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COMMUNITY DEVELOPMENT COMMISSION MEETING

Wednesday, January 20, 2016

3:30-5:00 p.m.

500 Market Street, Suite 200

Roundhouse Conference Room

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes: November 18, 2015 CDC
5. 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).
6. Items from the Commission
7. Items from the Floor
8. Adjournment

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

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CITY OF SANTA FE
COMMUNITY DEVELOPMENT COMMISSION
MEETING
 November 18, 2015

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ADJOURNMENT	Adjourned at 5:00 p.m.	9

DRAFT: SUBJECT TO APPROVAL

MINUTES OF THE
CITY OF SANTA FE
COMMUNITY DEVELOPMENT COMMISSION MEETING
Santa Fe, New Mexico

November 18, 2015

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

Members Present:

John Padilla, Acting Chair
Paul Goblet
Ken Hughes
Carla Lopez
Rusty Tambascio, Vice Chair [arriving later]

Member(s) Absent:

Councilor Ron Trujillo, Chair, excused
Silas Peterson, excused

Staff Present:

Margaret Ambrosino, Senior Housing Planner
Alexandra Ladd, Special Projects Manager, Housing and Community Development Department

Others Present:

Eric Garcia, President, Zocalo Association
Josh Rogers, Rincon Investments, Inc.
Jo Ann G. Valdez, Stenographer

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES: October 21, 2015 CDC

The following change was made to the Minutes of the October 21, 2015 meeting:

Page 5, 2nd paragraph was changed to read: “*Commissioner Hughes mentioned that the State has a program where builders can receive \$6.50 per square foot for energy efficient units.*”

Commissioner Hughes moved to approve the Minutes of the October 21, 2015 meeting as amended. Commissioner Lopez seconded the motion. The motion passed unanimously by voice vote.

PROPOSAL FOR ALTERNATE COMPLIANCE FOR ZOCALO PHASE 5

-Continuation from October 21, 2015 CDC meeting (Rincon Investments)

(Commissioner Tambascio recused herself from voting and discussion on this agenda item having declared a conflict of interest.)

Ms. Ladd referred to the Memo dated November 13, 2015 that was included in the Commissioners’ packets.

Action Requested

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

Background

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

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

In April of 2014, the Commissioner heard a previous request from Rincon Investments for alternate compliance which was granted. The request allowed Rincon to pay a fee-in-lieu for three of the units owed for the last half of Phase IV and to convert an existing market rate unit into an affordable unit and sell it to an income-qualified homebuyer. The fee for Phase IV as determined by the HOP ordinance was calculated to be \$28,196 per unit (plus a 2% administrative fee), for a total fee of \$84,588. The fee was

paid in full and the additional unit is almost ready to be transferred to an income-qualified homebuyer. To date, the total number of homes that are still owed under the HOP agreement is six.

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

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

Commissioner Padilla noted that this agenda item was tabled at the last meeting and asked for a motion to remove it from the table.

Commissioner Hughes moved to remove it from the table for discussion purposes. Commissioner Goblet seconded the motion. The motion passed unanimously by voice vote.

Ms. Ladd said the attached letter from Rincon Investments (Attachment B-2) outlines “Option A” as an Alternate Means of Compliance.

Option A is for an Alternate Means of Compliance is to pay a fee-in-lieu for all six required affordable units equivalent to the total subsidized value of purchasing existing units and converting them to the affordable housing program. Rincon Investments is proposing to pay a fee-in-lieu of \$66,925 for each of the required affordable units. The fee-in-lieu from the six units of \$401,552 can be leveraged into down payment assistance or other affordable homeownership needs and used on a community wide basis, providing essential support for potential homebuyers. The \$401,552 could place significantly more individuals into housing than the six units which would be provided at Zocalo, if the fee-in-lieu is not accepted. The fee-in-lieu is the preferred alternate means of compliance option for Rincon Investments.

If granted the approval to pay the fee-in-lieu, Rincon will pay the fee-in-lieu prior to certificate of occupancy of every six market rate units. This will ensure that the fee-in-lieu is paid to the City of Santa Fe for deposit into the Affordable Housing Trust Fund prior to the completion of any market rate units.

Commissioner Padilla said the option that Rincon Investments presented at the October 21st CDC meeting is now noted as “Option B”.

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

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

Commissioner Padilla asked the representatives present to introduce themselves for the record.

Josh Rogers said he is with Rincon Investments. He thanked the Commission for allowing him to come back and present the new option.

Mr. Rogers introduced Eric Garcia noting that he is with the Zocalo Homeowners’ Association and can answer questions the Commission may have with regards to how they came up with the numbers for the fee-in-lieu. He mentioned that Appendix 1 provides a list of recent sales of 1, 2 and 3 bedroom units within Zocalo and what the average market value is for those units.

Mr. Rogers said as noted in the letter, they feel that “Option A” is the best option for them and for the City for the reasons stated in the letter as follows:

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

Mr. Rogers said it was brought to their attention that the Santa Fe Community Housing Trust prefers to place individuals in Zocalo closer to the 80% AMI level due to the volatility of ever increasing HOA fees at Zocalo.

Ms. Ladd clarified that the HOP Agreement specifies that the average income of the buyers be 65% AMI (this was the goal of the HOP Program). Therefore, the Santa Fe Housing Trust’s suggestion deviates from the original Agreement. Santa Fe Housing Trust thinks this would be more of a sustainable option for someone with a slightly higher income.

Questions/Discussion:

Commissioner Goblet referred to Appendix 1 noting that he could not figure out the timing of these sales. He asked if they had any chronological timeline of these numbers, were they from 6 months ago or 2 years ago.

Mr. Garcia said there were some recent sales and as recent as three months ago. The most recent 3 bedroom sale is listed in Appendix 1 and that was at the end of 2014 for \$355,000.

Commissioner Goblet said the comparatives show about \$210 per square foot for a 3 bedroom unit and \$205 per square foot for a 2 bedroom unit. He said the comparative he could see on MLS was \$214,000, compared to the \$259,000 that Zocalo is showing.

In response, Mr. Rogers said they went back and “grabbed” actual MLS sales in the last couple of years.

Commissioner Lopez said she liked the first proposal but she wants the people to be able to hold onto their homes and not be stressed by rising HOA fees. She would support going with the first option that was presented at the October 21st CDC meeting.

Commissioner Hughes asked if this decision will go before City Council.

Ms. Ladd said no, this body is the final decision maker for an alternate means of compliance for the HOP Program.

Commissioner Hughes asked how many new units they will be building.

Mr. Rogers said 56 units.

Commissioner Hughes asked what the monthly condo fee is.

Mr. Garcia said it averages to about \$300 per month.

Commissioner Lopez asked if the costs of the HOA fees are worked into the financing.

Ms. Ladd said yes.

Mr. Rogers noted that the HOA fees could continue to go up because there are costs

associated with things that will need to be paid for, like roads that are deteriorating.

There was brief discussion about Zocalo providing three units and paying a fee-in-lieu for three units.

Commissioner Padilla asked when Phase 1 was completed.

Mr. Garcia said 2002-2003. He explained that this is one of the reasons they are here today. They want to get this project started because the residents are tired of living at a construction site at Zocalo. Also, these residents will not know what their true market value of their homes are until this is complete.

Commissioner Padilla asked if the money that will be received from Option A (that will go into the Affordable Housing Trust Fund) will assist 25 homeowners with down payment assistance, as estimated.

Ms. Ladd said yes, approximately 20-30 individuals could benefit from down payment assistance.

Commissioner Padilla asked if there were any more questions, seeing none, he asked what the wishes of the Commission are.

Commissioner Lopez said she would be willing to go down to Zocalo providing three units at 80% AMI and paying a fee-in-lieu for three units.

Commissioner Lopez moved that the Commission supports an option where Rincon Investments/Zocalo provides three residential units for income-qualified individuals up to 80% AMI, and pay a fee-in-lieu for three units.

Commissioner Goblet asked how they will time this, would they rather have the homes first. He suggested that they impose the first three houses first.

Commissioner Lopez was in agreement with Commissioner Goblet's suggestion.

Commissioner Hughes seconded the motion. The motion passed unanimously by voice vote.

DISCUSSION OF CDBG FUNDING PRIORITIES FOR THE 2016-2017 PROGRAM YEAR

Handouts: *Memo from Margaret Ambrosino to the CDC dated November 13, 2015 regarding discussion of Community Development Block Grant (CDBG) Funding Priorities; The CDBG History Funding report for 2005-2015; City of Santa Fe Five-Year Strategic Plan; data from the 2013 Housing Needs Assessment; and the notes from Team Findings from the Housing Summit dated April 5, 2008* were distributed. Copies are hereby incorporated to these Minutes as "Exhibit 6a".

Ms. Ambrosino would like to have a discussion and input from the Commission on the Community Development Block Grant ((CDBG) funding priorities for the upcoming fiscal year.

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

Ms. Ambrosino explained that there has been much discussion over the past year amongst community leaders concerning needs to boost rental housing and helping the homeless as representing the "highest of the high priorities". She asked if the City should advertise to target and capture these when the advertisement for the Request for Proposals for CDBG funding allocation is released to the public.

The Office of Affordable Housing staff has conducted research with local housing experts and service providers on determining how CDBG and AHTF funds can be leveraged to support these cause. The findings are as follows:

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

Questions/Discussion:

Commissioner Padilla asked if this agenda item is an action item.

Ms. Ladd said this information was provided for the Commission to think about the funding priorities for the next fiscal year, so staff can receive from feedback from the Commission.

Commissioner Tambascio asked who could be an agency for rental assistance services.

Ms. Ambrosino said Life Link is the first that comes to mind, but possibly Youth Shelters and Esperanza Shelter.

Commissioner Hughes said the 13 high-priority needs that were identified each have "high-priority" next to them. He noted that the number two priority is transportation. He said it would be nice to look at ways to support bicycles and car sharing and get people off the hook for the high car payments. Also, to look at coming up with ways to support local and innovative entrepreneurs to come up with those kinds of services.

Ms. Ambrosino said the MPO is actively working on a Bike-Share Program and this is a high priority.

Commissioner Goblet said you also have to have the infrastructure.

Commissioner Hughes said each housing project, for instance, could have a car sharing program.

Commissioner Goblet said it seems to him that the big crisis in town is affordable rental housing. He said in looking at the handouts, the data indicates that the average income for homeowners is \$62,000 and \$34,000 for renters.

There was consensus of the Commission that they would like to look at funding rental assistance services, as one of the priorities for CDBG funding allocations for the upcoming fiscal year.

Ms. Ambrosino mentioned that there are some CDBG restrictions for rental assistance.

UPDATE ON SOLERAS STATION, THE PULTE ALTERNATE COMPLIANCE RENTAL PROJECT

Sharon Welsh was going to provide the update on the project but she was not present. Therefore, this agenda item was postponed until a later date - to be determined.

Commissioner Padilla moved to postpone the update on Soleras Station, the Pulte Alternate Compliance Rental Project. Commissioner Tambascio seconded the motion. The motion passed unanimously by voice vote.

ITEMS FROM THE COMMISSION

Commissioner Goblet said he asked Ms. Ladd if she had any idea how many "unfulfilled" HOP Agreements there are, and there are approximately 1000 units that are outstanding under current and historic affordable housing agreements.

Ms. Ladd said this number is only an estimate. She explained that some projects came under annexation, and there are different circumstances for the projects, and some projects will not be done at all.

Commissioner Goblet requested that some research be done by the next meeting on what potentially is out there, and how do you monetize that.

Commissioner Padilla said it would be good for the Commission to have this information, not necessarily by the next meeting.

NEXT MEETING

The next meeting was scheduled for December 16, 2015 at 3:30 p.m.

ITEMS FROM THE FLOOR

There were no items from the floor.

ADJOURNMENT

Its business being completed, Commissioner Lopez moved to adjourn the meeting, second by Commissioner Padilla, the meeting adjourned at 5:00 p.m.

Approved by:

Commissioner John Padilla, Acting Chair

Respectively submitted by:

JoAnn G. Valdez
JoAnn G. Valdez, Stenographer

City of Santa Fe, New Mexico

LEGISLATIVE SUMMARY

Bill No. 2016-__

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: December 11, 2015

ATTACHMENTS: Bill
FIR

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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 ([+]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

23
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: _____

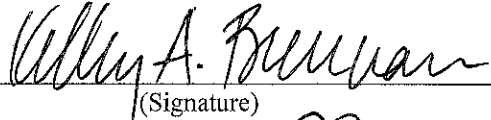
(A single FIR may be used for related bills and/or resolutions)


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.
