITH THE REQUIREMENTS OF THE SANTA FE HOMES PROGRAM; AND ESTABLISHING AN EFFECTIVE DATE FOR THE AMENDMENTS (MAYOR GONZALES) (ALEXANDRA LADD)

Committee Review:

City Business Quality of Life Committee (Scheduled)	01/13/16
Council (Request to publish)	01/13/16
Finance Committee (Scheduled)	01/19/16
Community Development Commission (Scheduled)	01/26/16
Council (Public hearing)	02/10/16

Councilor Dominguez asked for clarification if this applies to manufactured home lots as well.

Ms. Ladd said a manufactured home lot is residential use whereas multi-family rental housing is a commercial use. It depends on the kind of permit they pull.

Councilor Dominguez said it recognizes manufactured home lots and said "or manufactured home lots."

Ms. Ladd explained that language is a carryover from the original ordinance. It is confusing now because a subdivision that is a manufactured home lots, the property is owned by the manager of the land and the units are owned by the residents who then pay rent for the lot and sometimes for both. It is a strange hybrid. That is a good clarification to make.

Councilor Dominguez asked about the definition of extreme hardship. He saw in the proposed change that Sections A and C and kept B with additional language. This seems more restrictive but the intent is less restrictive.

Ms. Ladd said the opinion of legal staff is that A and C are really the same thing and B is more explicit and easier to understand. And there is also redundancy between A and B.

Councilor Dimas returned to the meeting.

Councilor Dominguez agreed but C eliminates the Council's opportunity to recognize a hardship.

Ms. Ladd clarified that B says "demonstrates to Council's satisfaction." The thing about C is that it constitutes a taking according of the Constitution of the State. That applies to any land use decision.

Councilor Dominguez asked if it isn't better to make that explicit. It isn't explicit as written. Maybe it allows what is wanted. But there are less options for an applicant with that change.

He had a technical question on page six, under the requirements of HP rental units, letter A. It says, "SFHP developer obtains a residential permit for multi-family residential development between these dates ... shall be assessed in accordance with SFHP administrative procedures. He asked if she was not recommending change in the procedures.

Ms. Ladd said the procedures are not going to change except for the sunset date.

Councilor Dominguez asked if those procedures have to be amended by the Governing Body by resolution. Ms. Ladd agreed.

Councilor Dominguez referred to the FIR where #2 and #4 talk about supply and demand, market conditions and the success is dependent upon those. He asked if there is a threshold we want to achieve. He would hate for the lot to get created and then conditions of the market change that we don't then change the law or the amendments and the situation goes the other way. He asked if it is appropriate to identify those thresholds in this with a certain number of affordable rental units and then the law goes away.

Ms. Ladd agreed with his concern. And maybe instead of calendar date, they should use a performance basis. The 2008 recession happened right after the ordinance was adopted.

Councilor Dominguez understood why the sunset date is there. But he would prefer, a performance measure plus a sunset date so the Committee can look at it as projects come up. He felt he had made his stance on de facto segregation clear. 35% of the southwest portion is mobile homes and the rest of the city is 4%.

He asked if there has been any thought about desegregation in it. Hopefully, we could balance things out in the City. If the rest of the City was 20% it would be different.

Ms. Ladd said it is an excellent question and concern. She looked at this as a way to address some of that concentration. We've had zero units produced. If we are actually able to get rental development, we can deal with the shortage. Most will be moderately priced and it helps everyone to have it available. We are giving people more choice. People live in mobile home parks because they can afford it but if they have rental assistance they can live in other places in the City.

Councilor Dominguez agreed there is no doubt a need. The data shows it. But at the same time, we are not doing justice to those folks if we cannot provide the quality of life they need. We need to spread the wealth.

Ms. Ladd said there will be more changes in the ordinance later after learning more from other communities who allow optional ways of compliance. The purpose behind this was to try to do something that could be done

easily and quickly. We probably won't solve all the problems with legislation. By generating fees, we are able to provide more quality of life and we don't have the funding for that now.

Councilor Dominguez said he would like some language that articulates the need to spread it around. There is close to 380 acres in District 3 and this is the obvious choice that people migrate to. That's okay but not necessarily fair.

Ms. Ladd said they will look at fair share requirements. Some cities have that requirement.

Councilor Bushee noted on page 7 line 21, it says "to the extent to which the proposed alternate results and the benefit... to a community-wide documented need..." No one is defining benefit. There is no definition or criteria so it is fairly subjective. It would be helpful to flesh that out. She liked the intention but it isn't clear enough.

Ms. Ladd agreed. They will look at how to tighten it up.

Councilor Bushee suggested they find a way to define "community benefit." She was also concerned with the things Councilor Dominguez is concerned about. She didn't mind tweaking to get the product we want.

Councilor Dominguez said he would see it again at Finance.

Councilor Dominguez moved to give direction to Staff to clarify "manufactured home lots" and to add some options on how to eliminate de facto segregation.

He said he would leave it to the sponsor to define "extreme hardship."

Ms. Ladd suggested it say, "responds to city-wide documented need."

Councilor Dominguez agreed but how that need is to be documented needs to be defined.

Councilor Bushee recalled they had the Affordable Housing Roundtable that could have done that.

Ms. Ladd said she would run it through at least a couple of focus groups.

Councilor Bushee said she really doesn't like those segregated developments.

Ms. Ladd said that portion was going to look better than the rest of it. That subsidy is so high, that you have to build LEEDS certified developments - not just a roof over your head. They do GED together on-site and offer other support services.

Councilor Bushee understood but it is segregated.

Ms. Ladd acknowledged it was going to be its own campus. They talked about creating a lot of physical pass through and interaction between the two communities.

Councilor Dominguez asked Ms. Ladd if she wanted to bring it back or go through other Committees.

Ms. Ladd clarified that they are responding to the Mayor's directive to see if they can loosen up that requirement immediately to generate some support for multi-family market-rate developers to get some action going. And it does that adequately. The bigger rewrite will be coming up in the Spring. The Mayor wanted to get this part done first. He recognized the ordinance is not working as it is now and this is a way to respond to a huge need for affordable housing that was not anticipated when the ordinance was first written. The ordinance was not written to be an inclusionary rental program. It was all about the home ownership side, which works really well. It works well because the developer sells the home at a subsidized price; takes a loss, and then is done. A rental developer has to build at the same costs but has to show the banker that they will take an operations loss on 15% of the units.

Councilor Dominguez moved to pass along to Finance. Councilor Dimas seconded the motion.

Councilor Bushee asked for a friendly amendment to have it come back if they could come back.

Councilor Dominguez agreed that it is friendly and the motion passed by unanimous voice vote.

11. REQUEST FOR APPROVAL OF A RESOLUTION EXEMPTING CURRENT MERCHANTS IN THE SANBUSCO MARKET CENTER FROM BUILDING PERMIT, FIRE INSPECTION AND IMPACT FEES WHEN RELOCATING THEIR BUSINESS TO A NEW LOCATION WITHIN THE BOUNDARIES OF THE CITY OF SANTA FE; AND MAINTAINING THE REQUIREMENT TO SUBMIT CONSTRUCTION DOCUMENTS PREPARED BY A REGISTERED DESIGN PROFESSIONAL FOR APPROVAL BY THE LAND USE DEPARTMENT (MAYOR GONZALES) (LISA MARTINEZ)

Committee Review:

City Business Quality of Life Committee (Scheduled)	01/13/16
Finance Committee (Scheduled)	01/19/16
Council (Scheduled)	01/27/16

Councilor Bushee asked what the ball park amount is. She didn't see those numbers in the FIR.

Ms. Martinez referred to page 7. They estimated 12 businesses at approximately \$800 each for a total of \$9,600.

Councilor Bushee asked if they are all trying to stay here in city limits.

Ms. Martinez agreed.

Councilor Bushee moved to approve the request. Councilor Dimas seconded the motion and it passed by unanimous voice vote.

15. MATTERS FROM STAFF

ACTION SHEET
ITEM FROM FINANCE COMMITTEE MEETING OF 02/01/16
FOR CITY COUNCIL MEETING OF 02/10/16

ISSUE:

16. Request for Approval of an Ordinance Including a Definition for Alternate Means of Compliance, and Amending the Definition of Extreme Hardship; Amending the Requirements for Santa Fe Homes Program Rental Units; Amending the Process by Which a Developer of Rental Housing is Allowed to Pay a Fee-In-Lieu Instead of Seeking an Alternate Means of Compliance with the Requirements of the Santa Fe Homes Program; and Establishing an Effective Date for the Amendments. (Mayor Gonzales) (Alexandra Ladd)

Committee Review:

Public Works Committee (approved)	01/11/16
City Business Quality of Life Committee (approved)	01/13/16
City Council (request to publish) (approved)	01/13/16
Finance Committee (postponed)	01/19/16
Community Development Commission (approved)	01/20/16
City Council (request to publish) (scheduled)	02/10/16

Fiscal Impact – No

FINANCE COMMITTEE ACTION:

Approved as Consent item.

FUNDING SOURCE:

SPECIAL CONDITIONS OR AMENDMENTS

STAFF FOLLOW-UP:

VOTE	FOR	AGAINST	ABSTAIN
COUNCILOR TRUJILLO	X		
COUNCILOR RIVERA	X		
COUNCILOR LINDELL	X		
COUNCILOR MAESTAS	X		
CHAIRPERSON DOMINGUEZ			

4-13-15

APPROVAL OF AGENDA

Commissioner Ken Hughes moved to approve the agenda as published. Commissioner Peterson seconded the motion. The motion passed unanimously by voice vote.

APPROVAL OF MINUTES: November 18, 2015 CDC

Commissioner Ken Hughes made the following changes to the Minutes of the October 21, 2015 and November 18, 2015 CDC meetings:

Page 2 under Approval of the Minutes of the October 21, 2015 CDC Meeting:
“Page 5, 2nd paragraph was changed to read: *“Commissioner Hughes mentioned that the State has a program where builders can receive a tax credit of up to \$6.50 per square foot for energy efficient units.”*”

Page 8, (November 18, 2015 CDC Minutes), 3rd paragraph was changed to read:
“Commissioner Hughes said that 13 needs that were identified have “high priority” next to them, including community facilities.”

Page 8, 6th paragraph was changed to read: *“Commissioner Hughes said each housing project, for instance, could have a car and bike sharing program.”*

Commissioner Peterson moved to approve the Minutes of the November 18, 2015 meeting as amended. Commissioner Ken Hughes seconded the motion. The motion passed unanimously by voice vote.

REVIEW AND APPROVAL FOR AN ORDINANCE AND DEFINITION FOR ALTERNATE MEANS OF COMPLIANCE, AND AMENDING THE DEFINITION OF EXTREME HARDSHIP; AMENDING THE REQUIREMENTS FOR SANTA FE HOMES PROGRAM RENTAL UNITS: AMENDING THE PROCESS BY WHICH A DEVELOPER OF RENTAL HOUSING IS ALLOWED TO PAY A FEE-IN-LIEU INSTEAD OF SEEKING AN ALTERNATE MEANS OF COMPLIANCE WITH THE REQUIREMENTS OF THE SANTA FE HOMES PROGRAM; AND ESTABLISHING AN EFFECTIVE DATE FOR THE AMENDMENTS (Alexandra Ladd)

(Copies of the Ordinance were distributed and reviewed.)

Ms. Ladd explained that Mayor Gonzales has an ambitious vision, which is exciting and has tons of potential to redevelop several of our underused corridors in Santa Fe. The Mayor wants to figure out a way to focus future development where the City already has the infrastructure; and where there won't have neighbors who will be upset about higher density development; and where people will have access to transportation. She said the only part of that program that relates directly to the Santa Fe Homes Program is Chapter 14, which is the Land Use Code because along a lot of these corridors is zoning that would

not allow any housing; therefore there is a lot of land use work that will need to be done. One of the things they arrived to is to at least remove what appears to be a barrier to local home development in Santa Fe, which is the Santa Fe Homes Program.

Commissioner Goblet said geographically, what do they mean when they talk about corridors. He asked are you talking about Agua Fria.

Ms. Ladd said no, they are talking about St. Michael's Drive to Cerrillos Road down to Siler Road.

Commissioner Goblet asked what the catalyst was for Mayor Gonzales' thoughts.

Ms. Ladd said she cannot speak for Mayor Gonzales on that but she thinks it is part of his broader vision that our community is really not currently being developed. The City is not growing population-wise and we don't have young professionals living here to the extent that the Mayor would like to see. There is also a lot of underused infrastructure but yet the City continues to spend money on putting in new infrastructure for periphery development.

Ms. Ladd noted that in 2010 or 2011, in response to the recession, there was a temporary adjustment made in the Santa Fe Homes Program that allowed small-scale homeownership projects of 10 or fewer units to pay a fee by right. They did not have to go through Alternate Means of Compliance to pay a fee. This adjustment was made permanent but it had a sunset clause.

She said the Mayor asked how they could get multi-family development here in Santa Fe and as part of the upcoming redesign of the strategic Affordable Housing Plan, they will be reviewing this Ordinance thoroughly because they think there are lots of ways that this can work better.

Ms. Ladd mentioned that a press conference was done announcing this change and the Mayor spoke about his broader vision about redeveloping corridors.

She noted that she attended a Public Works Committee meeting recently and there were a lot of questions about how this benefits the City geographically. Councilor Dominguez expressed concerns about the fact that the City is not looking at the inequities geographically in town. He asked how allowing developers to pay a fee-in-lieu of, rather than developing affordable housing helps this. For example, are you going to segregate all the poor people in this one project?

Ms. Ladd said she did not think that the way the current Ordinance reads works for multi-family development. She noted that she made changes to the definition of "extreme hardship" in the Ordinance because she felt that it was redundant.

Vice Chair Tambascio said she thinks the amendment/language further clarifies what they are trying to accomplish.

Ms. Ladd asked the Commission to discuss and consider whether they should create a more performance-based measure, rather than a sunset date or goal.

Commissioner Goblet said one of the things that he put on the table a few months ago, was asking the question of how many unbuilt lots the City has that are part of the HOP Program and could this body or better yet the Mayor, do something to monetize those. He said his sense is that there are a lot of those.

Ms. Ladd thinks the number is 1000 but she does not think a lot of these are multifamily. She asked that the Commission only focus on multifamily projects.

Vice Chair Tambascio suggested that the Commission hear from the members of the public. She thanked the members of the public for attending and asked them to introduce themselves.

Scott Hoeft of the Santa Fe Planning Group said they are a land planning consulting firm and they have been working on some multifamily projects. He asked Ms. Ladd to explain this Ordinance and the formula for the fee-in-lieu.

Ted Swisher said he is the Executive Director of the Santa Fe Habitat for Humanity. He mentioned that there have been no Santa Fe Home Program rental projects since the Ordinance was passed in 2008 and this says a lot.

James Hicks said he is the Executive Director of the Tierra Contenta Corporation.

Sharon Welsh said she is the Executive Director of the Santa Fe Housing Trust. She said one thing she wants to add is about the awkwardness to implement the current Ordinance, and in part it is the financial impossibility for the developers. She explained from the administrative side, the City's side and the Housing Trust's side, it takes time to complete the required paperwork for tax credit projects and this could assist with that.

Ms. Welsh said she is not comfortable with exactly what the trade-off should be cash-wise and she would prefer that the money would go into rental assistance and bricks and mortar, and some money could be directed towards the tax credit projects. This could help get these projects approved by the State.

Vice Chair Tambascio asked if there were any questions for Ms. Welsh.

Commissioner Ken Hughes asked Ms. Welsh if the idea of putting more money into bricks and mortar, would that be in lieu of the developers doing that, or in addition to.

Ms. Welsh said she is talking about fees that are paid for the Alternative Means of Compliance – the fees in-lieu of.

Mr. Swisher said he endorses what Ms. Welsh said about the fact that some money

could be directed towards the tax credit projects and this could help get these projects approved by the State.

Commissioner Goblet said he does not hear anything Ms. Welsh is saying that affects this proposal, as far as language.

Ms. Welsh said she supports the amendments to the Ordinance, as written.

James Siebert said he is with Siebert and Associates. He said first of all, he supports the legislation the way it is written but he has a concern about the sunset clause. He feels that this could be stretched out maybe to four years or eliminated. He said the housing program today really does not address the full needs of the community and this is the first step in actually doing that. This also creates opportunity for apartments and this is a good thing.

Hank Hughes said he is with the New Mexico Coalition to End Homelessness. He said he has worked on several non-profit developments (Village Sage and Stagecoach) of very affordable housing and he thinks this Ordinance will work much better for this. He said this could provide tax (credit) money for either the construction, or to federally subsidize the units going forward for low income people.

He said the best projects he has seen, including the ones that the Housing Trust have done have mixed-income residents within all the affordable ranges or levels, from homeless people to working class people. If you want to encourage more of these, this will help with that.

Ms. Ladd said Mr. Hughes brings up the diversity of the people who live within these projects and that is really important.

Josh Rogers said he is the Director for Multifamily Development for Titan Development. He said in the last five years, Titan Development has become the largest developer in multifamily in the State. They have done 714 multifamily units in the last three years. He explained that the current Ordinance prohibits them from doing multifamily units in Santa Fe and they won't even consider Santa Fe at this point in time. The 15% requirement on a monthly basis takes away any profitability for them. They cannot get any equity or a construction loan to do a project.

Mr. Rogers said he ran the numbers and Santa Fe, since 1993, is 2300 units behind in what it should be. He said the initiative to create affordable housing in Santa Fe has stopped because there is no supply. Demand continues to rise and the prices continue to go up. He said the amendment to the Ordinance allows them to make this work. He said paying a fee-in-lieu on a one time basis will give the City revenue to generate more income for affordable housing in various ways and it will create a demand for market-rate units, and would allow them to do market-rate apartments.

Commissioner Goblet asked if the 714 multifamily units that Titan Development

has done were all built in Albuquerque.

Mr. Rogers said yes.

Commissioner Hughes noted that there was a great piece in Friday's edition of the *Journal North* about how Albuquerque does facilitation before a developer spends "a dime". He noted that this is on the agenda for next week's Planning Commission meeting.

Mr. Rogers explained that the City of Albuquerque assigns a case planner for a project and they walk you through how to get a property rezoned and assist with all the issues that you have to address in order to get a property rezoned. This case planner also reaches out to the neighborhood and helps the developer answer all the questions.

Vice Chair Tambascio asked if anyone else had any questions for Mr. Rogers and there were none.

Mary Schruben is a citizen, representing herself. She said she is present to learn and she has already learned a lot.

After discussion on the amended Ordinance, the following changes were suggested:

- 1) The sunset date will be changed to December 31, 2019 with the goal of constructing a minimum of 200 rental units.
- 2) A review and evaluation of the program will be done at the end of 2018.

Commissioner Hughes moved to approve the Ordinance, as amended. Commissioner Goblet seconded the motion. The motion passed unanimously by voice vote.

ITEMS FROM THE COMMISSION

Vice Chair Tambascio said it was great to see non-profit and for-profit organizations here today.

ITEMS FROM THE FLOOR

Commissioner Hughes said he will be touring three developments in Albuquerque next Wednesday, January 27th to get inspired on what they are doing on multifamily.

ITEMS FROM THE FLOOR

There were no items from the floor.