



# City of Santa Fe, New Mexico

## memo

**Date:** April 17, 2015

**To:** Mayor Javier M. Gonzales  
Members of the City Council

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

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

**Re:** Revised Santa Fe Homes Program (SFHP) 2015 Pricing Schedule

### ACTION REQUESTED

For your information.

### BACKGROUND

Housing is typically considered "affordable" if a family pays no more than 1/3 of their monthly income for their housing costs, including rent and utilities or a mortgage, taxes, insurance and utilities. Every year the Department of Housing and Urban Development (HUD) establishes the Area Median Income (AMI) for every metropolitan jurisdiction and non-metropolitan county in the U.S. The calculation considers estimates from the American Community Survey (ACS), Consumer Price Index (CPI) Inflation and Trend Factor and a Margin of Error Factor. The AMI is also adjusted by family size – the bigger the family, the higher the income limit.

The AMI is used to determine eligibility for government-funded housing subsidy programs. For instance 80% AMI is the income limit for receiving assistance from any Community Development Block Grant (CDBG) program. Income requirements for residency in Low Income Housing Tax Credit properties are often restricted to 60% AMI and below.

### ITEM AND ISSUE

In order to administer the Santa Fe Homes Program (SFHP), Chapter 26-1.16 (C) states "....the office of affordable housing shall review and adjust the affordable home price and affordable manufactured home lot for each applicable income range and home size based on the changes in area median income from the previous twelve (12) months, as determined by HUD.... The office of affordable housing shall report to the governing body with thirty (30) days of adjusting the affordable home price and affordable manufactured home lot price."

In 2014, AMI levels did not change for Santa Fe; therefore, the home sales pricing schedule was not adjusted. In 2015, the AMI for Santa Fe is considerably lower than that of 2013/14. Combined with

slightly higher interest rates, the assumption is that incomes are lower and housing is less affordable; therefore the sales price schedule for the SFHP reflects lower sales prices. While this is seemingly favorable for homebuyers, there is also the potential that some buyers will no longer be qualified in a lower income range, adversely affecting their eligibility for certain subsidies.

#### A. Comparison between 2014 and 2015 Area Median Income (AMI) Levels for SF County

2014	100% AMI	80% AMI	65% AMI	50% AMI
AMI 1 Person	\$ 45,750	\$ 36,600	\$ 29,750	\$ 22,900
AMI 2 Person	\$ 52,250	\$ 41,800	\$ 34,000	\$ 26,150
AMI 3 Person	\$ 58,800	\$ 47,050	\$ 38,250	\$ 29,400
AMI 4 Person	\$ 65,300	\$ 52,250	\$ 42,450	\$ 32,650
AMI 5 Person	\$ 70,550	\$ 56,450	\$ 45,850	\$ 35,300

2015	100% AMI	80% AMI	65% AMI	50% AMI
AMI 1 Person	\$ 43,700	\$ 34,950	\$ 28,400	\$ 21,850
AMI 2 Person	\$ 49,950	\$ 39,950	\$ 32,450	\$ 25,000
AMI 3 Person	\$ 56,200	\$ 44,950	\$ 36,550	\$ 28,100
AMI 4 Person	\$ 62,400	\$ 49,900	\$ 40,550	\$ 31,200
AMI 5 Person	\$ 67,400	\$ 53,900	\$ 43,800	\$ 33,700

#### B. Comparison between 2014 and 2015 SFHP Home Pricing Schedule

2014 - Interest Rate of 3.65% as per preceding 12 months							
SFHP % Required	Income Range	Studio	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	Manuf. Home Lot
5	50-65%	\$100,250	\$107,500	\$122,750	\$138,000	\$153,250	\$34,500
10	65-80%	\$132,500	\$139,500	\$159,500	\$179,500	\$199,250	\$44,875
5	80-100%	\$164,500	\$171,750	\$196,250	\$220,750	\$245,250	\$55,188

2015 - Interest Rate of 4.17% as per preceding 12 months							
SFHP % Required	Income Range	Studio	1 Bedroom	2 Bedrooms	3 Bedrooms	4 Bedrooms	Manuf. Home Lot
5	50-65%	\$89,000	\$96,250	\$110,000	\$123,750	\$137,500	\$30,938
10	65-80%	\$118,000	\$125,250	\$143,000	\$161,000	\$178,750	\$40,250
5	80-100%	\$147,000	\$154,000	\$176,250	\$198,250	\$220,000	\$49,563

NOTE: Prices do not include optional upgrade allowance (up to \$5,000) and green code adjustments (ranging \$3,000 - \$6,000 approx. added to the allowable purchase price based on the HERS score).

#### Assumptions:

- Downpayment: 3%
- Closing Costs: 3%
- Term: 30 years
- Mortgage + Mortgage Insurance + Hazard Insurance + Taxes = no more than 33% of buyer's monthly income.
- Interest rate is calculated based on average of preceding 12 months