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CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2023-__

INTRODUCED BY:

Councilor Michael J. Garcia

Councilwoman Renee Villarreal

A RESOLUTION

**PROHIBITING THE USE OF THE FEE-IN-LIEU OF OPTION DESCRIBED IN THE
SANTA FE HOMES PROGRAM ON THE MIDTOWN SITE.**

WHEREAS, the City of Santa Fe (“City”) owns the Midtown Site, which is a sixty-four (64)-acre property located in the geographic center of Santa Fe; and

WHEREAS, because the City owns the Midtown Site, the City can determine its preferred strategy to leverage maximal community benefit and housing affordability through disposition, including through leasing of the land; and

WHEREAS, in 2016, after almost a decade without any new market-rate rental homes built in Santa Fe, the Governing Body piloted a pay a fee-in-lieu by right as an alternative to building a percentage of affordable housing units for market-rate rental projects on private land, to encourage rental developers to return to the Santa Fe market; and

WHEREAS, in 2019, the Governing Body adopted a bill that extended the pilot program without a term; and

WHEREAS, without new affordable housing unit inventory, the market resets to the

1 highest ability to pay, which has led directly to historically low vacancy rates and rent increases
2 that have averaged over 10 percent per year since 2015, continuing to greatly impact the ability of
3 lower-income Santa Fe residents to afford rental housing; and

4 **WHEREAS**, because the City owns the Midtown Site, it may choose to only dispose of
5 land to lessees or developers who agree not to utilize the fee-in-lieu option; and

6 **WHEREAS**, because the City owns the Midtown site, the City can prioritize affordable
7 housing development through multiple approaches; and

8 **WHEREAS**, the City intends to convey part of the Midtown Site for the purpose of
9 developing mixed-income, mixed-tenured housing, in addition to other commercial, cultural,
10 recreational, and community uses; and

11 **WHEREAS**, the City hosted public planning sessions supported by community
12 organizations, with the goal of developing an actionable set of recommendations to inform the
13 Midtown Community Development Plan and Midtown Master Plan (the “Plans”), during which
14 affordable housing was identified as a high priority; and

15 **WHEREAS**, housing affordability is determined according to standard Department of
16 Housing and Urban Development (HUD) methodology, using area median income (AMI) statistics
17 to ensure that monthly housing costs do not exceed 30 percent of a renter or homeowner’s monthly
18 income, including utilities (rental) and association dues (homeownership), as applicable; and

19 **WHEREAS**, the Plans (Master Plan page 64 and Community Development Plan pages 14-
20 16) call for achieving a 30 percent affordability minimum, produced through several means: 1) the
21 City’s inclusionary zoning regulation (SFHP homes, SFCC 1987, Section 26-1; Low Priced
22 Dwelling Units (LPDU), SFCC 26-2); 2) local, state, and federal housing subsidies (such as Low
23 Income Housing Tax Credit (LIHTC), HOME funds, public housing funds, other HUD funds); and
24 3) innovative land governance and subsidy mechanisms such as, but not limited to, land trust
25 homes, employer-assisted housing, and homes built through shared or sweat equity models; and

1 **WHEREAS**, the Plans project that the Midtown site can support approximately 1,100 new
2 homes, of which a minimum of 195 homes will be constructed on 100 percent subsidized parcels
3 by Qualified Grantees (as defined in SFCC 1987, Section 26-3) and 135 homes will meet the
4 definition of SFHP homes or LPDU homes through the City’s inclusionary zoning requirements
5 (as defined through the SFCC 1987, Section 26-1, 26-2) for a total of 330 affordable homes at
6 Midtown; and

7 **WHEREAS**, the existing affordable housing market in Santa Fe does not meet the current
8 demand for affordable units; and

9 **WHEREAS**, it is a priority of the Governing Body to expand and develop affordable
10 housing opportunities for the citizens residents of Santa Fe; and

11 **WHEREAS**, through the community engagement process, community groups and
12 members have identified that one priority use of the property is to provide affordable housing
13 options; and

14 **WHEREAS**, the Governing Body believes that the Plans will be best be achieved through
15 prohibiting the use of the fee in-lieu of option for development of market-rate housing on the
16 Midtown Site.

17 **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**
18 **CITY OF SANTA FE** that all requests for proposals issued by the City for developing housing at
19 the Midtown Site shall disallow proposals that contemplate use of the fee in lieu option described
20 in the Santa Fe Homes Program Ordinance, SFCC 1987, Section 26-1.22(B)(1).

21 PASSED, APPROVED, and ADOPTED this _____ day of _____, 2022.

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24 ALAN WEBBER, MAYOR
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1 ATTEST:

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4 KRISTINE MIHELICIC, CITY CLERK

5 APPROVED AS TO FORM:

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8 ERIN K. McSHERRY, CITY ATTORNEY

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25 *Legislation/2023/Resolutions/Midtown Affordable Housing Requirement*