



City of Santa Fe, New Mexico

Memorandum



DATE: June 08, 2022

TO: Community Development Commission June 15, 2022

VIA: Office of Affordable Housing, Alexandra Ladd, Office of Affordable Housing Director

FROM: Susan Vigil, Office of Affordable Housing Senior Planner

RE: Approval of an alternate means of compliance to fully meet the requirements of the City of Santa Fe Housing Opportunity Program (HOP) for Plaza Bonita to provide a total of six (6) HOP homes.

ITEM AND ISSUE:

Request approval of an alternate means of compliance for the Plaza Bonita subdivision, allowing two (2) lots to be donated by Borrego Construction Inc. to Habitat for Humanity to fulfill the HOP requirement to provide a total of six (6) HOP homes.

BACKGROUND AND SUMMARY:

Plaza Bonita is a 65-lot subdivision that was subject to the HOP requirements to include 11% of its units as affordably priced homes sold to income-qualified homebuyers. According to HOP requirements, the average price of the units must be affordable to a family earning no more than 65% of the area median income (AMI). Some homes can be sold above this threshold and some below, so long as the average price meets the target income range.

The construction of market rate homes began in 2006. The recession in 2008-09 caused construction to stall temporarily and in order not to foreclose on the project, the developer focused on the production of the market rate units. At this time, the project was not compliant with the HOP rules that the delivery of affordable units is proportional to the sale of market rate units; however, after three amendments to the HOP Agreement that updated the project's terms of delivery and pricing schedule, the Developer constructed and sold four (4) HOP homes to income-eligible households.

In order to fulfill the terms of the HOP Agreement, the Developer is requesting approval of an alternate compliance so that the remaining two undeveloped lots can be donated to Habitat for Humanity. The homes will be built by partner families according to the Habitat model of "sweat equity" to buy down the cost of construction, as well as donated materials and labor.

A donation agreement between Borrego Construction and Habitat for Humanity estimates the value of the two lots (Lot 18 and Lot 29) as \$410,000. Habitat for Humanity shall pay all closing costs incurred, including but not limited to appraisals, credit reports, mortgage recording fees, mortgagee's title commitment and policy and transfer fees.

The homes constructed on the lots will be priced according to an updated HOP Pricing schedule as illustrated below.

Builder/Status	Income Served	Size	Sales Price
Borrego Construction – SOLD	60% AMI	2BR	\$149,989
Borrego Construction – SOLD	65% AMI	3BR	\$182,836
Borrego Construction – SOLD	75% AMI	2BR	\$187,486
Borrego Construction – SOLD	75% AMI	4BR	\$328,565
Habitat – to be constructed	55% AMI	3BR	\$228,836
Habitat – to be constructed	60% AMI	4BR	\$277,339

APPROVAL REQUESTED:

Staff requests approval by the Community Development Commission of the Developer’s proposed alternate means of compliance to complete fulfillment of the requirements of the HOP Agreement executed in 2006.