

Santa Fe Homes Program Ordinance

Major Provisions Impacting Developers/Homebuilders

How Many Units Have to Be Built?

SFHP requires 20% of all new ownership housing for developments of more than 10 homes to be affordable to families earning below 100% AMI (adjusted for household size), and 15% of all new rental housing to be affordable to families earning below 80% AMI. The change from 30% to 20% is in effect from June 21, 2011 through June 20, 2014.

<i>Income Range</i>	<i>Required Ownership Units</i>	<i>Required Rental Units</i>
Income Range 1 (Below 50% AMI)	n/a	5%
Income Range 2 (50%-65% AMI)	10%	5%
Income Range 3 (65%-80% AMI)	10%	5%
Income Range 4 (80%-100% AMI)	0%	n/a
Total Affordable Requirement	20%	15%

If this formula results in a fraction of a unit, the fractional portion can be satisfied with a “fractional fee.” For example, a developer proposes a 35-unit, for-sale development:

$$36 \text{ units} \times 20\% = 7.2 \text{ SFHP Units}$$

Income Range 2 (50%-65% AMI)	3 SFHP Units
Income Range 3 (65%-80% AMI)	4 SFHP Units
Income Range 4 (80%-100% AMI)	- SFHP Units
Total Affordable Units Built	7 SFHP Units
Fractional Fee (.2 x \$59,125)	\$11,825

What are the Maximum Home Prices and Rents?

Home Prices

<i>Income Range</i>	<i>Studio</i>	<i>1 Bedroom</i>	<i>2 Bedrooms</i>	<i>3 Bedrooms</i>	<i>4 Bedrooms</i>	<i>Manufactured Home Lot</i>
2	\$84,750	\$92,000	\$105,250	\$118,250	\$131,500	\$29,563
3	\$112,500	\$119,500	\$136,750	\$153,750	\$170,750	\$38,438
4	\$140,000	\$147,250	\$168,250	\$189,250	\$210,250	\$47,313

Rents

<i>Income Range</i>	<i>Studio/1 Bedroom</i>	<i>2 Bedrooms</i>	<i>3 Bedrooms</i>	<i>4 Bedrooms</i>	<i>Manufactured Home Lot</i>
1	\$346	\$396	\$445	\$495	\$134
2	\$577	\$660	\$742	\$825	\$223
3	\$750	\$858	\$965	\$1,073	\$290

- Future home prices and rents will be adjusted each year by the changes in AMI
- Initial prices were developed by using the lowest eligible income in each income range for an assumed household size. For example, the home price of a 3 bedroom home for Income Range 3 is based on what a 3-person family earning 65% of AMI could afford.

Santa Fe Homes Program Ordinance

Major Provisions Impacting Developers/Homebuilders

- SFHP requires that tenants be income eligible at the time they move in but does not require on-going certification of income. When a family moves out, the owner must re-rent that unit (or an equivalent unit) to another family within the same income range.

What are the requirements for unit types, sizes, and distribution?

SFHP establishes a standard size-distribution requirement, but allows developers to request a different mix of units if they can show that a different distribution would better meet their customers' needs:

<i>Percent of Affordable Units</i>	<i>Home Size</i>
25%	Studio, 1 or 2 Bedroom
50%	3 Bedroom
25%	4 Bedroom

Example: 36 Unit Development, 10 SFHP Homes:

Studio, 1 Bedroom and/or 2 Bedrooms: 2 units
 3 Bedrooms: 3 units
 4 Bedrooms: 2 units

Minimum Square Footage Requirements

<i>Unit Type</i>	<i>Minimum Number of Bathrooms</i>	<i>Minimum Square Footage - Ownership</i>	<i>Minimum Square Footage – Rental</i>
Studio	1	750 square feet	700 square feet
1 Bedroom	1	850 square feet	850 square feet
2 Bedrooms	1	1,000 square feet	1,000 square feet
3 Bedrooms	2	1,150 square feet	1,150 square feet
4 Bedrooms	2	1,250 square feet	1,250 square feet

- The Office of Affordable Housing may approve smaller sizes if the developer can show that the sizes above would actually be bigger than the market rate units.
- For condo conversions, the minimum square footage requirements don't apply. Instead, the SFHP unit sizes have to be in proportion to the market rate sizes.

Other Requirements

- SFHP requires that affordable units be offered in proportion to market units during all phases of development
- SFHP requires the affordable units be dispersed throughout the development
- SFHP requires that affordable units match the architectural features and landscaping of market rate units.

What Cost Off-sets do Developers Receive?

- Density Bonus (15% above the current zoning)
- Fee reductions and waivers for SFHP units: Development review fees, Capital Impact Fees, Utility Expansion Charges, Building Permit Fees, and Retrofit Program. Fees are waived upfront for all developers – for-profit and non-profit.
- Units constructed or created in addition to the minimum SFHP requirement shall also be eligible for the fee reductions/waivers (all other SFHP provisions apply to these units as well)

Santa Fe Homes Program Ordinance

Major Provisions Impacting Developers/Homebuilders

What are the Alternative Means of Compliance?

- SFHP allows a developer to request an alternative to on-site building in cases of extreme hardship.
- Discretion is left to the city to approve or reject alternatives to on-site construction.
- Alternatives include fee-in-lieu, land donation, or off-site construction.
- In cases where no alternative will relieve the extreme hardship, the City Council can waive the SFHP requirement
- Where a fee-in-lieu is allowed, the value of the fee in lieu contribution per SFHP unit required (including any fraction of a unit) shall be as follows for the four quadrants of the city established by the Realtors Association Multiple Listing Service:

NE	\$240,000
NW	\$200,000
SE	\$240,000
SW	\$160,000

To What Developments Does SFHP Apply?

SFHP applies to all new residential developments (with exceptions noted below) and is triggered when a developer requests certain approvals from the City:

- Rezoning
- Subdivision plat
- Increase in density for approved master plan or development plan
- Development plan except those which only require staff approval
- Extension of or connection to city utilities for projects outside city limits
- Building permits for the conversion of rental units to ownership units (condo conversions)

SFHP does not apply to:

- Developments that have an existing agreement with the City (e.g. Nava Adé, HOP Agreements, Tierra Contenta)
- Developments that have submitted applications for city approvals before August 10, 2005
- Developments that had an affordable housing agreement with the county before August 15, 2005 (e.g. Aldea)
- Rental developments that are built with Low Income Housing Tax Credits
- Employee/student housing
- Lot splits and family transfers

Annexations are subject to separate negotiations with the City. The City must require that annexations meet the SFHP requirements at a minimum, but can require that the annexation go above the SFHP requirement.

What are the fees for developments with 10 or fewer homes?

The fees are calculated with this formula: # of units x 20% x \$118,250 x 22.5%. There are no affordable housing units required for developments with 10 or fewer homes.

# of units in development	2	3	4	5	6	7	8	9	10
fee	\$10,643	\$15,964	\$21,285	\$26,606	\$31,928	\$37,249	\$42,570	\$47,891	\$53,213

Santa Fe Homes Program Ordinance

Major Provisions Impacting Developers/Homebuilders

Who is eligible for an SFHP unit?

Income Eligibility

- SFHP requires buyers' or tenants' household income to be at or below the maximum household income for their applicable range:

Income Range 1	Below 50% AMI
Income Range 2	More than 50% but not more than 65% AMI
Income Range 3	More than 65% but not more than 80% AMI
Income Range 4	More than 80% but not more than 100% AMI

<i>Percentage of Median Income</i>	<i>Income - 1 Person Household</i>	<i>Income - 2 Person Household</i>	<i>Income - 3 Person Household</i>	<i>Income - 4 Person Household</i>
50% AMI	\$23,750	\$27,125	\$30,525	\$33,900
65% AMI	\$30,875	\$35,263	\$39,683	\$44,070
80% AMI	\$38,000	\$43,400	\$48,840	\$54,240
100% AMI	\$47,500	\$54,250	\$61,050	\$67,800

Household Size

Families must be no smaller than the following minimums in order to purchase or rent an SFHP unit:

<i>Home Size</i>	<i>Minimum Family Size</i>
Studio	1 person
1 Bedroom/1 Bath	1 person
2 Bedrooms/1 Bath	1 person
3 Bedrooms/2 Bath	2 person
4 Bedrooms/2 Bath	3 person

The Office of Affordable Housing may provide permission for a smaller family to purchase or rent a larger unit on a case by case basis.

Other eligibility requirements

- The SFHP Administrative Procedures provide for a liquid asset limit. Liquid assets include assets like cash, stocks, and real estate, but do not include assets like personal property or retirement accounts.
- SFHP has eliminated the first-time homebuyer requirement. A person only needs to qualify by income, and cannot own more than one home.

Santa Fe Homes Program Ordinance

Major Provisions Impacting Developers/Homebuilders

Can Buyers Purchase Upgrades?

Unlike HOP, SFHP allows buyers to purchase upgrades, up to \$5,000. SFHP requires certain features to be included in a program home: refrigerator, range, central heat, and hookups for washer/dryer and dishwasher. Rental units must provide a refrigerator, range, central heat and either hookups for washer/dryer or an on-site laundry facility. (HOP already requires these features in HOP units, but many builders don't know about this provision.)

How Do Buyers/Renters Apply for an SFHP Unit?

- SFHP requires that one of Santa Fe's two non-profit housing organizations (Homewise and the The Housing Trust) administer each SFHP agreement.
- The non-profit administrator will certify the homebuyer's or renter's eligibility within 90 days of purchase or lease and will provide homebuyer education and counseling.
- The non-profit administrator is required to use a fair process for allocating SFHP units in developments where demand outstrips supply. Such a process could include a waiting list or a lottery system. This ensures that all eligible Santa Feans have an equal chance of purchasing or renting an SFHP unit.

Do Buyers Gain Appreciation on their Home?

- *SFHP allows homebuyers to gain equity in their homes just as any other homebuyer would.*
- SFHP requires liens to be placed on homes at the time of initial sale. The liens are repaid when the home is resold.
- The proceeds of the repaid liens are dedicated to the city's affordable housing programs.
- Homeowners can deduct the full cost of any improvements and repairs to the home from the appreciation *before* the city receives its share.
- The homeowner is given a 5% cushion of equity immediately upon purchase of the home.
- The City lien automatically becomes subordinate to any home equity lien, as long as the loan to value ratio of all liens doesn't exceed 95%.

Santa Fe Homes Program Ordinance

Major Provisions Impacting Developers/Homebuilders

Example of a Homebuyer's Appreciation

A 3-bedroom home is bought by a SFHP Homebuyer in Income Range 3 and is later resold. The home has appreciated 30%. How much appreciation would go to the City and how much would go to the homebuyer?

Step 1: The size of the initial lien is determined

The initial lien is the gap between the initial market value of the home and what the SFHP buyer pays for the home. In order to give the homebuyer an immediate cushion of equity, the initial market value is determined as 95% of the appraised value.

A. The buyer's sales price is determined pursuant to the ordinance price schedule	\$153,750
B. The home is appraised	\$220,000
C. The "initial market value" is determined by multiplying the appraised value by 95%. ($\$220,000 * 95\%$)	\$209,000
D. The initial lien is determined by subtracting the buyer's sales price from the initial market value ($\$209,000 - \$153,750$)	\$55,250

Step 2: The city's percentage share of appreciation is determined

The city's share of appreciation is in the same percentage as the proportion of the city's initial lien to the initial market value of the home.

A. The city's share of appreciation is determined by dividing the initial lien by the initial market value. This determines what proportion the city's lien is to the market value ($\$55,250 / \$209,000$)	26.44%
B. The homebuyer is entitled to the remaining share of appreciation (100% - 26.44%)	73.56%

Step 3: At resale, the appreciation is divided based on the percentages from Step 2.

When the house is resold, the appreciation is determined and the percentages from Step 2 are applied to determine the city's share of appreciation and the homeowner's share of appreciation.

A. The home is resold. In this example, the home price has increased by 30% ($\$220,000 * 1.30\%$)	\$286,000
B. Appreciation is determined by subtracting the initial appraised value from the resale price ($\$286,000 - \$220,000$)	\$66,000
C. The city's portion of the appreciation is determined by applying the city's percentage share to the total appreciation ($.2644\% * \$66,000$)	\$17,450
D. The homeowner is entitled to the remainder of the appreciation ($\$66,000 - \$17,450$)	\$48,550