



Agenda

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COMMUNITY DEVELOPMENT COMMISSION MEETING

Wednesday, June 17, 2015

3:30-5:00 p.m.

500 Market Street, Suite 200

Engine Conference Room

1. Call to Order
2. Roll Call
3. Approval of Agenda
4. Approval of Minutes: May 20, 2015 CDC
5. Proposal for Alternate Compliance for Pulte at Las Soleras (SFHP) – James Siebert & Associates (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
June 17, 2015

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ROLL CALL	Quorum	1
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APPROVAL OF MINUTES: May 20, 2015 CDC	Approved [as submitted]	2
PROPOSAL FOR ALTERNATE COMPLIANCE FOR PULTE AT LAS SOLERAS (SFHP) – JAMES SIEBERT & ASSOCIATES, INC.	Motion passed to table until June 26, 2015 when the Commission will reconvene	2-8
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ADJOURNMENT	Adjourned at 5:03 p.m.	9

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

June 17, 2015

A meeting of the City of Santa Fe Community Development Commission was called to order by Councilor Ron Trujillo, Chair on this date at 3:30 p.m. in the Market Station Offices, 500 Market Street, Suite 200, Roundhouse Conference Room, Santa Fe, New Mexico.

Members Present:

Councilor Ron Trujillo, Chair
Paul Goblet
Carla Lopez
John Padilla
Silas Peterson

Member(s) Absent:

Rusty Tambascio, Vice Chair, excused
Toby Bott-Lyons, excused

Staff Present:

Margaret Ambrosino, Senior Housing Planner
Alexandra Ladd, Housing Special Projects Manager

Others Present:

Kevin Patten, Pulte Homes of New Mexico, Inc.
Garrett Price, Pulte Homes of New Mexico, Inc.
James W. Siebert, James W. Siebert and Associates Inc.
Sharon Welsh, The Housing Trust
Jo Ann G. Valdez, Stenographer

APPROVAL OF AGENDA

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

APPROVAL OF MINUTES: May 20, 2015 CDC

Commissioner Goblet moved to approve the Minutes of the May 20, 2015 CDC Meeting. Commissioner Padilla seconded the motion. The motion passed unanimously by voice vote.

PROPOSAL FOR ALTERNATE COMPLIANCE FOR PULTE AT LAS SOLERAS (SFHP) – JAMES SIEBERT & ASSOCIATES, INC.

Ms. Ladd referred to the Memo that was included in the Commissioners' packets. A copy is hereby incorporated to these Minutes as Exhibit "A". Copies of the Proposal from James Siebert & Associates, Inc. and copies of the map of the area were included. {Please see Exhibit "A" for the specifics of this presentation.}

Background

One of the goals of the Santa Fe Homes Program (SFHP) is to *"foster economic integration by requiring that developers provide required SFHP units and manufactured home lots on the property proposed for development."* [(SFCC 26-1.33(A))] However, the ordinance also allows for a developer to petition the City Council to comply with the affordability requirement through an alternate means of compliance, *"...off-site construction, cash payment in lieu of constructing or creating the required SFHP units or manufactured home lots or dedication of land suitable for construction or creation of inclusionary units of equivalent or greater value than would be required for onsite construction."* [SFCC 26-1.33(A)]

The alternate means of compliance may be considered if the proposal demonstrates that the project meets the definition of "extreme hardship" which the ordinance defines as: *"a condition occurring as a direct consequence of the SFHP Ordinance which:*

- (a) deprives a property owner of all economically viable use of the subject property taken as a whole; or*
- (b) would require the property owner to lose money on the development taken as a whole and the property owner can demonstrate to the governing body's satisfaction that said loss would be an unavoidable consequence of the SFHP requirement for construction of SFHP units; or*
- (c) the property owner can demonstrate to the Council's satisfaction that complying with the requirements of this chapter would constitute taking property in violation of the Constitution of the United States or New Mexico."* (SFCC 25-1.5)

Staff requested that the Commission provide a recommendation to the Governing Body regarding the proposal for alternate compliance submitted by James Siebert & Associates on behalf of Pulte Homes.

Item and Issue

Pulte homes of New Mexico, Inc. proposes to build a total of 300 market rate homes on a land parcel in Las Soleras. The project is subject to the Santa Fe Homes Program Ordinance (SFCC Chapter 26-1) which requires that 20% (60 homes) are sold at affordable sales prices to income-qualified homebuyers. Five percent (5%) of the total units (15) are to be priced affordably for homebuyers earning from 50-60% AMI. 30 units (10%) priced for homebuyers earning from 65-80% AMI; and 15 units (5%) priced for homebuyers earning from 80-100% AMI. A breakdown of the unit types and pricing were included in the proposal that was distributed in the Commissioners' packets.

Rather than delivering all 60 affordable homes, Pulte Homes requests to satisfy the SFHP requirement through the following:

- Donate six (6) building lots to Habitat for Humanity for construction of homes priced affordably to homebuyers earning no more than 60% AMI. The equivalent value of this donation is calculated through the following:
 $\$90,000 \text{ per lot} \times 6 = \underline{\$540,000}.$
- Donate a four (4)-acre parcel within Las Soleras that is suitable for future construction of a 60-72 unit Low Income Housing Tax Credit project. The value of this parcel is estimated to be $\$5.00 \text{ square foot} \times 174,240 (43,560 \times 4 \text{ acres}) = \underline{\$871,200}.$

Appendix D of the SFHP Administrative Procedures provides a calculation for estimating a fee-in-lieu that is based on MLS sales data to the specific area of Santa Fe. Projects that are proposed in neighborhoods with higher land values pay a higher fee-in-lieu per unit than in more affordable areas of town. For the southwest sector of Santa Fe, this fee is estimated to be approximately \$42,780 per unit for a total fee of: $\$42,780 \times 60 = \underline{\$2,566,800}$. (Note: this fee is currently estimated based on 2014 income and real estate sales data and would be adjusted to present day values before being assessed.)

The difference between the fee-in-lieu for 60 units (\$2,566,800) and the estimated value of the donated land (\$1,411,200) is proposed to be compensated by the future subsidy leveraged through the Low Income Housing Tax Credit development on the donated parcel.

Pulte Homes of New Mexico, Inc. would like the CDC to consider the proposal for alternate compliance on the basis that the applicant has stated a general case for the extreme hardship that will be unavoidable if the affordable homes are built. If CDC recommends that the alternate compliance (eg. donated lots are ready-to-build and all land use entitlements for the proposed uses are secured, etc.) to be forwarded to the Governing Body for consideration.

Mr. Siebert introduced Garrett Price, Vice President of Pulte Homes of New Mexico, Inc. and Kevin Patten, Land Manager.

He noted that Pulte Homes bought out Centex in 2009.

Mr. Siebert explained the above request noting that the project will be developed in four phases. Of the 300 dwellings 160 units are planned as an active retirement community targeting households designed for buyers 55 years of age and older. This housing product is referred to as "Age Targeted". There are 140 units of "Family Housing". This housing type is directed to young professionals and families desiring to move up to a larger and generally more expensive home.

Mr. Siebert mentioned that Pulte Homes did a market study and determined that there is a very significant demand here in Santa Fe for people that want to move into a smaller home due to maintenance costs, etc. He noted that the "Age Targeted" area is in a gated community.

Mr. Siebert said the first Phase will consist of 77 lots and would be a portion of the "Traditional" area and the beginning for the "Age-Targeted" model. There are six units that Pulte Homes is proposing to provide to Habitat. In addition, Pulte Homes has been working with Las Soleras to come up with a location for the 4-acre site that is suitable for future construction of a 60-72 unit Low Income Housing Tax Credit project. This land would be donated to the City and the intent is that the City at some point would turn over the land to the Housing Trust and it would be operated by them.

This proposed method of alternative compliance will increase the total number of affordable units provided by six affordable units at 15 dwellings per acre and 12 affordable units at 18 dwellings per acre, with the majority of those units targeted towards households with lower incomes and fewer market housing options than those targeted by homeownership programs. Land donations are strategies explicitly listed as acceptable means of alternative compliance in Section 26-1.33 of the HOMES Program Ordinance.

Mr. Siebert said they realize that they are thinking "outside of the box" so he would like to hand out some of the excerpts of the Housing Needs Assessment of 2013. This alternative compliance strategy is specifically referenced in policy considerations from the Housing Needs Assessment which found that city demographics are shifting and *"households may seek rental rather than homeownership options to reflect smaller households, changing financial circumstances, retirement objectives, live/work needs, etc."*

Mr. Siebert said the Housing Needs Assessment Plan of 2013 determines that the biggest mismatch in market supply and demand is for very low income renters. Santa Fe's median rent increased by 25% between 2000 and 2010, while renters' incomes only increased 4%. Other than public housing and housing choice vouchers, managed by the local housing authorities, and units or vouchers for renters with special needs, subsidized rental options are extremely limited.

Mr. Siebert highlighted the policy considerations as follows:

- Develop comprehensive support services for renters including homeless prevention, rental vouchers, deposit assistance, and referral resources for co-

- occurring situations related to poverty, disability and special needs.
- The city needs a revenue stream for rental support services. One way to do this is maybe to develop alternative forms of compliance to the current unit requirement in the Santa Fe Homes Program, such as an in-lieu of fee, or private/nonprofit partnerships.
 - The city has an opportunity to facilitate partnerships between the nonprofit, for profit and governmental sectors to generate affordable housing. Current efforts that may be supported by the city include the development of multi-income Low Income Housing Tax Credit projects, proposed rehabilitation of public housing units and the redevelopment of commercial corridors to include affordable rental housing.

Mr. Siebert concluded his presentation noting that Pulte Homes of New Mexico, Inc. believes that what they are proposing targets the needs of the community and the needs that were identified in the Housing Needs Assessment Plan of 2013. He asked if there were any questions.

Garrett Price added that he is with Pulte Homes and had been with Centex for over 10 years prior to the acquisition. He explained that they have a lot of experience and support the City's efforts for affordable housing.

Discussion/Questions/Comments:

Commissioner Padilla said of the 77 lots projected, what are the numbers for the "Age-Targeted" and the "Traditional" models.

Mr. Price said there are 57 lots for the "Traditional" model and 20 for the "Age-Targeted" models.

Commissioner Padilla asked what the typical size of a lot is.

Mr. Price said the lots are typically 55 feet by 120 feet. A 45-foot home could be built on the lot.

Commissioner Peterson asked where the estimate of \$90,000 come in for the value of the land.

Mr. Price said the price of the land includes the cost of development. This is the cost for Pulte to buy, develop and entitle the land. He said unfortunately the sale prices have stayed stagnant but the labor costs have gone up. They also put a little more design and money into the landscaping and trail works.

Commissioner Lopez asked if this is Phase 1. Mr. Price said yes, that is correct.

Commissioner Goblet said he could not imagine a better partner (Habitat) to assist Pulte Homes of New Mexico Inc. to address the low end of homeownership. However, he

has a hard time with the mathematics of Pulte Homes. He felt that there was a huge disconnect between the proposed valuation of the \$90,000 a lot and the price/value of other lots. He noted that the average cost of land used to be approximately \$25,000 to \$30,000.

Mr. Price said they are willing to show the full disclosure. He explained that this is a long term investment for Pulte Homes to be a part of the community and it took them some time to convince corporate that Santa Fe is worth the financial investment.

Commissioner Padilla asked what Pulte Homes' timing is for Phase 1 (the 77 lots).

Mr. Siebert said they have been to the Planning Commission once and they have to return to them again and that is coming up tomorrow night. They still need to go before City Council for the zoning issues.

Mr. Price explained that this portion is currently zoned for high density and they are shifting densities within, and this is the reason they have to get it rezoned.

Mr. Siebert said they are looking at late summer to begin construction activity on the project.

Mr. Price said they anticipate that they will go before City Council at their first meeting in July, and they will make the same presentation on this proposal to them at that time.

Commissioner Padilla asked when they expect for Phase 1 to be built out.

Mr. Patten said they hope to have models open by this time next year.

Ms. Ladd asked what they think the timing would be for getting the parcel of land; and for getting apartments on the ground and ready to lease/rent. She said she knows the loan process and the tax credits has a very specific timeline.

Mr. Price said as soon as they know that they have received the entitlements and approval from City Council, they will acquire the piece of land. He said they have an agreement with the developer to do so.

Ms. Welsh said the tax credit program is the best program to make the units affordable but it can cost upwards to \$60,000.00 to put together the tax credit application. She said with regards to the tax credit schedule, it can take some time. She said sometime in October or November, the Mortgage Finance Authority announces what the priorities are for the year.

She said the City would have the land as collateral security, and it is relatively higher-valued land because it is selling for higher density and is close to commercial facilities. She said Habitat would probably put in an application for the 2016 Tax Credit year if this is approved by City Council and they have all the entitlements in place.

Ms. Ladd asked them to clarify whether or not Pulte Homes needs a General Plan Amendment.

Mr. Price said it does not need an amendment to the General Plan.

Ms. Welsh said the second part of the question was how soon the apartments would be on the ground and ready to lease. She said unfortunately they will not hear about the tax credit application until May of next year.

Councilor Ron Trujillo asked if there was anything that can happen at the Planning Commission tomorrow that can put a wrench in this.

Mr. Price said they can still proceed with City Council approval but it makes it a little harder for them.

Mr. Siebert said they have worked with everybody to address concerns and have made some other commitments to the Plan that should make it much more approvable.

Commissioner Peterson referred to the paragraph that states: *"The difference between the fee-in-lieu for 60 units (\$2,566,800) and the estimated value of the donated land (\$1,411,200) is proposed to be compensated by the future subsidy leveraged through a LIHTC development on the donated parcel.* He asked what the future subsidy leverage is.

Ms. Ladd said she wrote this and asked Ms. Welsh to explain how the tax credit works.

Ms. Welsh explained that the tax credits provide about 80% (or less) of the financing of the cash for the project. The remainder is financed and usually the city makes some grants for the project.

Ms. Welsh said this donated land is a luxury for them to submit an application for tax credits but it has to be donated from the City - to a project - in order to qualify for the tax credits.

**Councilor Ron Trujillo, Chair, had to leave at 4:35 p.m. Commissioner Padilla Co-Chaired the meeting from here forward.*

Commissioner Peterson asked if there is any concern from the Commission about the fact that the proposal removes all but six units from their project. Only 2% of the total units of this project will be affordable. He said this is something to be mindful of and how important this is. There is also the concern of selling and mixing higher-end homes with affordable housing. There is a lack of inclusionary neighborhood because only 2% of the units will be owned or lived in by a different income group.

Commissioner Peterson would like more time to think about this. He suggested that

Community Development Commission
Meeting: June 17, 2015

this item be tabled until the Commission could reconvene to discuss the proposal further.

Commissioner Goblet said there is a lot of complexity here. He asked what is the chronological sequence of things that have to happen. He asked if the Commission has to approve or disapprove this today because he would like the Commission to come back and revisit this. He feels that six units is a fairly small number of units if they are trying to develop affordable housing.

Commissioner Lopez said she has the same concerns and would like the Commission to reconvene to discuss the proposal further.

Mr. Price said the Planning Commission does not have purview to affordable housing, the City Council does.

Ms. Ladd said the Commission's role is to discuss the merits of this alternate compliance and whether or not it meets the requirements of the ordinance for an alternate compliance, provide a response to the proposal and possibly make a recommendation to the governing body.

Commissioner Padilla asked if there were any other questions. He asked Ms. Ladd if she is looking for action from the Commission on the proposal that is before them.

Ms. Ladd said yes, it is an action item.

Mr. Siebert said they understand that this is the first time anyone has asked for this and they understand that this can be a challenge for this Commission.

Commissioner Padilla asked what additional information the Commission will have or need if they reconvene and discuss this further.

Commissioner Goblet said they will have the outcome of the Planning Commission.

Commissioner Padilla suggested that a deadline be set to get questions back for clarification purposes to Ms. Ladd. There was consensus of the Commission that the deadline would be June 22nd and the Commission will reconvene on June 26th at 1:30 p.m.

Commissioner Silas moved to table this for continuance of discussion on this action item and reconvene before the July City Council meeting. Commissioner Goblet seconded the motion. The motion passed unanimously by voice vote.

ITEMS FROM THE COMMISSION

As noted above, the Commission will reconvene on June 26, 2015 at 1:30 p.m.

ITEMS FROM THE FLOOR

There were no items from the floor.

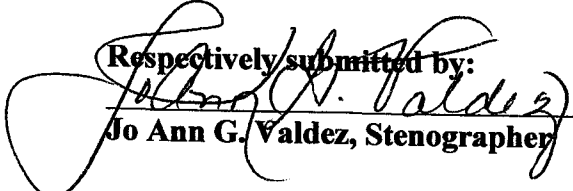
ADJOURNMENT

Its business being completed, Commissioner Peterson moved to adjourn the meeting, second by Commissioner Padilla, the meeting adjourned at 5:03 p.m.

Approved by:


Councilor Ron Trujillo, Chair

Respectively submitted by:


Jo Ann G. Valdez, Stenographer

City of Santa Fe, New Mexico

memo

EXHIBIT

tabbles

A

Date: June 9, 2015

To: Members of the Community Development Commission

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

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

Re: Request for Alternate Compliance for Pulte at Los Soleras

ACTION REQUESTED

Provide recommendation to the Governing Body regarding the attached proposal for alternate compliance submitted by James Siebert & Associates on behalf of Pulte Homes.

BACKGROUND

One of the goals of the Santa Fe Homes Program (SFHP) is to "foster economic integration by requiring that developers provide required SFHP units and manufactured home lots on the property proposed for development." [(SFCC 26-1.33(A))] However, the ordinance also allows for a developer to petition the City Council to comply with the affordability requirement through an alternate means of compliance, "...off-site construction, cash payment in lieu of constructing or creating the required SFHP units or manufactured home lots or dedication of land suitable for construction or creation of inclusionary units of equivalent or greater value than would be required for onsite construction." [(SFCC 26-1.33(A))]

The alternate means of compliance may be considered if the proposal demonstrates that the project meets the definition of "extreme hardship" which the ordinance defines as: "a condition occurring as a direct consequence of the SFHP Ordinance which: (a) deprives a property owner of all economically viable use of the subject property taken as a whole; or (b) would require the property owner to lose money on the development taken as a whole and the property owner can demonstrate to the governing body's satisfaction that said loss would be an unavoidable consequence of the SFHP requirement for construction of SFHP units; or (c) the property owner can demonstrate to the council's satisfaction that complying with the requirements of this chapter would constitute taking property in violation of the Constitution of the United States or New Mexico." (SFCC 26-1.5)



**JAMES W. SIEBERT
AND ASSOCIATES, INC.**

915 MERCER STREET * SANTA FE, NEW MEXICO 87505
(505) 983-5588 * FAX (505) 989-7313
jim@jwsiebert.com

MEMORANDUM

Date: June 8, 2015

To: Alexandra Ladd, Special Projects Manager

From: James W. Siebert *jws*

Re: Request for Alternate Compliance submitted by Pulte Homes at Las Soleras
Units 1 & 2

Background

Single-family home construction has remained anemic since the peak of housing development in the mid-2000's. Data from the Census Bureau Building Permits Survey indicates that permit issuance for single-family homes has failed to top 200 units since 2007. By comparison, at the peak of building activity in 2005, 503 single-family permits were issued, by contrast only 168 market rate single family permits were issued in 2014. Pulte at Las Soleras proposes to build 300 units of single-family for sale housing over a 4 to 6 year period providing much needed economic activity and sales tax revenue.

The project will be developed in four phases. Of the 300 dwellings 160 units are planned as an active adult retirement community targeting households designed for buyers 55 years of age and older. This housing product is referred to as "Age Targeted", meaning that purchasers are not restricted to the 55 year old limitation but that age group is the targeted buyer of these homes. There are 140 units of "Family Housing". This housing type is directed to young professionals and families desiring to move up to a larger and generally more expensive home.

Under the currently adopted Santa Fe Homes program requirements, the project is required to produce 60 income restricted affordable homeownership units. Understanding the need and value of affordable housing, we propose a partial alternative

12 Lots
20 Acre TARGETED

ITEM AND ISSUE

Pulte Homes of New Mexico, Inc. proposes to build a total of 300 market rate homes on a land parcel in Las Soleras. The project is subject to the Santa Fe Homes Program (SFHP) ordinance (SFCC Chapter 26-1) which requires that 20% (60 homes) are sold at affordable sales prices to income-qualified homebuyers. Five percent (5%) of the total units (15) are to be priced affordably for homebuyers earning from 50-60% AMI; 30 units (10%) priced for homebuyers earning from 65-80% AMI; and 15 units (5%) priced for homebuyers earning from 80-100% AMI. See the attached SFHP Proposal for a breakdown of unit types and pricing.

Rather than deliver all 60 affordable homes, Pulte Homes requests to satisfy the SFHP requirement through the following:

- Donate six (6) building lots to Habitat for Humanity for construction of homes priced affordably to homebuyers earning no more than 60% AMI. The equivalent value of this donation is calculated through the following: \$90,000 per lot X 6 = \$540,000.
- Donate a four (4)-acre parcel within Las Soleras that is suitable for future construction of a 60-72 unit LIHTC (Low Income Housing Tax Credit) project. The value of this parcel is estimated to be \$5.00 square foot X 174,240 (43,560 X 4 acres) = \$871,200.

Appendix D of the SFHP Administrative Procedures provides a calculation for estimating a fee-in-lieu that is based on MLS sales data relative to the specific area of Santa Fe. Projects that are proposed in neighborhoods with higher land values pay a higher fee-in-lieu per unit than in more affordable areas of town. For the southwest sector of Santa Fe, this fee is estimated to be approx. \$42,780 per unit for a total fee of: 42,780 X 60 = \$2,566,800. (Note: this fee is currently estimated based on 2014 income and real estate sales data and would be adjusted to present day values before being assessed.)

The difference between the fee-in-lieu for 60 units (\$2,566,800) and the estimated value of the donated land (\$1,411,200) is proposed to be compensated by the future subsidy leveraged through a LIHTC development on the donated parcel. This is a reasonable leverage assumption.

Staff recommends that the CDC consider the proposal for alternate compliance on the basis that the applicant has stated a general case for the extreme hardship that will be unavoidable if the affordable homes are built. If CDC recommends that the alternate compliance be granted, staff recommends that the CDC also considers conditions for acceptance of the alternate compliance (eg. donated lots are ready-to-build and all land use entitlements for the proposed uses are secured, etc.) to be forwarded to the Governing Body for consideration.

Attachments:

1. SFHP Proposal
2. Cover Memo from James W. Siebert
3. Proposal for Alternate Compliance

means of compliance that is intended to increase the total number of affordable units provided, while offering an affordable housing option to better meet identified community housing needs.

Age Targeted Considerations

The Age Targeted component of the Pulte development includes private streets with maintenance of the asphalt, curb and gutter, sidewalk, planter strip and landscape in the common open areas being the financial responsibility of the home owners' association. The fee for the maintenance cost has not been calculated for this project but based on similar Pulte projects the monthly fee is estimated at \$60-\$80. If affordable housing were included for the Age Targeted side of the Pulte development this cost would have to be paid by the affordable home owner.

The homes are also designed for empty nesters or retirees that prefer a smaller house size, all of which are single story. The inclusion of housing suitable for larger families would not be compatible with the standard design models for the Age Targeted segment of the Pulte development.

Proposed Alternative Means of Compliance

As an alternative to the 60 for sale units, we propose to provide a combination of on-site home ownership units, combined with a land donation to the city for affordable rental housing development. We believe the city's interest in affordable housing is better served by this approach.

Acknowledging the community value of including affordable homeownership opportunities in all new development, we propose to provide 6 units located within the Family Housing area as affordable according to the SFHP (Santa Fe Homes program) guidelines.

To offset the additional 54 units of housing required under the SFHP (Santa Fe Homes program), we propose to donate to the city a minimum 4 acre parcel of land for the express purpose of affordable rental development. This size site will be sufficient to produce 60 units at 15 dwellings per acre and 72 units at 18 dwellings per acre of affordable rental housing using the Low Income Housing Tax Credit (LIHTC) model. This donation of land will ensure that the proposed project application is competitive by meeting the New Mexico LIHTC requirements for projects with municipal contribution. The four acre site is located within Las Soleras adjacent to the regional park as described on the approved Las Soleras Master Plan. The proposed site is located within one-half mile of two future bus stops and one mile of Walmart for grocery shopping.

Justification

This proposed method of alternative compliance will increase the total number of affordable units provided by 6 affordable units at 15 dwellings per acre and 12 affordable units at 18 dwellings per acre, with the majority of those units targeted towards households with lower incomes and fewer market housing options than those targeted by homeownership programs. Land donations are strategies explicitly listed as acceptable means of alternative compliance in Section 26-1.33 of the HOMES Program Ordinance.

Demographic information and strategies from the 2012 Housing Needs Assessment report also support this approach. One of the key findings of that report states that: "The biggest mismatch in market supply and demand is for very low income renters." With income targeted below 60% of the area median income, 61% of Santa Fe renters would qualify for tax credit assisted rental projects. The study also found that 3000 renters below \$25,000 annual income cannot currently find affordable housing and are cost burdened. According to statistics from the 2013 American Community Survey, 52.7% of all renters in Santa Fe are paying more than 30% of their incomes on rent.

This alternative compliance strategy is specifically referenced in policy considerations from the Housing Needs Assessment which found that city demographics are shifting and "Households may seek rental rather than homeownership options to reflect smaller households, changing financial circumstances, retirement objectives, live/work needs, etc." The section of the needs assessment discussing "Innovations in Housing" specifically cites LIHTC development in reference to: "Creating rental opportunities that serve variety of needs and incomes."

The concept of a land donation for tax credit development is not a novel idea. Citing the need for revenue streams to support rental, the report suggests that "One way to do this may be to develop alternate forms of compliance to the current unit requirement in the Santa Fe Homes Program, such as an in-lieu of fee, or private/nonprofit partnerships."

This strategy is also completely aligned with the city's opportunity "to facilitate partnerships between the nonprofit, for profit and governmental sectors to generate affordable housing. Current efforts that may be supported by the city include the development of multi-income LIHTC projects, proposed rehabilitation of public housing units and the redevelopment of commercial corridors to include affordable rental housing."

When we look at homeownership housing opportunities, current market statistics further support the affordable rental approach. A search of MLS listings in Santa City limits on February 4, 2015 returned 75 listings at or below \$200,000, a price affordable to households earning 80% of the area median income. There were an additional 69 units listed between \$200,000 and \$250,000, the approximate sales price limit for a household at 100% of area median income. With a greater supply of market rate homes affordable to moderate-income households, affordable rental housing better matches the community's current housing needs.

The use of Low Income Housing Tax Credits as a development model also helps attract new financial resources for affordable housing into the community. The leveraging of new resources is explicitly referenced in Section 26-133(C) of the SFHP (Santa Fe Homes program) ordinance referencing considerations for determination of an acceptable Alternative Means of Compliance. The tax credit awards for a 60-unit project can range from \$6-10 million, far more than would be produced by the discounts created by for-sale housing.

The biggest mismatch in market supply and demand is for very low income renters.

Santa Fe's median rent increased by 25 percent between 2000 and 2010, while renters' incomes only increased 4 percent. The average rent for a 2 bedroom increased by 14 percent and a 3 bedroom by 12 percent since 2004. Half of all units rented for less than \$800/month in 2007 while 41 percent in 2011 rented for less than \$850/month. About 1/3 of Santa Fe's renter population earns less than 30 percent of the area median income (about \$17,000 for a family of 3), meaning that any rent greater than about \$500/month is unaffordable (including utilities). Only 10 percent of the units currently on the market are offered in this range and most of them are likely to be 1 bedroom or studios. Other than public housing and housing choice vouchers, managed by the local housing authorities, and units or vouchers for renters with special needs, subsidized rental options are extremely limited.

Another rental segment for which there is a mismatch is at the very high end of the market for renters earning more than 120 percent of the area median income (13% of all renters) but only 4 percent of total inventory. While this portion of the population does not need assistance, the mismatch is likely to drive up rents and eliminate some options for renters with moderate incomes.

Policy Considerations:

- Develop comprehensive support services for renters including homeless prevention, rental vouchers, deposit assistance, and referral resources for co-occurring situations related to poverty, disability and special needs.
- The city needs a revenue stream for rental support services. One way to do this may be to develop alternate forms of compliance to the current unit requirement in the Santa Fe Homes Program, such as an in-lieu of fee, or private/nonprofit partnerships.
- The city has an opportunity to facilitate partnerships between the nonprofit, for profit and governmental sectors to generate affordable housing. Current efforts that may be supported by the city include the development of multi-income LIHTC projects, proposed rehabilitation of public housing units and the redevelopment of commercial corridors to include affordable rental housing.

Low Income
Housing

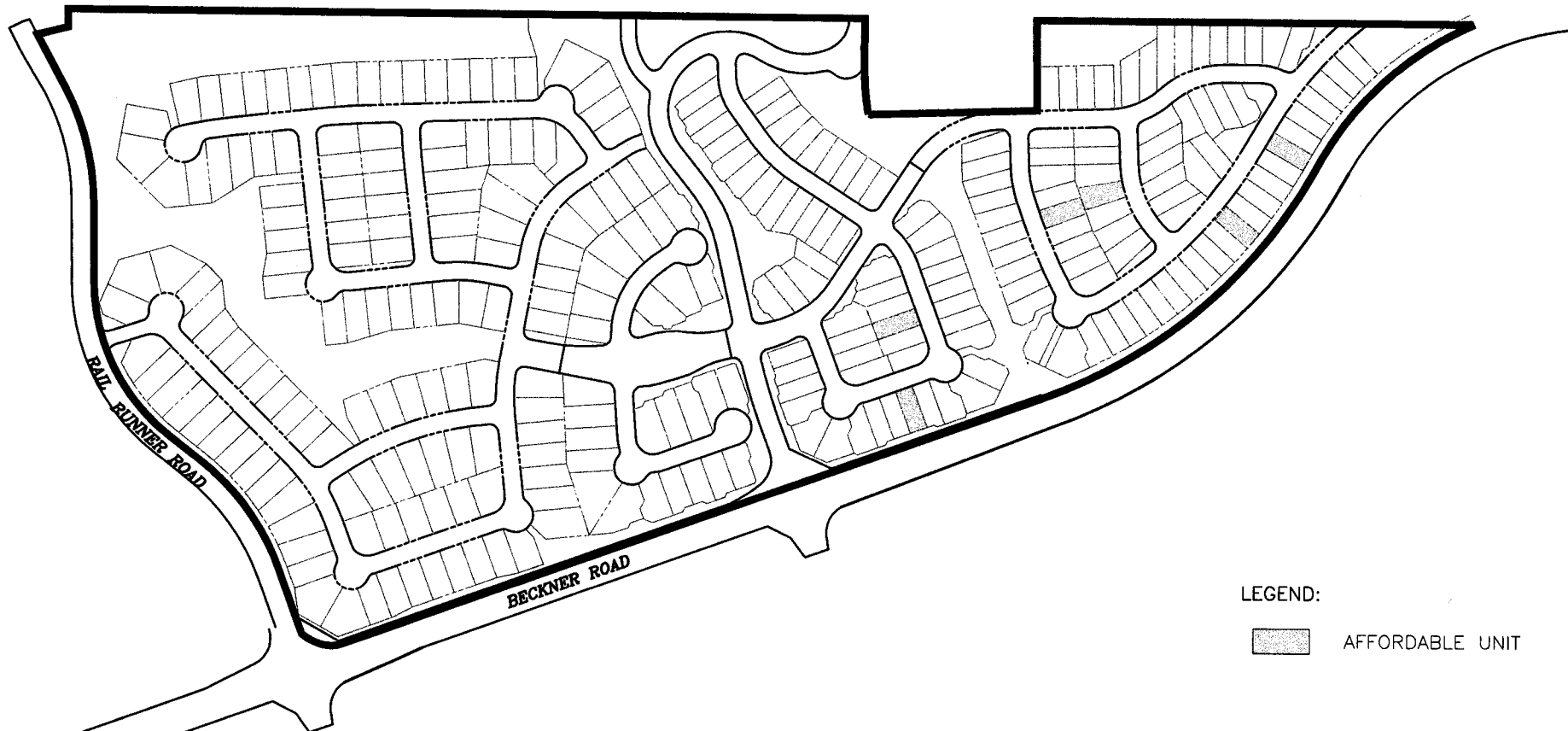
Three multifamily projects were recently constructed or in the process of being constructed that reflect green building innovations. Village Sage, developed by the Housing Trust has a HERS rating of 64, uses water harvesting technologies in its landscaping, and features energy efficient insulation, appliances, lighting and windows. Villa Alegre, developed by the Santa Fe Civic Housing Authority, qualifies for LEED's Platinum certificate with solar photovoltaic cells supplying 40 percent of the development's electricity, and underground heat pumps addressing the homes' heating and cooling needs. The StageCoach Apartments, being redeveloped by the Housing Trust, also meets LEED standards in addition to the City of Santa Fe's Green Building Code.

The City of Santa also allows for "green" option upgrades in its inclusionary zoning pricing schedule. This way, a developer can add the cost of energy upgrades to the price of the home to partially offset the upfront investment, with the assumption that the long-term cost savings for the purchaser will result in lower overall housing costs.

Creating rental opportunities that serve variety of needs and incomes. Typically, subsidized rental housing is required to serve renters earning up to a certain income limit and the rents are determined by HUD's Fair Market Rent (FMR). For rental projects financed through low-income housing tax credits, this limit is generally 50-60 percent AMI and most renters are qualified right at that level, leaving un-served a significant number of renters. In Santa Fe, the Housing Trust is piloting an integrated housing model⁴ in which various funding sources are co-mingled to provide not only low-income rental units, but also units reserved for homeless families and individuals, as well as market-priced units. Additionally, supported services, such as counseling, life skills training, employment assistance and referral to other services are provided on-site. The Village Sage, completed in 2010 provides 60 units and the Stagecoach Apartments, to be finished in 2013, will add another 66 units. Likewise, the Santa Fe Civic Housing Authority leveraged funds from Low-Income Housing Tax Credits in addition to Section 202 and other private and public funds to provide senior and family housing units, some of which are managed as public housing units and others that are privately managed, in addition to market-rate units.

Making homelessness a temporary experience. The draft Plan to End Homelessness in Santa Fe: Progress for 2012 to 2017 articulates a vision for connecting homeless people to services so that they can find permanent, affordable housing and the appropriate follow up services to maintain their housing situations. Homelessness is not a "one size fits all" situation and the plan recognizes the difference between situational homelessness, brought on by a job loss or family trauma, and chronic homelessness. Likewise, different sub-populations need different services and the plan distinguishes between homeless families, youth, veterans, disabled and the drug-addicted and/or mentally ill. The plan connects a vision statement to identified strategies, funding sources and partners for achieving the vision.



⁴ Also known as a "Renaissance Model" of rental housing development, this integrated housing approach was first piloted by the Colorado Coalition to End Homelessness.

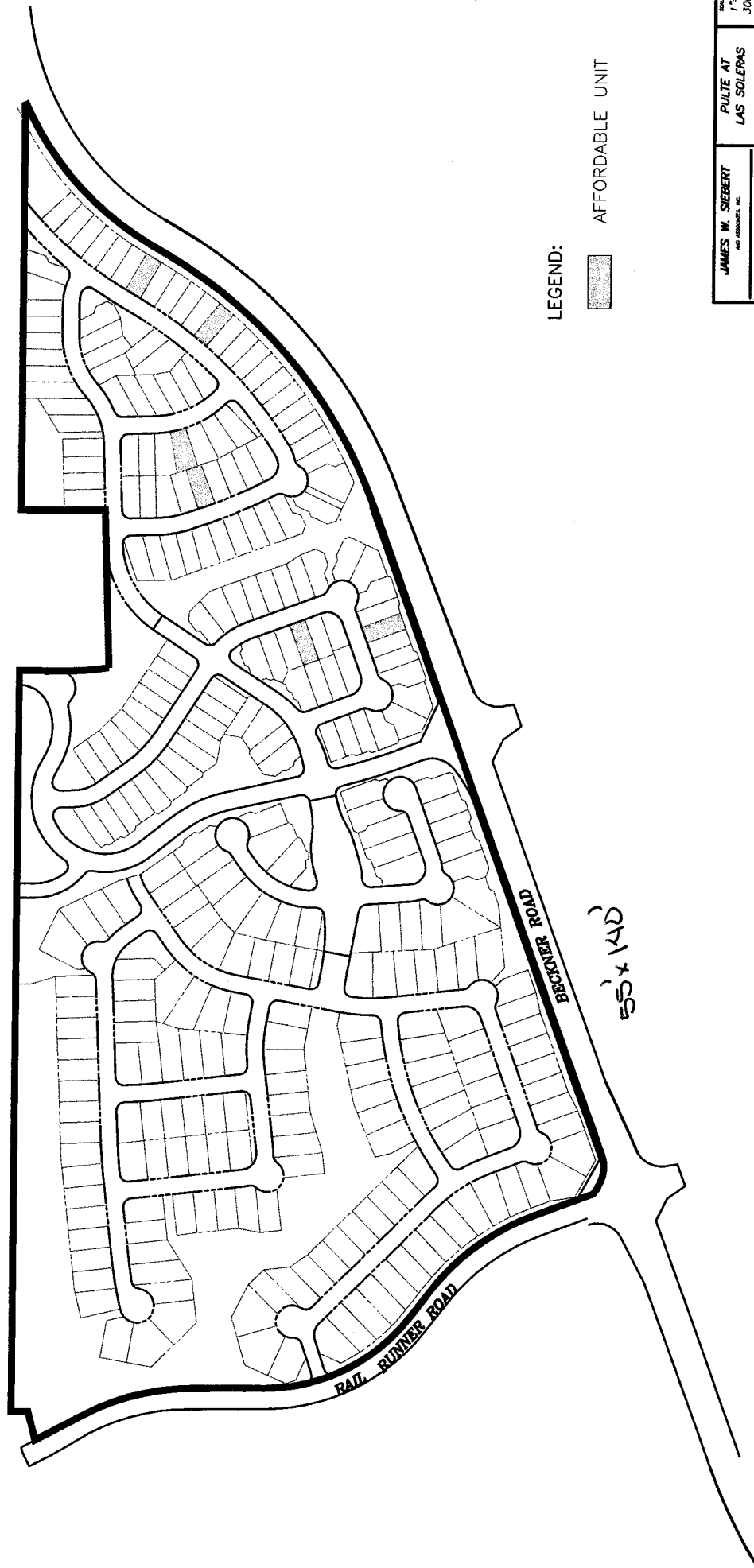


LEGEND:



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 <small>FAX (505) 968-7313</small>	AFFORDABLE UNITS LOCATION	



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