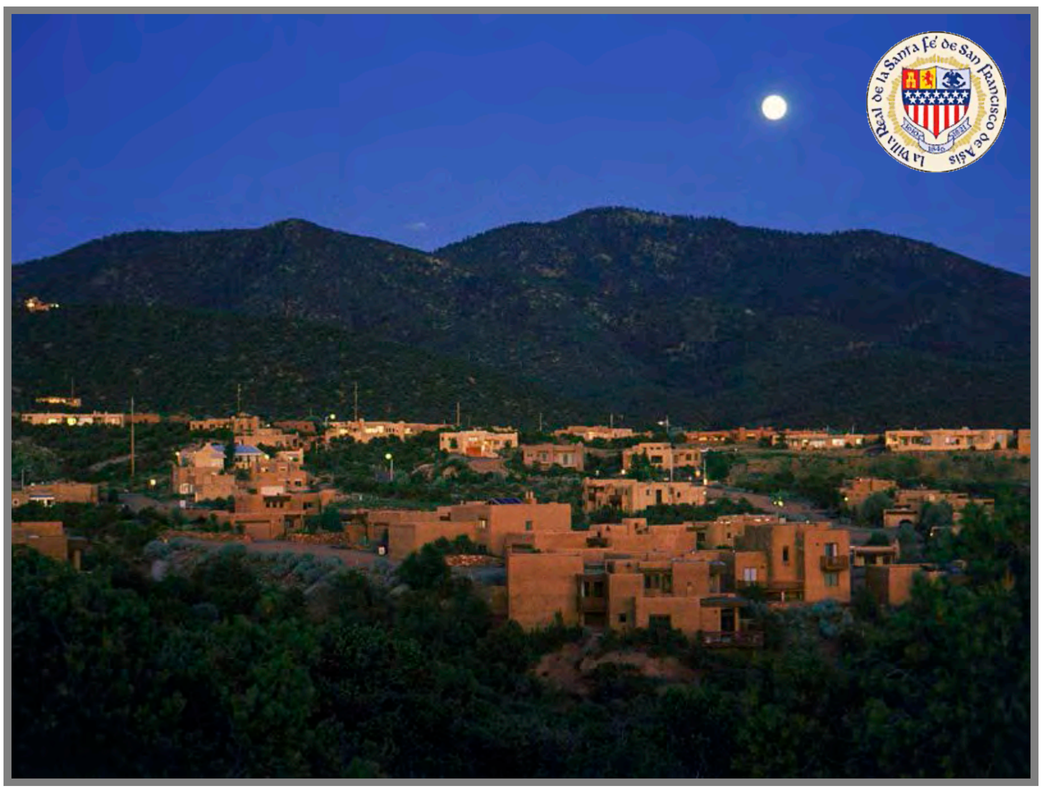
Housing Needs Assessment Update

City of Santa Fe, New Mexico



FINAL REPORT

Final Report

March 19, 2013

Housing Needs Assessment Update

Prepared for
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Santa Fe 2012 Housing Needs Assessment

Introduction

This section summarizes the primary findings from the 2012 Housing Needs Assessment, or 2012 HNA. The 2012 HNA was organized during the latter part of 2012 by BBC Research & Consulting (BBC) of Denver and Housing Strategy Partners of Santa Fe. Where possible, findings are compared with those from the 2007 HNA to show how the housing market—and affordability—have changed since the last HNA was conducted in Santa Fe. This section also addresses the main research questions posed by the city at the inception of the study.

Primary Findings

- **During the past decade, Santa Fe has experienced modest population growth.** The city's population increased 11 percent in the last decade at a rate of approximately 1 percent per year.

- **Household composition has shifted.** Older, smaller households without children now comprise a greater percent of the city's population than in 2000. The city has far fewer residents under age 55: In 2000, 63 percent of the city's residents were younger than 55; this has dropped to 50 percent in 2010 and been offset by a gain in adults 55 and older.

- **Home prices continue to escalate, even factoring in the recent decline in the market.** The median home value in the city rose by 65 percent between 2000 and 2010, from $183,000 to $310,000. The city's homeownership rate increased slightly even as home purchases became less affordable and household incomes increased only modestly. These data suggest that many homebuyers are higher income households with established home equity, some new to the city.

- **Renters have lost purchasing power since 2000.** Renters' incomes were flat between 2000 and 2010 and the median rent (excluding utilities) increased by 25 percent, meaning that renters lost purchasing power during the decade. Similar to 2000, 41 percent of renters occupy single family detached or attached homes, which typically command higher rents. A comparison of rental supply and demand conducted for this study estimates that 3,000 renters earning less than $25,000 cannot find affordable housing and are cost burdened.[1]

- **The vast majority of homeowners and, to a lesser extent, renters are satisfied with their housing.** Very few residents expect changes in their housing situation in the next five years. Renters were most likely to anticipate future housing changes, commonly a move out of the city. Of renters and in-commuters that have not purchased a home in the city, 43 percent cited lack of affordable housing as the primary reason. Among those who work within the city limits but live elsewhere, nearly 50 percent would not move into the city even if housing were available that they could afford. These workers are satisfied with their current place of residence. In contrast, one-third (38%) of in-commuters would move to Santa Fe if they could buy an affordable single family home. Affordable rental units appealed to less than 10 percent of in-commuters.

[1] Families who pay more than 30 percent of their income for housing are considered cost burdened.

Community Survey

In consultation with the City of Santa Fe, BBC adapted the 2007 Housing Needs Assessment (HNA) surveys for residents and employers. See Appendix A for a complete description of survey results.

Summary Survey Findings

- The majority of resident survey respondents live in the City of Santa Fe. Only a small proportion of those living outside the city limits are former city residents. The majority of these former residents left the city because of housing affordability.
- Most homeowners (82%) and one-quarter of renters live in single family homes. Overall, most owners and renters are satisfied with the quality of their housing, with homeowners being slightly more satisfied.
- Among the many factors associated with choosing a home, the overall quality and condition was most important to homeowners and renters, followed by energy efficiency. Having a garage is more important to homeowners than to renters.
- The average monthly mortgage paid by homeowners is $1,577 and renters pay an average of $827 in rent.
- Most homeowners do not anticipate any changes in their living situation in the next five years. About two in five renters plan to purchase a home in the City of Santa Fe in the next five years.
- Among those who do not own a home in the City of Santa Fe, affordability was the reason cited by the greatest proportion of respondents. After affordability, a lack of down payment or an inability to obtain a mortgage were the factors noted by renters.
- With respect to homeownership programs, about two in five renters would consider buying a deed-restricted property and 65 percent would consider down payment assistance.
- Respondents were mixed in their evaluation of assistance programs for persons age 65 and older. Renters were more likely than homeowners to indicate a willingness to use these services, particularly those services tailored to renters, such as affordable rental housing or rental housing with services.

Research Questions

How has the opportunity to own a home changed since 2007? Have owners' incomes kept pace with home price increases? Is it easier or harder for renters to buy (since 2007)?

Since 2007, renters have seen a slight improvement in their ability to buy in Santa Fe. However, that slight improvement does not offset the substantial decline in affordability between 2000 and 2007.

The 2007 HNA reported the median price of a single family home at $346,125—up from $191,875 in 1999.[2] The median single family home price in 2007 was almost seven times higher than the median household income ($50,000). As such, the study concluded that incomes had not kept pace with rising home prices and the gap between what local households can afford to pay and what market prices demand had been increasing.

An analysis of renters' ability to buy relative to the median value of Santa Fe homes during select years is shown in Figure ES-1.[3] On average, since 2006, just 14 percent of the city renters made enough to purchase a median valued home. This is a marked change from 2000, when the median valued home was affordable to about one-third of the city's renters.

Household income would have had to increase by more than $30,000 between 2000 and 2011 to have kept up with changes in for sale home prices. Instead, the median household income in Santa Fe increased by less than $4,000.

Since 2007, the softening of the for sale market has improved the opportunity to own a home, but only for the highest income renters. Purchase of the median-valued home in 2011 would require an income of $74,000 (down from $83,000 in 2007). Just 14 percent of the city's renters earn this much.

Figure ES-1.
Renters' Ability to Buy, City of Santa Fe, 1999/2000–2011

	1999/2000	2006	2007	2010	2011
Median Home Value	$182,800	$ 292,600	$ 330,000	$ 301,000	$ 295,000
Income needed	$45,857	$73,402	$82,784	$75,509	$74,004
Approximate percent of renters who can afford	***34%***	***14%***	***12%***	***14%***	***14%***

Source: BBC Research & Consulting.

How has renters' purchasing power changed relative to changes in rental costs? How difficult is it for renters, especially low income renters, to find units they can afford? How has this changed since 2007?

As mentioned above, renter incomes have remained flat since 2000 while the median rents (excluding utilities) have increased by 25 percent. An estimated 3,000 renters who earn less than $25,000 per year cannot find affordable units and are cost burdened.

Affordability measured by area median income (AMI) has improved since 2007 but only because AMI has shifted upward. For example, 41 percent of Santa Fe rental units were affordable to households earning 50 percent of AMI ($33,900), up from 25 percent in 2007. This does not mean that rents have declined, however—in 2007, half of units rented for $792 or less per month; in 2011, 41 percent rented for $859 or less per month as shown in Figure ES-2.

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2 These figures exclude condos and townhomes and are slightly higher than the median price of all homes in Santa Fe. Home price reflects the sale price or list price of homes sold or for sale in the given year.

3 Home value reflects the estimated value of all homes in Santa Fe. This figure is not directly comparable to median home price which reflects the sale price or list price of homes sold or for sale in the given year.

In both 2007 and 2011, there was a shortage of rental units affordable to households earning 50 percent of AMI or less. In 2007, there were only enough affordable units for 69 percent of households at that income level. In 2011, there were only enough affordable units for 75 percent of households earning 50 percent of AMI or less.

For renters earning 30 percent of AMI it became more difficult for to find affordable units between 2007 and 2011. Within that income category, there were twice as many renters as units in 2007 and three times as many renters as units in 2011.

Figure ES-2.
AMI Distribution of Rents, City of Santa Fe, 2007 and 2011

Income as a Percent of AMI	2007			2011		
	Max Affordable Rent	*Distribution of Rents*	*Distribution of Renters*	*Max Affordable Rent*	*Distribution of Rents*	*Distribution of Renters*
0-30% of AMI	$396	9%	18%	$515	10%	34%
31-50% of AMI	$660	16%	18%	$859	31%	20%
51-60% of AMI	$792	25%	7%	$1,030	16%	7%
61-80% of AMI	$1,056	29%	17%	$1,374	24%	11%
81-100% of AMI	$1,320	13%	11%	$1,717	9%	8%
More than 100% of AMI	$1,321+	8%	30%	$1,718+	10%	19%

Note: Affordable rent in 2007 based on HUD AMI of $52,800; affordable rent for 2011 based on FY2010 HUD AMI of $67,800.

Source: 2007 HNA, U.S. Census Bureau 2011 ACS and BBC Research & Consulting.

Who has benefitted from the downturn in the housing market—workforce, retirees or second homeowners? Has the presence of outside investors changed, if at all?

Data suggest that workers have not benefitted from the downturn in the market, at least in Santa Fe. Home prices in the city have dropped since 2007, but not significantly enough to affect affordability for low to moderate income buyers. In fact, just 38 percent of Santa Fe workers live in the city, down from 51 percent in 2002.

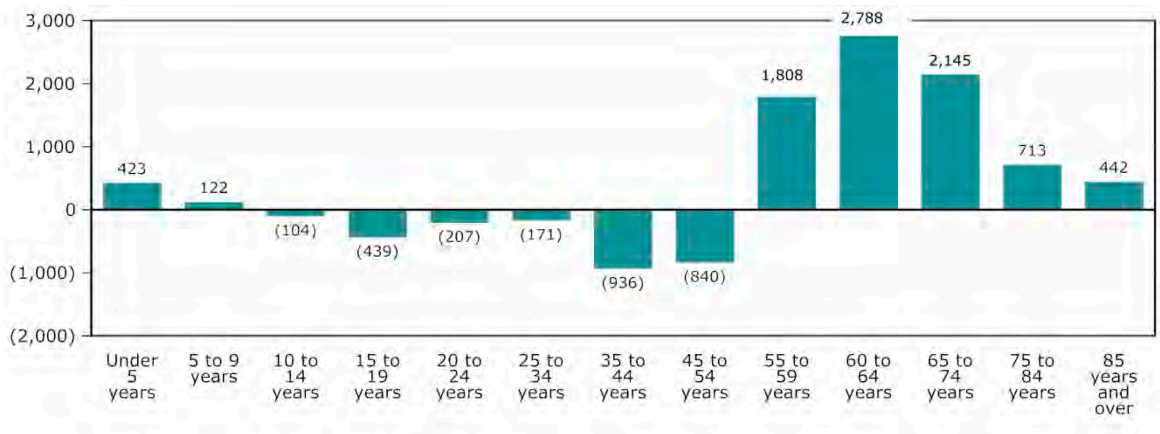
Instead, the market downturn has more likely benefitted retirees and second homeowners. This is evident in the demographic shift of the city away from younger adults and children toward residents aged 55 and older and from an analysis of residential real estate transactions in county assessor data. In 2011, almost one out of every four transactions was filed with an out-of-state address. While the average rate over the previous four years (2008–2011) was one out of every five transactions.

How many middle-age professionals does Santa Fe have relative to comparable areas? Has the city lost this demographic over the past 10 years?

Data from the 2008-2010 ACS suggest that about 25 percent of the city's residents are young adults (aged 25-44), compared to 28 percent in Albuquerque. However, 40 percent of residents moving into the city of Santa Fe between 2008 and 2010 were young adults, compared to only 35 percent moving into Albuquerque.

During the past decade, Santa Fe residents between the ages of 25 and 54 have declined in numbers, as the number of older residents has grown. The change in the number of residents by age group is shown in Figure ES-3.

Figure ES-3.
Change in Population by Age, 2000 to 2010

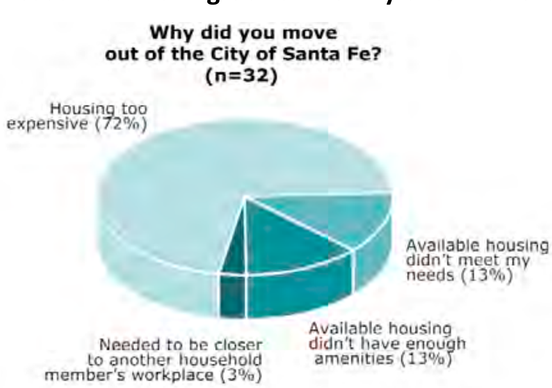


Source: 2000 Census and 2010 Census.

Single persons now make up 40 percent of households in the city, up from 36 percent in 2000. The increase in single adults during the past decade was offset by a decline in the proportion of households with three or more people, as well as married coupled with children.

It is unclear if the decline in young adults is related to affordability in the city: the 2010 ACS shows that young adults have incomes comparable to adults aged 45 to 64, who are generally at their peak earnings levels. Instead, the change in these age and households groups could be related to smaller numbers of individuals as well as families seeking more affordable and larger homes outside of the city.

Figure ES-4.
Reason for Moving Out of the City of Santa Fe



Note: n=32. There were too few respondents to allow for reliable comparison between owners and renters.

Source: BBC Research & Consulting 2012 Resident Survey.

What percent of in-commuters who used to live in the city moved to find afford housing? Has there been a change in commuting and employment since 2007?

The 2007 HNA estimated that 54 percent of in-commuters used to live in Santa Fe but moved from the city to find affordable housing.

Of the survey respondents to the resident survey for the 2012 HNA, 22 percent once lived within city limits. Most moved out more than 5 years ago and moved because housing was too expensive, as shown in Figure ES-4.

The movement of workers from the city has affected commuting. As shown in Figure ES-5 below, fewer Santa Fe workers live in the city.

Has employers' perception of the housing market changed since 2007? Are employers still facing difficulties recruiting and retaining qualified workers because of housing costs?

According to survey results, nearly half of employers rated their ability to recruit and retain employees in 2012 as about the same as the past three years. For one-quarter, this task has gotten harder. Of those who believe it has gotten harder to recruit and retain employees, most named the high cost of living as the primary reason.

Employers were asked to characterize employees' experience finding high quality affordable housing in the city. Eighty-one percent said finding affordable rental housing was difficult or very difficult and 93 percent said finding affordable housing to buy was difficult or very difficult.

In 2007, 54 percent of employers said the availability of workforce housing is "one of the most serious problems in the city". In 2012, 57 percent said either it is "one of the more serious problems" or "the most critical problem."

Figure ES-5.
Where Santa Fe Residents/Workers Live and Work

	2002	2007	2010
Where Santa Fe Workers Live			
Santa Fe city, NM	51%	42%	38%
Albuquerque city, NM	9%	11%	9%
Rio Rancho city, NM	1%	4%	4%
Eldorado at Santa Fe CDP, NM	4%	4%	4%
Las Vegas city, NM	1%	1%	2%
La Cienega CDP, NM	2%	2%	2%
All Other Locations	32%	38%	42%
Where Santa Fe Residents Work			
Santa Fe city, NM	74%	65%	62%
Albuquerque city, NM	9%	11%	14%
Espanola city, NM	2%	3%	2%
Los Alamos CDP, NM	1%	1%	1%
Las Cruces city, NM	0%	0%	1%
Rio Rancho city, NM	1%	1%	1%
All Other Locations	13%	19%	20%

Source: U.S. Census Bureau Local Area Employment Dynamics, OntheMap, 2002, 2007 and 2010.

In both 2007 and 2012, respondents to the employer survey were asked about reasons employees' left their job or refused job offers. In 2007, three quarters of respondents (76%) cited lack of housing or cost of living as reasons. In 2012, affordable housing and cost of living remained the most common reasons given for leaving or refusing to accept a job, although the proportion of respondents citing those reasons dropped to 48 percent.

As shown in Figure ES-5, less than half of workers in Santa Fe live in the city, and this proportion has dropped significantly from 2002 when it was about half. The data suggest that workers are increasingly commuting in from a variety of locations.

Innovations in Affordable Housing

The economic downturn has affected the provision of affordable housing in Santa Fe, much like it has in other areas of the country, on several fronts. Federal funds are curtailed, with the City of Santa Fe's CDBG allocation expected to decline another 7 or 8 percent in 2013. Homeowners and potential homebuyers have lost jobs or their incomes are reduced resulting in higher numbers of foreclosures and increased difficulties in qualifying for mortgages. Many of Santa Fe's smaller builders have subsequently gone out of business, affecting both the income earning potential of workers in the construction industry but also reducing activity in related business sectors such as building suppliers and architecture and design.

While realtors and lenders report recent signs that activity is rebounding in the real estate market which indicates positive benefit for the economy as a whole, nonprofit providers point to ongoing challenges. Currently, with record low interest rates and real estate values that have not fully rebounded, homeownership opportunities for new buyers and move-up opportunities for existing homeowners would seem to be increased for many of Santa Fe's moderate-income residents. However, the nonprofits are not seeing increased capacity. For existing homeowners, it's not a good time to sell a current home to move up. Instead, many are opting to renovate or add space or refinance to make their situation more affordable or to better meet their needs. For potential homebuyers, the current economic climate has meant job losses or cutbacks, problems with credit, higher debts and other financial stresses. Habitat for Humanity reports that out of 20 enquiries regarding their program, only one family is typically qualified to move into homeownership.

Providers of emergency services note that anyone who had a precarious housing situation before the economy crashed has certainly fallen into homelessness or is in danger of doing so. Without comprehensive stabilization services, providers fear that many who are experiencing episodic or temporary homelessness will become permanently homeless. They note that the stereotypical vision of the mentally ill homeless man living under a bridge is rapidly shifting to encompass mainstream families and youth. Likewise, providers of supportive services are increasingly challenged to serve people with special needs, disabilities, victims of domestic violence and mental illness due to funding cutbacks and reduced philanthropic support.

Despite all of this, Santa Fe's nonprofit organizations, governmental agencies and the private sector have worked together to blend innovation, aggressive fundraising, and expanded services to implement the following:

Expanding financial services for existing homeowners. Homewise recently increased the financial services it provides beyond mortgage financing to income-qualified homebuyers to include refinancing for existing homeowners. As people have lost jobs or had their incomes reduced, their sustainability as homeowners is threatened. Likewise, financial stresses may lead to other health and emotional liabilities. Staff at Homewise reports assisting many homeowners with refinancing options to accommodate reduced incomes that result from divorce and other family changes.

Providing additional rehabilitation services for existing homeowners. In 2012, Habitat for Humanity was approved for HOME program funding from the NM Mortgage Finance Authority to run a house-by-house rehabilitation program in Santa Fe. Staff expects to have the first project underway in early 2013. This funding will support up to four rehabilitation projects per year for homeowners who earn less than 80 percent of the area median income (AMI).

Focusing on energy-efficiency upgrades. Homewise continues its focus on increasing long-term affordability by reducing energy costs through energy efficiency upgrades and home repair. Eligible upgrades and repairs include: roof repair, insulation, or replacement, stucco with insulation, new windows and doors, high efficiency heating and cooling systems, solar electric and hot water systems, water catchment and drip irrigation, insulation additions, and disability modifications. Not only are the environmental benefits of increasing energy efficiency obvious, but lowering monthly energy costs is a proven way to improve homeowner sustainability.

Converting foreclosed or underdeveloped properties. While detrimental in many respects, the current housing market in Santa Fe has presented opportunities for nonprofit builders and service providers to acquire below market properties for development or redevelopment. In 2011, Habitat for Humanity acquired eight townhome lots in Tierra Contenta that were in the process of foreclosure. Nearing completion, the finished homes are two-story townhomes with two-, three- and four-bedrooms. Likewise, Homewise purchased and is developing 38 lots in the Rincon del Sol development in Tierra Contenta. Homewise also purchased land in Santa Fe's northwestern sector, located just outside of the city limits. Totaling approximately 240 acres, the parcels have capacity for almost 300 homes, of which one in five will be priced affordably. The Housing Trust is redeveloping a former motel on Cerrillos Rd that had been vacant for years to provide much needed affordable rental housing. Likewise, another building, formerly home of a pet store called Pete's Pets, was purchased and renovated by the Interfaith Shelter to provide winter shelter and meals to homeless individuals and families.

Building "green." Reflecting the Santa Fe community's emphasis on sustainability, Santa Fe's nonprofit builders are pioneers in building green, many of their efforts preceding the City of Santa Fe's Green Building Code. Arroyo Chico, built by the Housing Trust, is a 17-home subdivision in Tierra Contenta that is one of the first neighborhoods to feature passive solar siting on a neighborhood-wide basis. ElderGrace, another community built by the Housing Trust was a pilot project for the LEED Neighborhood Design program and includes passive solar orientation, sustainable and healthy building materials, and rainwater harvesting. Homewise's Old Las Vegas Place development was the first newly constructed neighborhood in New Mexico to meet the State's Green Building Standard in addition to the city's Green Building Code. Likewise, the homes in Rincon del Sol are being built to the State's "Gold" standard, having a HERS rating in the mid-50s, exceeding the city's requirement.

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 model[4] 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.

Increasing positive outcomes for homeless families, individuals, veterans and youth by connecting people to appropriate services and facilities. In 2011, Interfaith Shelter renovated the Pete's Pets building, a former pet store, to provide the Santa Fe Resource and Opportunity Center. The facility offers shelter beds during cold season months (Nov – Apr) and also provides supported services to homeless people. From meals, showers, clothing and referral services, including legal services and other counseling. The 2012 Plan to End Homelessness further expands on this service by calling for interagency cooperation including follow up and referral actions. Another objective articulated in the plan is the establishment of an emergency response team to identify at-risk people, transport them to appropriate facilities and provide immediate access to services.

Adapting regulation to address changing needs. The City of Santa Fe amended its inclusionary zoning regulation (the Santa Fe Homes Program) to lower the requirement for affordably-priced homeownership units from 30 percent to 20 percent. Additionally, the city is considering a revision to the rental requirement to address emerging needs such as providing emergency rental assistance, rather than requiring the construction of units. Another innovation was the city's recent allocation of Capital Improvement Funds toward downpayment assistance. One in four reservations were made to homebuyers earning less than 50 percent of AMI and one-third to buyers earning from 50-80 percent AMI. This is evidence both of the demand for assistance and the readiness of homebuyers who earn less than the 80 percent AMI threshold and not able to access more conventional loan products.

Policy Priorities

Several factors emerge from these analyses that are directly relevant to prioritizing current and future affordable housing policy actions. In general, Santa Fe's population characteristics have shifted since the 2000 Census and its economy has changed significantly since the 2007 HNA. Households are smaller, aging and increasingly headed by singles. While home sales prices are lower than they were in 2007, the gap between what people earn and how much homes are sold continues to widen. Median rents increased 25 percent since 2000, despite the economic downturn, yet renters' incomes remain flat. All of which speaks to Santa Fe's ongoing challenges to house its residents, particularly those at the bottom of the income spectrum. This report identifies the following factors as priorities for the city to consider in its ongoing and future policy development.

Santa Fe's demographics are shifting. Since the 2000 Census, Santa Fe's population has grown modestly at a rate of 11 percent, which is considerably lower than the rest of the state. The city's households are older, with one out of four headed by seniors and 50 percent of the overall population over 55 years old. This reflects a 13 percent decline since 2000 when 63 percent of the city's population was younger than 55. The median age of the city has also increased over the same time period from 40 years to 44 years. Likewise, the city's households are smaller, with single person households comprising 40 percent of the city's population today, up from 36 percent in 2000. Santa Fe's Spanish speaking households, in contrast, are younger by an average of 20 years, have more children and bigger household sizes.

Policy Considerations:

- Demand for newly constructed housing is likely to be less of an economic driver than in the past, especially in single-family suburban style neighborhoods;
- Future housing units need to accommodate the needs of aging householders — built to accessibility standards; located close to amenities, shopping, health care, and other community services; accessible to public transportation; designed to allow "aging in place", on-site caregiving, flexible floor plans for later adaptation, etc.;
- Households may seek rental rather than homeownership options to reflect smaller households, changing financial circumstances, retirement objectives, live/work needs, etc.;
- There is need to support bi-lingual housing services, particularly for those with larger families and lower incomes.

Gap between home sales prices and what buyers can afford continues to widen.

Even with the recent downward correction of -9 percent, homes sales prices in Santa Fe were 65 percent higher in 2010 than in 2000. Roughly translated, this means that a homebuyer needs to earn $30,000 more to purchase a median-priced home in Santa Fe's present market. Likewise, current homeowners are not likely to be "moving up", despite record low interest rates and depressed real estate values. Rather, building permit data show that homeowners are fixing up their current homes or enlarging them to meet their needs. In contrast, real estate transactions that are filed with out of state addresses at the County Assessor's Office comprised one in every four transactions in 2011, indicating that a notable portion of the real estate market's recent gains are influenced by the investor and second home market. These transactions are likely to put upward pressure on real estate values as they are 30 percent higher than the median value of all transactions.

With their incomes rising only 4 percent since 2000, renters are even less likely to become homebuyers in today's market with only 14 percent able to afford the median-priced home. This compares to 2000 when 30 percent of renters were able to afford the median-priced home. According to the 2012 survey results, 42 percent of renters plan on buying a home in Santa Fe and one in five current homeowners would like a different home. Nineteen percent of the renters who responded to the survey cited lack of downpayment funds as the biggest barrier to purchasing a home.

Policy Considerations:

- There is an ongoing need for downpayment assistance in the form of no-interest, no payment second loans;
- Homebuyer counseling, training classes and other support services are proven to not only increase the "buyer readiness" of current renters but also improve the long-term success of low- and moderate-income homeowners;
- Incentives provided to builders to produce affordably priced homes, such as fee waivers, reduction in requirements, and streamlined review will provide momentum for renewed construction activity;

- Home repair and rehabilitation programs enable current homeowners to improve long-term affordability, provide energy efficiency upgrades, and adapt current homes to meet changing needs.

Almost half (46%) of Santa Fe residents, both renters and homeowners, are "cost-burdened" or paying more than one-third of their incomes for housing costs. Census data shows that the rate of cost burden has risen 67 percent since 2000 when about one-third of the city's residents were cost-burdened. Additionally, 18 percent of the city's population lives in poverty, compared to 12 percent in 1999. Forty percent (40%) of school age children live in poverty (compared to 16% in 2000) and Hispanics are more likely to live in poverty than whites (25% compared to 11%). Not surprisingly, renters in Santa Fe who earn less than $25,000 (approximately 3,000 households) are unlikely to find decent housing within their budgets and most are very likely experiencing extreme housing cost burdens (over 50%). These renters are highly vulnerable to other economic stresses and are the most likely segment of population to fall into homelessness.

The situation for cost burdened homeowners is reflected in Santa Fe County's high rates of foreclosure. However, foreclosure experts warn that the next wave of foreclosures is likely to be homeowners with moderate incomes as the longer term effects of the recession continue.

Policy Considerations:

- Preventing homelessness is the most cost effective way of addressing emergency housing needs. Assistance with emergency rent, mortgage, and utility payments, provision of rental vouchers, and other support services are critical to reducing homelessness and alleviating the effects of extreme cost burden.

- Continue supporting bi-lingual foreclosure prevention services and assistance with loan modification and refinancing;

- Expand use of HUD- and FHA-supported programs such as HARP, PRA and others;

There is an ongoing mismatch between employment and housing opportunities.

The percent of Santa Fe's workers who are also residents has declined noticeably in recent years. Today, 38 percent of the city's workers also live within its boundaries, compared to over half in 2002. Likewise, the number of city residents who commute to a job located outside of the city declined from 74 percent in 2002 to 62 percent in 2011. The 2012 survey indicated that in-commuters cite the lack of affordability as the primary reason they have not purchased a home in Santa Fe. One-third of these respondents would buy a home if it were priced affordably; however, only 10 percent of current renters would re-locate to be closer to their jobs in Santa Fe. Seven out of 10 survey respondents who no longer live within city limits moved out because housing was too expensive.

Policy Considerations:

- The city has an opportunity to better align affordable housing provision with economic development initiatives, particularly related to education, job creation and redevelopment. The high numbers of self-employed and creative class workers indicates a need for flexible work spaces that also accommodates residential uses.

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.

SECTION I.

Demographic and Housing Profile

SECTION I.
Demographic and Housing Profile

This section begins with an overview of demographics in the City of Santa Fe, with a specific emphasis on how the city has changed since the 2007 Housing Needs Assessment (2007 HNA). Following the demographic discussion is a housing profile of Santa Fe, which discusses the housing stock in the city in terms of supply, demand, condition, and foreclosure risk. The final part of this section discusses the city's affordable housing inventory, programs and policies. Housing cost and affordability are discussed in Section II. This section loosely follows the structure of Sections 1 through 4 of the 2007 HNA for convenient comparison.

Summary Profile and Trends

Figure I-1 provides an overview of some of the demographic and housing trends in Santa Fe between 2000 and 2010.

- The population of Santa Fe increased by approximately 9 percent, or 5,744 people between 2000 and 2010. This is slightly lower than the 11 percent growth that occurred between 1990 and 2000.
- The homeownership rate in Santa Fe has remained fairly constant between 1990 (60%), 2000 (58%) and 2010 (61%). Rental occupancy rates have remained constant between 2000 (42%) and 2010 (40%).
- The proportion of vacant housing units in the city increased from 10 percent to 14 percent between 2000 and 2010. This trend is also evident in Santa Fe's rental vacancy rate which rose from 5.5 percent to 9.4 percent.
- The median home value in Santa Fe rose from $182,200 in 2000 to $330,000 in 2007 then dropped to $301,000 in 2010. Overall this represents a 65 percent increase between 2000 and 2010, including the 9 percent decrease in home value between 2007 and 2010.
- The average household size of Santa Fe residents decreased slightly between 2000 and 2010, particularly among homeowners. The 2010 Census shows an increase in single-person households (2000 – 36% and 2010 – 41%) and a decrease in the proportion of households with three or more residents (2000 – 30% and 2010 – 26%). These data suggest that families may have moved from or not chosen to live within the city, perhaps due to lack of affordable housing. This is supported by the resident survey, which found more than half of residents had lived in Santa Fe but left the city because housing was too expensive.
- Santa Fe's family composition confirms that trend with a 5 percent notable increase in residents living alone and a decrease in married couples with children. However, the proportion of single parents in Santa Fe only dropped by half a percentage point between 2000 and 2010.

- The median age in Santa Fe was 44 in 2010, up from 40 in 2000. Half of all Santa Fe residents are 55 or older, up from 37 percent in 2000. The city's non-Hispanic white population is, on average, 20 years older than its Hispanic population.

- The median household income increased by 10 percent between 2000 and 2010. On average, homeowners experienced an 11 percent increase in median income but renter incomes remained flat.

- The number of cost-burdened households (those spending 30% or more of their income on housing) increased by 67 percent between 2000 and 2010. According to the 2010 ACS, nearly half (46%) of all Santa Fe households are cost-burdened, up from 34 percent in 2000.

Figure I-1.
Census Profile and Trends, City of Santa Fe, 2000 to 2010

	2000	2010	Percent Change
Population and Housing Units			
Population	**62,203**	**67,947**	**9%**
Housing Units	**30,533**	**37,200**	**22%**
Occupancy and Tenure:			
Occupied Housing Units	27,569	31,895	16%
– *Owner Occupied Units*	58%	61%	
– *Renter Occupied Units*	42%	40%	
Vacant Housing Units	10%	14%	
Rental Vacancy Rate	5.5%	9.4%	
Type of Housing Unit:			
Single family	60%	57%	
Multifamily	37%	38%	
Mobile homes	4%	4%	
Value/Price of Housing:			
Median Home Value	$ 182,800	$ 301,000	65%
Median Mortgage Payment	$ 1,177	$ 1,597	36%
Median Contract Rent	$ 644	$ 767	19%
Household Characteristics			
Year Moved Into Current Residence :			
In the last 5 years	54%	50%	
5 to 10 years ago	14%	16%	
10 to 20 years ago	14%	16%	
20 to 30 years ago	8%	9%	
More than 30 years ago	10%	10%	

Note: The 2007 Housing Needs Assessment reported single parents as 17% of the population in 2000; however, this number included all male householders with no wife present and all female householders with no husband present, regardless of the presence children. The estimate in this table only includes single parents with children.

Sources: U.S. Census Bureau 2000 Census, 2010 Census and 2010 American Community Survey (ACS); and 2007 Housing Needs Assessment (HNA).

Figure I-1. (continued)
Census Profile and Trends, City of Santa Fe, 2000 to 2010

	2000	2010	Percent Change
Household Characteristics (continued)			
Average Household Size	**2.2**	**2.1**	
Owners	2.3	2.2	
Renters	2.1	2.0	
1-person	36%	41%	
2-persons	34%	33%	
3-persons	14%	12%	
4-persons	10%	8%	
5+ persons	6%	6%	
Household Type			
Percent of married couples with children	16%	13%	
Percent married couples without children	22%	21%	
Percent of Single parent	11%	10%	
Percent living alone	36%	41%	
Percent of other non-family	9%	9%	
Age of Householder			
15 to 24 years	4%	4%	
25 to 34 years	15%	12%	
35 to 44 years	20%	15%	
45 to 54 years	24%	19%	
55 to 64 years	16%	24%	
65 years and older	21%	26%	
Household Income			
Under $15,000	16%	19%	
$15,000 to $24,999	14%	12%	
$25,000 to $34,999	14%	11%	
$35,000 to $49,999	17%	11%	
$50,000 to $74,999	19%	20%	
$75,000 to $99,999	10%	10%	
$100,000 or more	12%	16%	
Average Household Income	**$ 56,494**	**$ 65,306**	**16%**
Median Household Income	**$ 40,184**	**$ 44,090**	**10%**
Owners	**52,634**	**58,467**	**11%**
Renters	**28,177**	**28,240**	**0.2%**
Housing Problems			
Percent of cost-burdened *(30% or more for housing)*	**34%**	**46%**	
Number of cost-burdened	**8,566**	**14,275**	**67%**
Percent of overcrowded units *(1.01 or more persons per room)*	**5%**	**3%**	
Percent of substandard units *(incomplete kitchen/plumbing facilities)*	**1%**	**1%**	

Note: The 2007 Housing Needs Assessment reported single parents as 17% of the population in 2000; however, this number included all male householders with no wife present and all female householders with no husband present, regardless of the presence children. The estimate in this table only includes single parents with children.

Sources: U.S. Census Bureau 2000 Census, 2010 Census and 2010 American Community Survey (ACS); and 2007 Housing Needs Assessment (HNA).

Current Household Trends and Characteristics

This section provides additional detail regarding trends and characteristics of Santa Fe residents and households including tenure, household type and size, length of residency, age, income and poverty.

City population and trends. The 2011 American Community Survey (ACS) reports that Santa Fe has a population of 68,359 residents. The city has experienced modest population growth in the last 11 years adding approximately 6,400 residents since 2000, an increase of 10 percent. This is just below the 11 percent total growth rate from 1990 to 2000. Figure I-2 displays the city's population and household growth between 2000 and 2011 along with population and household projections for 2015.

Figure I-2.
Population and Households, City of Santa Fe, 2000 to 2015

Note:

Year 2000 and 2010 population and household estimates are from the US Census, 2005 and 2007 population and household estimates are from the 2005 and 2007 Santa Fe Trends Reports, the 2015 estimates are from the 2004 Housing Needs Study for Central Santa Fe County by Prior & Associates.

Source:

2010 Census and 2011 ACS.

Year	Population	Compound Annual Growth Rate	Households	Compound Annual Growth Rate
2000	62,203		27,569	
2005	65,800	1.1%	29,788	1.6%
2007	68,359	1.9%	30,490	1.2%
2010	67,947	-0.2%	31,895	1.5%
2011	68,634	1.0%	30,493	-4.4%
2015	72,302	1.3%	33,303	2.2%

Santa Fe's share of the county's population remained relatively stable over the last decade (47 percent in 2010 and 48 percent in 2000) after falling from 56 percent in 1990. New Mexico as a whole experienced more growth than both the city and the county, increasing from 1.82 million in 2000 to 2.03 million in 2010—13 percent total growth. Albuquerque, which grew by almost 100,000 residents or 22 percent, alone accounted for much of the overall state growth.

Tenure. The city's homeownership rate rose slightly between 2000 (58%) and 2010 (61%). According to survey results, the 2007 homeownership rate was also in this range at 59 percent. The 2012 survey conducted for this HNA reported a higher 69 percent homeownership rate.

Figure I-3.
Household by Tenure, City of Santa Fe, 2000, 2007 and 2010

	2000		2007		2010	
	Number	*Percent*	*Number*	*Percent*	*Number*	*Percent*
Total households	**27,569**	**100%**	**30,586**	**100%**	**31,895**	**100%**
Own	16,052	58%	18,168	59%	19,299	61%
Rent	11,517	42%	12,418	41%	12,596	39%

Source: 2007 HNA and 2010 Census.

Household type and size. In 2010, 23 percent of Santa Fe households were families with children. Of those, 55 percent (55%) were husband-wife families and 45 percent (45%) were single parent families. Between 2007 and 2010 the proportion of families with children decreased from 26 percent to 23 percent. This decline was primarily among couples with children (the proportion of single parent families actually increased slightly).[1]

The 2010 Census shows a notable increase in single households, from 35 percent in 2007 to 41 percent in 2010. Just over one quarter of all households in Santa Fe are headed by seniors aged 65 years or older. Approximately half (52%) of senior householders live alone.

Figure I-4.
Household Type, City of Santa Fe, 2000, 2007 and 2010

Note:

The 2007 data may not be perfectly comparable to 2000 and 2010 data due to different phrasing of questions in the Census and the 2007 HNA survey.

Source:

2007 HNA; 2000 Census; 2010 Census.

	2000	2007	2010
Total Households	**27,569**	**30,490**	**31,895**
Families with Children	26%	26%	23%
Husband-wife families	*16%*	*18%*	*13%*
Single parent families	*11%*	*8%*	*10%*
Householders living alone	36%	35%	41%
Householders 65 and older	22%	24%	26%

As one might expect given the changes in household type, the average household size in Santa Fe decreased between 2007 and 2010 from 2.2 to 2.1. This trend was most notable among homeowners.

Figure I-5.
Household Size, City of Santa Fe, 2000, 2007 and 2010

Source:

2007 HNA; 2000 Census; 2010 Census.

	Own	Rent	Total
Average Household Size, 2000	2.31	2.05	2.20
Average Household Size, 2007	2.26	2.07	2.19
Average Household Size, 2010	2.15	2.01	2.10

Rental and second homeowners. The survey conducted for this HNA found that 6 percent of owners use their properties as long term rentals or short term vacation rentals. The vast majority (94%) said they occupied their properties on a full time basis.[2] These data are representative of Santa Fe resident owners, since the survey was not actively marketed to out-of-state owners.

A review of out-of-state owners' transactions in assessor's data indicates that the second home market in Santa Fe County continues to be a likely factor in pushing up real estate values. In fact, in 2011, almost one out of every four transactions was filed with an out-of-state address. The average rate over the four years (2008–2011) was one out of every five transactions. The 2007 HNA estimated that out-of-state owners owned about 12 percent of single family homes in the city and 39 percent of condos, for overall ownership of 16 percent.

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1 The 2007 data may not be perfectly comparable to 2000 and 2010 data due to different phrasing of questions in the Census and the HNA survey. The proportion of single-parent families remained fairly consistent between 2000 and 2010, falling slightly from 10.8 percent to 10.3 percent.

2 Because the survey was marketed within the City of Santa Fe, second homeowners may not have received a survey.

The 2007 HNA reported that the percentage of out-of-state ownership increased with the value of the residence. Likewise, the current analysis of assessor's data showed that the median price for non-resident transactions is at least 30 percent higher than the median price for all transactions.

Figure I-6.
Out-of-state Transactions, 2008 to 2011

Year	All Transactions		Non-resident Transactions		
	Number of Sales	*Median Price*	*Number of Sales*	*Percent of Total*	*Median Price*
2008	1,358	$300,000	265	19.5	$400,000
2009	1,284	$280,130	225	17.3	$460,000
2010	1,527	$300,000	274	20.4	$444,000
2011	1,315	$290,000	315	24.0	$429,000

Source: Santa Fe County Assessor

Age distribution. Figure I-7 compares the age distribution of the city's population in 2010 to 2000 and 2007. There is now a smaller proportion of young adults and a larger proportion of Baby Boomers and seniors. The city's population is aging. As suggested by the answers or responses to the resident survey and supported by Figure I-7, younger adults may be leaving to seek more affordable housing outside of the city, which would also affect the age distribution.

Figure I-7.
Age Distribution, City of Santa Fe, 2000, 2007 and 2010

Source:

2000 Census, 2010 Census and 2007 ACS.

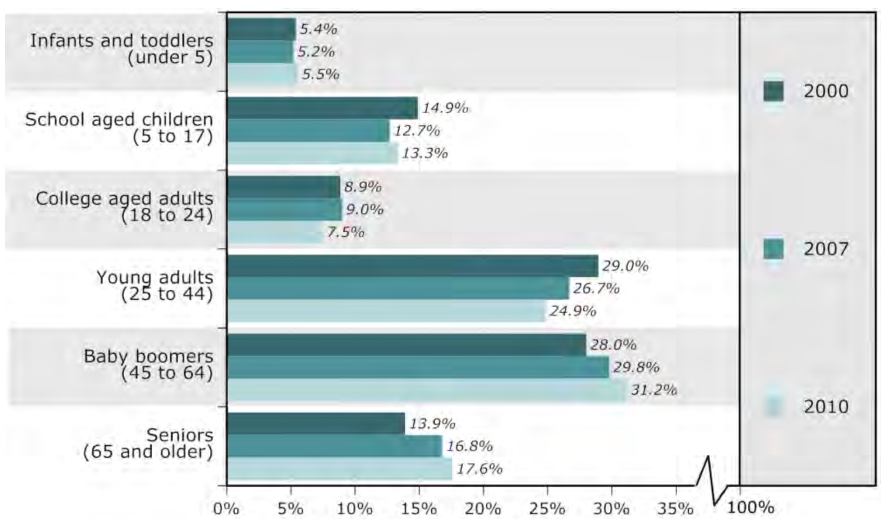
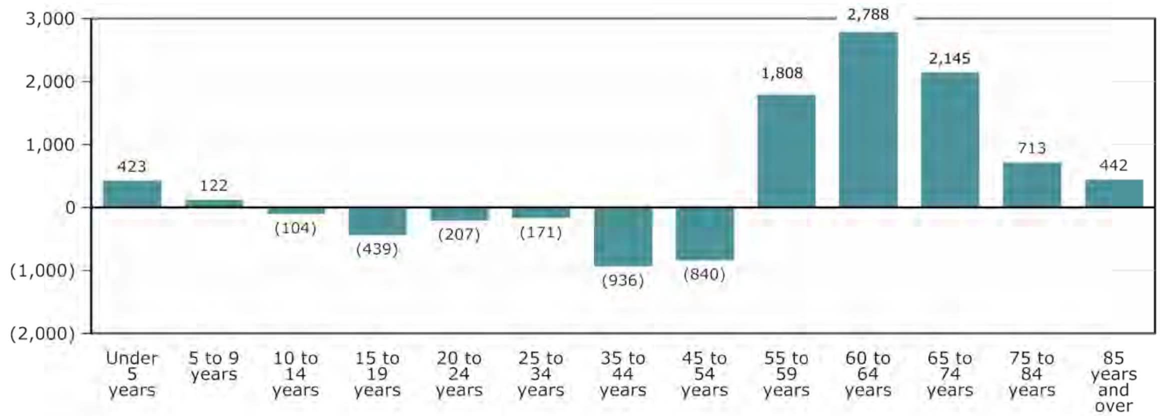


Figure I-8 presents the change in residents by age group between 2000 and 2010. As demonstrated by the figure, there was a decline in the number of residents under the age of 55 and an increase in residents 55 and older. As the city ages, accessible housing demand and needs will increase as age and disability are correlated. Seniors often require assistance with home maintenance and transportation to ensure they maintain a high quality of life while aging in place.

Figure I-8.
Change in Population by Age, 2000 to 2010



Source: 2000 Census and 2010 Census.

Figure I-9 displays the distribution of residents moving into Santa Fe by age group. Data for Albuquerque is also included for comparison.

Figure I-9.
Distribution of Residents by Age Moving into the City from Outside the County, 2010

Note:

This reflects the annual average between 2008 and 2010 of residents moving into Santa Fe (or Albuquerque) from outside Santa Fe County (or Bernalillo County), the State of New Mexico or the country.

Source:

2008-2010 3-year ACS.

Age Cohort	Santa Fe	Albuquerque
Infants and toddlers (0 to 4)	4%	6%
School aged children (5 to 17)	7%	13%
College aged adults (18 to 24)	22%	23%
Young adults (25 to 44)	40%	35%
Baby boomers (45 to 64)	20%	18%
Seniors (65 and older)	8.2%	6.6%
Annual number of in-migrants	4,828	33,705
Annual in-migrants as a percent of city population	7%	6%

Forty percent of residents moving into the City of Santa Fe from outside Santa Fe County between 2008 and 2010 were young adults (aged 25 to 44). In Albuquerque, young adults comprised 35 percent of the residents moving into the city from outside Bernalillo County. Santa Fe also attracted a higher percentage of Baby Boomers and seniors than Albuquerque (28% compared to 25%). Residents moving into Santa Fe from outside the county only represent approximately 7 percent of the city's total population.

Household income. Figure I-10 displays median household income of both renters and owners in Santa Fe for 1999, 2006, 2010 and 2011. Although income increased for all groups when considering the decade as a whole, there were two distinct periods of income change during this time: high growth between 1999 and 2006 and slower growth or decline between 2006 and 2011.

According to survey results from the 2007 HNA and U.S. Census data, median household incomes in Santa Fe increased by 24 percent between 1999 and 2006 but then declined by 7 percent between 2006 and 2011. Renters experienced the most dramatic swing with a 29 percent increase between 1999 and 2006 and a 19 percent drop between 2006 and 2011.

Overall, the median household income of Santa Fe households increased by 15 percent between 1999 and 2011. Homeowners experienced a 23 percent increase in median income but renter incomes only increased by 4 percent between 1999 and 2011. As of 2011, owner incomes were more than twice the amount of renter incomes.

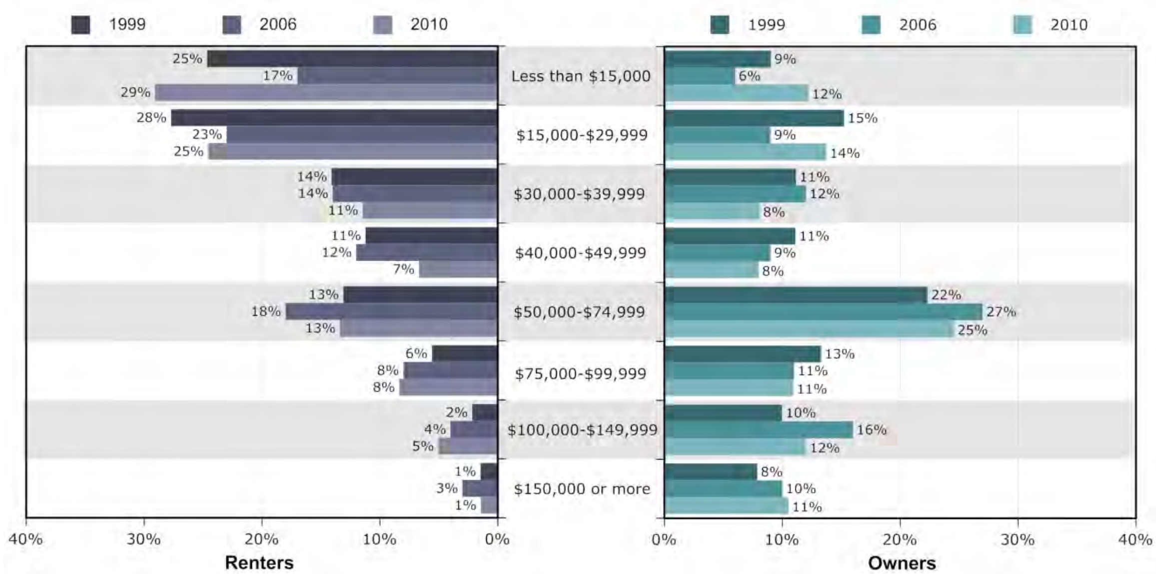
Figure I-10.
Median Household Income by Tenure, City of Santa Fe 1999, 2006 and 2010

Source:
2007 HNA and 2010 ACS.

	All Households	Owners	Renters
Median Household Income			
1999	$40,392	$52,634	$28,177
2006	$50,000	$60,000	$36,344
2010	$44,090	$58,467	$28,240
2011	$46,617	$64,690	$29,291
Percent Change in Median Household Income			
1999 to 2006	*24%*	*14%*	*29%*
2006 to 2011	*-7%*	*8%*	*-19%*
1999 to 2011	*15%*	*23%*	*4%*

Figure I-11 displays the household income distribution of both owners and renters in Santa Fe in 1999, 2006 (estimated from the 2007 HNA) and 2010. Among both owner and renter households there was little change in the proportion of low income households (earning less than $30,000) and an increase in high income households (earning $75,000 or more) between 2000 and 2010. Approximately 54 percent of renters (6,437 households) earned less than $30,000 in 2010. Twenty-six percent of owner households (5,110) earned less than $30,000 in 2010 and one-third earned $75,000 or more.

Figure I-11.
Household Income Distribution by Tenure, 1999, 2006 and 2010



Source: 2000 Census; 2010 Census; and 2007 HNA.

Figure I-12 displays median household income by age in 2010 for Santa Fe households. Notable is that young adult householders have incomes comparable to Baby boomers. Seniors and residents under 25 have lower household incomes.

Figure I-12.
Median Household Income by Age of Householder, City of Santa Fe. 2010

Source:
2010 ACS.

Age of Householder	MHI
All Households	**$44,090**
College aged adults (under 25)	$30,086
Young adults (25 to 44)	$50,743
Baby boomers (45 to 64)	$50,815
Seniors (65 and older)	$38,161

Poverty. In 2010, 18 percent of Santa Fe residents were living in poverty, up from 12 percent in 1999 and about the same (17 percent) as in 2007. Hispanic residents are more likely than non-Hispanic whites to be living in poverty—25 percent compared to 11 percent. Figure I-13 displays the distribution of poverty by age group in 1999 and 2010 for Santa Fe.

Figure I-13.
Poverty Rate by Age Group, City of Santa Fe 1999 and 2010

Source:
2000 Census and 2010 ACS.

	1999	2010
Overall	**12%**	**18%**
Infants and toddlers (under 5)	21%	16%
School aged children (5 to 17)	16%	40%
College aged adults (18 to 24)	22%	23%
Young adults (25 to 44)	12%	22%
Baby boomers (45 to 64)	8%	12%
Seniors (65 and older)	9%	8%

The poverty rate is highest for school aged children—40 percent are living in poverty. This reflects a substantial increase from 16 percent in 2000 for this age group. Poverty rates for Baby Boomers and seniors are lower than all other age groups in Santa Fe.

Employment and Commuting

Household employment. In 2010, there were approximately a total of 87,000 jobs in the Santa Fe metropolitan statistical area (MSA), which is a 4 percent decline of a little over 90,000 in 2007.[3] Figure I-14 displays employment trends in the Santa Fe MSA between 2001 and 2010.

Figure I-14.
Employment, Santa Fe MSA 2001 to 2010

Note:
CAGR is defined as "compound annual growth rate."

Sources:
2007 HNA and Bureau of Economic Analysis (BEA).

	Wage and Salary Jobs	Proprietor Jobs	Total Jobs	CAGR from previous
2001	62,787	16,717	79,504	
2005	68,367	19,656	88,023	2.6%
2007	70,114	20,158	90,272	1.3%
2010	65,425	21,562	86,987	-1.2%

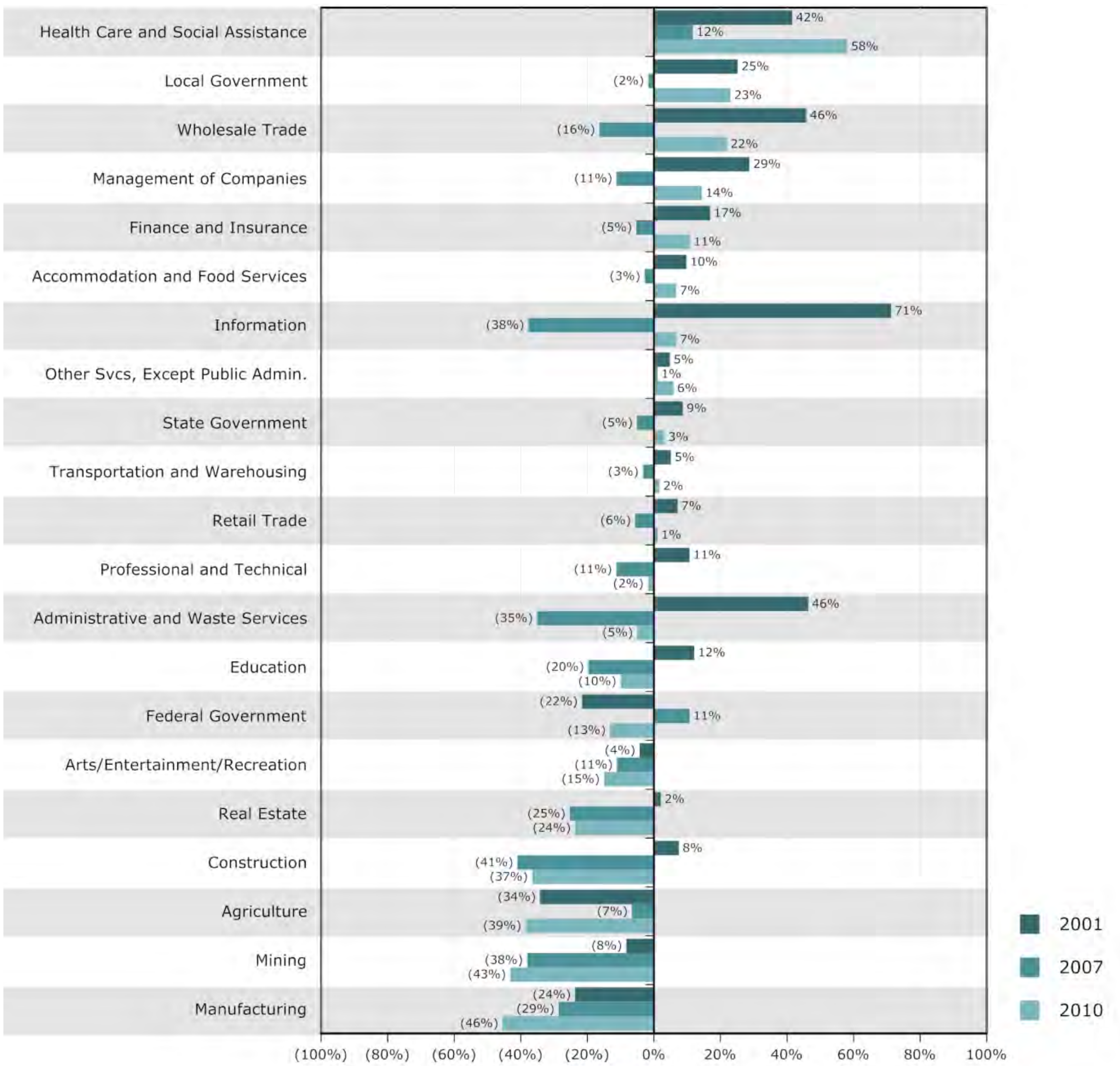
One quarter of all 2010 jobs were self-proprietor jobs, a slight increase over 2007 self-employment rates. According to the 2012 Economic and Industry Snapshot for Santa Fe, the Santa Fe MSA has a larger percentage of self-employed workers than any other MSA in the state. Many of these are in the arts, design, entertainment, media, and sports occupations.

The resident survey conducted for this study found that 30 percent of owners and 14 percent of renters were self-employed, 24 percent overall. Only 4 percent were unemployed (slightly higher than the percentage reported by the Bureau of Labor Statistics, discussed below); 11 percent were retired and 8 percent were unemployed students.

3 Employment data from the Bureau of Economic Analysis is only available at the MSA or county level.

Industry profile. Since 2007, and with the onset of the recession, most industries in the Santa Fe MSA have experienced a decline in employment numbers. Exceptions are Health Care and Social Assistance, Other Services and Federal Government. Industries that experienced the most dramatic declines in employment levels since 2007 are Information, Administrative and Waste Services, Construction, Mining and Manufacturing, all of which declined by 35 percent or more. Figure I-15 displays job growth (or loss) by industry between 2001 and 2007, 2007 and 2010 and total change between 2001 and 2010.

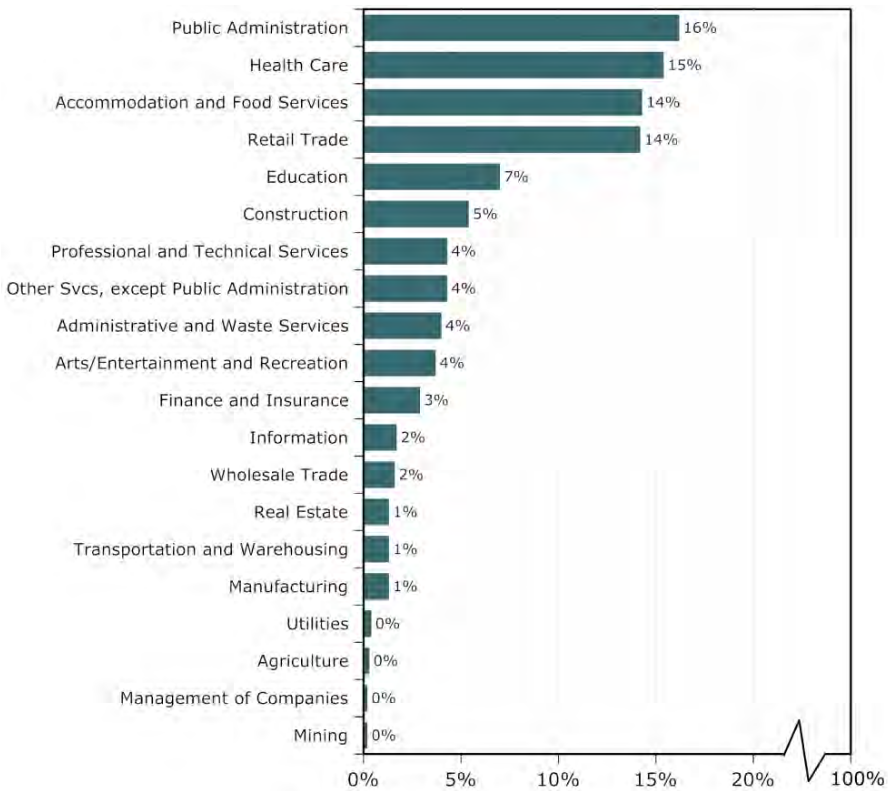
Figure I-15.
Percent Change in Employment by Industry, Santa Fe MSA 2001 to 2010



Source: Economic and Industry Snapshot, Santa Fe MSA/County, 2012.

As of the third quarter of 2011, Public Administration (local, state and federal government) was the largest employment sector in the city, which is typical of a capital city. Health Care is the next largest sector, accounting for 15 percent of total Santa Fe employment. The Accommodation and Food Services industry along with Retail Trade also support a large share of jobs, indicative of the tourism economy in Santa Fe. Figure I-16 displays these Santa Fe employment data by industry.

Figure I-16.
Employment by Industry, Santa Fe MSA, Q3 2011



Note: Total employment in Q3 2011 was 60,825.

Source: Economic and Industry Snapshot, Santa Fe MSA/County, 2012.

Average wages in the Santa Fe MSA have recently trailed the U.S average, but are similar to the average for the state of New Mexico. According to the Bureau of Labor Statistics' Quarterly Census of Employment, in 2011 the average annual wage for the private sector in the Santa Fe MSA was $38,597, compared with $47,815 in the U.S. and $38,677 in New Mexico.[4]

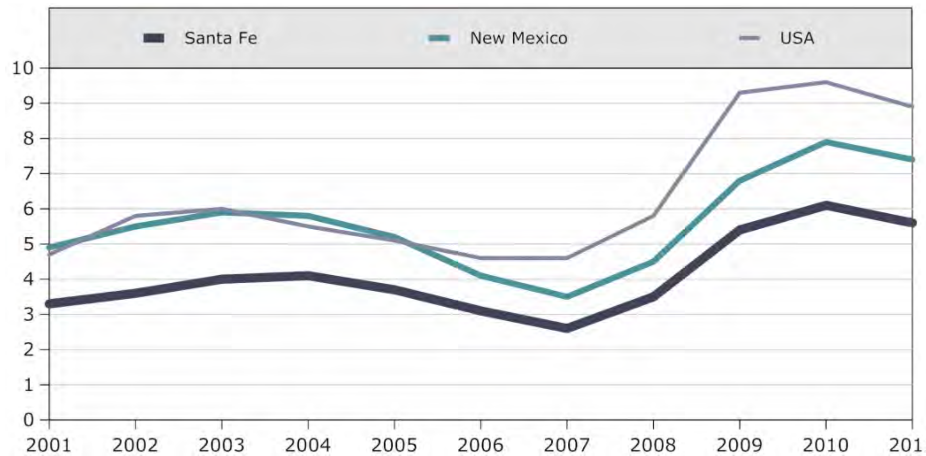
[4] Average annual wages applies a full-time, 52 week work year to average weekly wage statistics provided by the Bureau of Labor Statistics.

Unemployment. Over the past decade, unemployment rates in Santa Fe have followed state and national fluctuations but at a consistently lower level. In 2009, U.S. unemployment jumped to 9 percent, increasing by over 3 percentage points from the previous year. The City of Santa Fe also experienced a substantial increase, reaching 5.4 percent unemployment in 2009 and 6.1 percent in 2010. In 2011 the unemployment rate in Santa Fe dropped to 5.6.

Figure I-17. Unemployment Rates, City of Santa Fe, New Mexico and the U.S., 2001 to 2011

Source:

Bureau of Labor Statistics.



Commuting. In 2010, there were 49,299 people employed in the city of Santa Fe but only 18,484 people both worked and lived in the city of Santa Fe. As demonstrated in Figure I-18, an increasing share of Santa Fe workers commute to jobs in the city and a slight increase of working residents commute to jobs outside the city. This may reflect a growing mismatch in the employment and housing opportunities within the City of Santa Fe.

Figure I-18. Where Santa Fe Residents/ Workers Live and Work

Source:

U.S. Census Bureau Local Area Employment Dynamics, OntheMap, 2002, 2007 and 2010.

	2002	2007	2010
Where Santa Fe Workers Live			
Santa Fe city, NM	51%	42%	38%
Albuquerque city, NM	9%	11%	9%
Rio Rancho city, NM	1%	4%	4%
Eldorado at Santa Fe CDP, NM	4%	4%	4%
Las Vegas city, NM	1%	1%	2%
La Cienega CDP, NM	2%	2%	2%
All Other Locations	32%	38%	42%
Where Santa Fe Residents Work			
Santa Fe city, NM	74%	65%	62%
Albuquerque city, NM	9%	11%	14%
Espanola city, NM	2%	3%	2%
Los Alamos CDP, NM	1%	1%	1%
Las Cruces city, NM	0%	0%	1%
Rio Rancho city, NM	1%	1%	1%
All Other Locations	13%	19%	20%

Data from the resident survey suggest that many workers who commute into the city are satisfied with their housing/employment arrangement: Among those who work within the city limits but live elsewhere, nearly half would not move to the city of Santa Fe even if housing were available that they could afford. Nearly all of those who would not move to the city cited their preference for living in their current community over the city of Santa Fe. In contrast, one-third of in-commuters would move to Santa Fe if they could buy an affordable single family home. Affordable rental units appealed to less than 10 percent of in-commuters.

Respondents to the employer survey were also asked about their employees' housing and commuting arrangements. Overall, 87 percent of the employees represented in the survey live in the city of Santa Fe, similar to the housing location profile found in the resident survey. Their residence in the city limits does not necessarily mean that their housing is quality affordable housing that meets their needs. Few employers participating in the survey offer work commute options. None offer telecommuting. Four provide company vehicles and four provide some form of travel stipend. Two offer an employee shuttle service and one offers bus/light rail passes.

About one in ten employers believe that the availability of Rail Runner has somewhat improved employee recruiting and retention. It is important to note that only 16 employers responded to this question, which limits interpretation of Rail Runner's actual impact.

Housing Inventory

This section provides an overview of the housing stock in Santa Fe. Section II discusses housing affordability of both for-sale and rental housing in the city.

Building permits. Since 2007, the city has issued far fewer building permits than in the past, reflecting the economic downturn, sluggish housing market and slowed construction activity. The 2007 HNA, for instance, cited that approximately 4,000 residential permits were issued between 2000 and 2006, a rate of approximately 650 permits per year. Since 2007, the rate has been approximately half, at 330 permits per year.

Assuming that the full impact of the housing downturn was not immediately evident in 2007 and 2008, the number of permits issued within the city limits from 2009 through 2011 average 190 per year, with only 144 permits issued in 2011. To put in perspective, in the greater Santa Fe region, (including surrounding communities such as La Cienega, Tesuque, Glorieta) housing starts in 2011 were just 16 percent of those in 2006.

Figure I-19 tracks residential permits issued in Santa Fe from 2002 through 2011. Data was collected from the land use departments of the City of Santa Fe and the County of Santa Fe and is available in the Santa Fe Trends 2012 report.

Figure I-19.
Building Permits 2002 – 2012

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City of Santa Fe	697	561	566	644	633	522	546	180	250	144
Area*	118	47	61	35	21	36	14	7	8	3
Total	**815**	**608**	**627**	**679**	**654**	**558**	**560**	**187**	**258**	**147**

Note: *Includes land immediately outside city limits, as bounded by I-25 to the south and NM 599 to the north/northwest.

Source: City of Santa Fe.

As displayed in I-20, a more detailed study of building permits shows that the economic recovery in terms of construction activity in Santa Fe may well be underway. While numbers of single-family and multifamily new construction permits are still well under 2006 levels, they have held somewhat steady. In fact, for 2012, for which data was only available through September, the number of permits for single family and multi-family homes exceeds previous years with three months still to factor in.

In addition, increased numbers of permits issued for other structural improvements, such as additions, carports, and renovations indicate that homeowners have adapted to current economic conditions by opting to fix up or enlarge homes rather than buy or build new ones.

Figure I-20.
Building Permits by Type 2009 – 2012

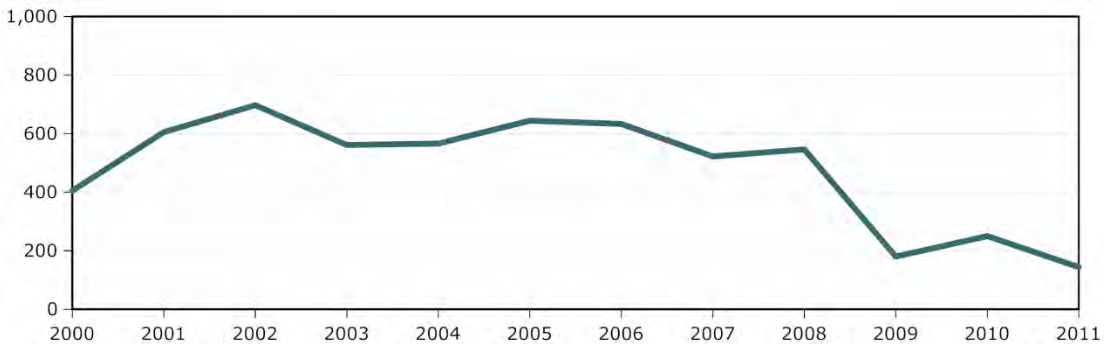
	2009	2010	2011	2012**	Total
Residential Total	**732**	**895**	**992**	**776**	**3,395**
New Single Family	127	84	77	96	**384**
Affordable	23	36	49	22	**130**
*Repair/Renovation**	582	775	866	658	**2,881**
Commercial Total	**196**	**250**	**262**	**207**	**915**
New Multifamily	0	8	0	11	19

Note: *Includes other structural improvements such as fences, sheds and carports; ** 2012 includes 9 months of data: Jan – Sept.

Source: City of Santa Fe Land Use Department; http://www.santafenm.gov/index.aspx?nid=167

As displayed in Figure I-21, residential building activity has fallen off dramatically since the onset of the recession at the end of 2007. Between 2000 and 2008 an average of 575 units were constructed each year; between 2009 and 2011 the annual average was 191.

Figure I-21.
Residential Units Constructed, City of Santa Fe, 2000 to 2011



Source: 2012 Santa Fe Trends Report.

Types of units renters live in. Approximately 40 percent of Santa Fe households occupy rental units. Most renter-occupied units are either single-units or in small buildings with 2 to 4 units. In 2010 only 5 percent of rental units were in buildings with 50 or more units. As displayed in Figure I-22, the types of units renters occupy have not changed dramatically since 2000. The only notable shift was from buildings with 50 or more units to buildings with 20 to 49 units.

Figure I-22.
Rental Units by Type of Unit,
City of Santa Fe, 2000 and 2010

Sources:
2007 HNA and 2010 Census.

	2000	2010
1, detached or attached	40%	41%
2 to 4 units	18%	19%
5 to 19 units	21%	18%
20 to 49 units	7%	15%
50 or more units	12%	5%
Mobile home/other	2%	1%

Condition of units. The 2007 HNA survey asked respondents to rate the condition of their home on a scale from 1 to 5 where 1 means "poor" and 5 means "excellent." Six percent of renters rated the condition of their units as "poor," compared with no owners. Nine percent of renters and 3 percent of owners rated their units as "poor to fair" (rating of 2).

The same question was asked of residents in the 2012 survey. The condition proportions, shown in Figure I-23, were very similar to those in 2007. The only exception was that owners were more likely to rate the condition of their homes as a "4" than a "5" in 2012.

Applying these responses to the 2010 number of housing units suggests that 630 renter households and 319 owner households consider the condition of their home to be poor. Figure I-23 displays the condition of owner and renter occupied units as rated by residents.

Figure I-23.
Condition of Units,
City of Santa Fe, 2010

Note:

This figure applies 2012 survey responses to 2010 Census data.

Sources:

2012 Resident Survey and 2010 Census.

		Renter-Occupied Homes		Owner-Occupied Homes	
		Number	*Percent*	*Number*	*Percent*
Poor	1	630	5%	319	1%
	2	1,008	8%	957	3%
	3	5,794	46%	8,612	27%
	4	3,023	24%	13,715	43%
Excellent	5	2,141	17%	8,293	26%
	Total	**12,596**	**100%**	**31,895**	**100%**

As shown in Figure I-24, although a larger proportion of renters are dissatisfied with the condition of their homes, the age profile of renter-occupied units and owner-occupied units is very similar.

Figure I-24.
Age of Units,
City of Santa Fe, 2010

Source:

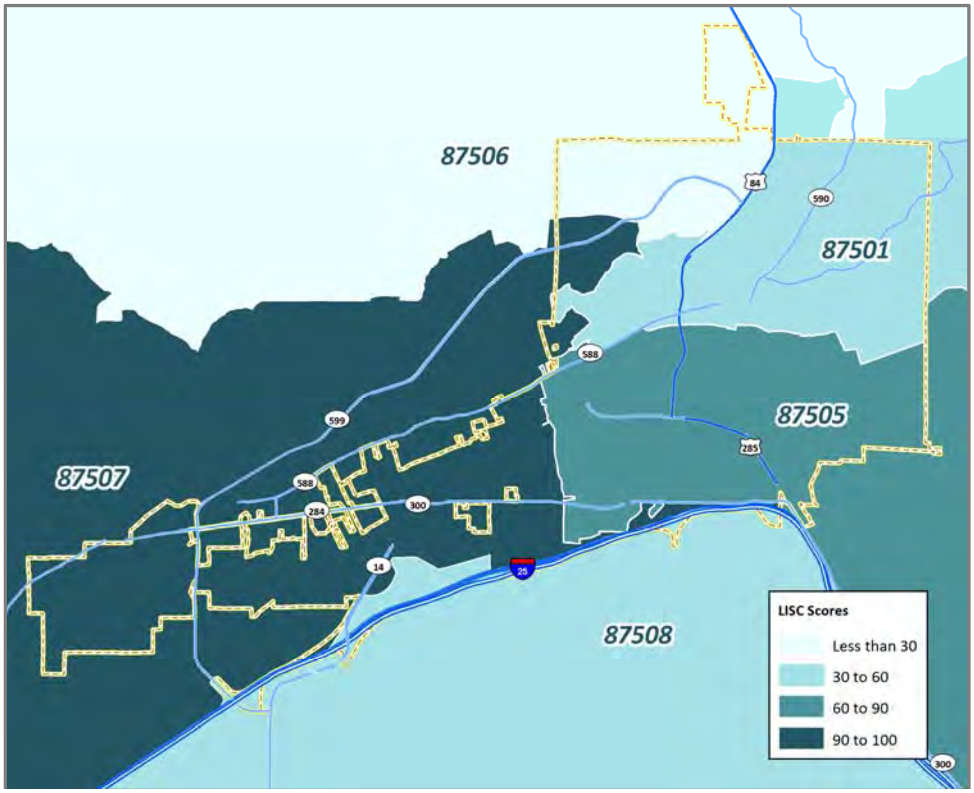
2010 Census.

	Owner-Occupied Units	Renter-Occupied Units
Built 2008 or later	3%	3%
Built 2000 to 2007	16%	15%
Built 1990 to 1999	15%	17%
Built 1980 to 1989	18%	24%
Built 1970 to 1979	16%	13%
Built 1960 to 1969	9%	10%
Built 1959 or earlier	23%	18%

Foreclosures. With the recent collapse of the housing market, foreclosures have been on the rise across the country. In an effort to inform community decisions regarding foreclosure prevention and neighborhood stabilization, the Local Initiatives Support Corporation (LISC) provides foreclosure risk scores for zip codes by metropolitan area (data are of September 2011). The highest risk zip code in the metro area is assigned a score of 100 and all others are assigned a relative score.

FigureI-25 displays the LISC scores for each zip code in the Santa Fe MSA. As indicated by the figure, foreclosure risk is highest in the Southwest and Central portions of the city, but few areas of the city have very low risk. The zip code with the highest risk (100) is 87507.

Figure I-25.
LISC Foreclosure Index, Santa Fe MSA September 2011



Source: Local Initiatives Support Corporation.

Inventory of Affordable Housing

According to the 2012 Santa Fe Trends report, between 2000 and the end of 2006 a total of 1,122 affordable units were built in the City of Santa Fe.[5] Since then, an additional 528 affordable units have been constructed—235 single family units and 293 multi-family units. Of the 929 affordable single-family units constructed between 2000 and 2011, most are owner occupied.

Figure I-26.
Affordable Residential Building Activity, City of Santa Fe, 2000 to 2011

Sources:
2012 Santa Fe Trends Report.

Year constructed	Single Family	Multifamily	Total built
2000 through 2006	694	428	1,122
2007 through 2011	235	293	528
Total	**929**	**721**	**1,650**

5 The city's definition of affordable housing means the monthly cost of a rental unit should not exceed 25% of the monthly income, for a family earning 80% of the area's median household income. The payments for a home should not exceed 30% of that household's gross income. (Santa Fe Trends Report, 2012).

Santa Fe has over 2,000 units of affordably-priced rental housing serving families, the elderly and those with disabilities. The projects are funded through low-income housing tax credits (LIHTC), various HUD housing programs, (Section 8, Section 811, Section 202) and public housing funds. Current production of multi-family units in Santa Fe has continued, despite the recession because of innovative uses of development funds and productive partnerships between governmental, private sector and nonprofit organizations. In 2010, the Housing Trust completed 60 units at the Village Sage and the Santa Fe Civic Housing Authority completed construction of the first phases of Villa Alegre. In 2012, 28 units of senior housing were built at Campo Alegria.

Low Income Housing Tax Credit Properties (LIHTC). By far the most widely used funding source to provide multi-family housing, LIHTC-funded projects provide 1,760 units of housing in Santa Fe. The properties are priced affordably to residents earning from 40 – 80 percent of the AMI, with most projects serving 60 – 65 percent of the AMI. Figure I-27 summarizes the city's LIHTC properties.

Figure I-27.
Low Income Housing Tax Credit Properties, Santa Fe

Tax Credit Apartment Name	Address	Approx Age (yrs)	Type	Number of Units
The Bluffs	6600 Jaguar Drive	11	Family	160
Cedar Creek	3991 Camino Juliana	14	Family	94
Country Club	5999 Airport Road	8*	Family	62
Evergreen	2020 Calle Lorca	9**	Family	70
Las Palomas	2001 Hopewell	5-6***	Family	280
Paseo del Sol	4551 Paseo del Sol	13	Family	80
Tuscany at St. Francis	2218 Miguel Chavez	11	Family	176
Ventana de Vida	1500 Pacheco	10	*Elderly*	120
Casa Rufina	2823 Rufina	5	*Elderly*	120
Villa Real	501 W. Zia	18	Family	120
Vista Linda	6332 Entrada de Milagro	14	Family	109
Tres Santos	189 Pacheco	4	Family	136
Casa Vallita	3330 Calle Po Ae Pi	4	*Elderly*	106
Villas de San Ignacio	3493 Zafarano	3	Family	127
			TOTAL	**1,760**

Note: *completed renovation in 2003 with tax credits
**completed renovation in 2001 with tax credits
***completed renovation in 2006 with re-syndication of tax credits

Source: City of Santa Fe

LIHTC/Other Funding Sources. Several properties use LIHTC funds in conjunction with other funding sources to serve a diversity of needs and income levels. Other sources include: the City's Affordable Housing Trust Fund, HOME funds, CDBG, Section 202, and private funds. For instance, the Villa Alegre project, developed by the Santa Fe Civic Housing Authority, contains 50 units reserved for seniors and people with disabilities, along with 60 family units, some of which are market-rate. An additional 28 units for elderly and/or disabled are provided in Campo Alegria. Village Sage, built by the Housing Trust, offers six units for people who are homeless individuals and nine units for homeless families. The remaining 45 apartments are reserved for renters earning less than 65 percent of AMI.

In 2013, the Housing Trust's renovation and redevelopment of the Stagecoach Apartments will be completed. Originally a motor inn, the property is being converted into 60 units of rental housing, affordable to those earning less than 60 percent AMI. Some of the efficiency units will be reserved for formerly homeless individuals and will offer supportive services. The property is LEED-certified and rents will be further subsidized through Shelter Plus Care vouchers.

Figure I-28.
Properties Created with LIHTC/Other Funding Sources, Santa Fe

Apartment Name	Address	Approx. Age (yrs)	Type	Number of Units
Campo Alegria	104 Camino del Campo	1	*Elderly*	28
Stagecoach Apartments	Cerrillos Rd	**	Family	60
Villa Alegre Family Housing	821 W. Alameda	2	Family	60
Villa Alegre Senior Housing	811 W. Alameda	2	*Elderly*	50
Village Sage	5951 Larson Loop	2	Family	60
			TOTAL	**258**

Note: **Under construction

Source: City of Santa Fe

Section 8/other funding sources. Several of Santa Fe's older apartment complexes were originally funded by Section 8 funds, co-mingled with Section 202 funds for the senior housing. Section 8 properties require that tenants are income-qualified for assistance (typically earning 60% AMI or less) and that they pay no more than 30percent of their income for rent. The property owner enters into an agreement with HUD to provide the housing and a certified housing agency—in New Mexico, the NM Mortgage Finance Authority—does regular audits to ensure that the regulation is being met. Two of Santa Fe's larger Section 8 properties—Sangre de Cristo and Santa Fe Apartments—are nearing or have exceeded their original contract terms and are in stages of renewal, which is allowable as long as both HUD and the project owner reach agreement. Otherwise, the properties can revert to market rents.

Figure I-29.
Section 8 Properties

Apartment Name	Address	Approx. Age (yrs)	Type	Number of Units
Sangre de Cristo	1801 Espinacitas	33	Family	164
Santa Fe Apartments	255 Camino Alire	41	Family	64
Encino Villa	1501 Montano	20	*Elderly*	40
La Cieneguita	1601 La Cieneguita	15	*Elderly*	32
Villa Consuelo	1200 Camino Consuelo	35	*Elderly*	100
			TOTAL	**400**

Source: City of Santa Fe.

Project-Based Rental. Two of Santa Fe's subsidized multi-family facilities focus on special needs populations. La Luz, a property operated by the Life Link, offers a residential facility for individuals and families with mental illness and is partially funded by a Shelter Plus Care project-based grant. The other, Homeward Bound Apartments, houses people with severe mobility impairment, brain injury, or frail elderly and was built with Section 811, HOME and CDBG funds.

Figure I-30.
Project-Based Rentals

Apartment Name	Address	Approx. Age (yrs)	Type	Number of Units
Homeward Bound	3454 Cerrillos Rd	10	Disability	20
La Luz	2325 Cerrillos Rd	23	Disability	24
			TOTAL	**44**

Source: City of Santa Fe.

Public Housing

Santa Fe is served by two housing authorities, the Santa Fe Civic Housing Authority and the Santa Fe County Housing Authority. The latter is embedded within the administration of Santa Fe County; the former is independent from the City of Santa Fe, although the Mayor appoints the members of its housing board. Both organizations are considered high functioning by HUD.

Public housing units. Deferred and ongoing maintenance costs, the need to meet updated accessibility requirements, and dwindling federal public housing funds are the biggest challenges faced by Santa Fe's public housing agencies. Both report an approximate two-year waiting list for units. Waiting lists are organized according to established preferences (for people with disabilities, seniors, etc.). Turnover in units is generally slow, especially for those occupied by seniors. Most residents earn less than 50 percent AMI.

Figure I-31.
Public Housing Unit Inventory

	Family	Elderly	TOTAL	Built Before 1975
Santa Fe Civic HA				
Casa del Ceste	12**	0	**12**	
Cerro Encantado	25	0	**25**	X
Jardines de Agua Fria	6**	0	**6**	
Pasatiempo	0	121	**121**	X
Villa Alegre*	4	24	**8**	
Villa Esperanza	40	0	**40**	X
Villa Hermosa	0	116	**116**	X
Villa Verde	25	0	**25**	X
TOTAL	**69**	**261**	**353**	
Santa Fe County HA* **				
Camino de Jacobo	68		**68**	X
Valle de Vista	71		**71**	
TOTAL	**139**		**139**	

Note: * the remaining units at Villa Alegre are privately managed
** includes 1 accessible unit
*** also operates 59 units in Santa Cruz, NM located outside of the immediate Santa Fe area.

Sources: www.santafecounty.org, City of Santa Fe, Staff Interviews

Housing Choice Vouchers. Both housing authorities administer housing choice vouchers. Income-qualified families and individuals pay one-third of their income for rent at a privately-owned complex or home, and the voucher is used to subsidize the remainder of the rent. The housing authority inspects the home to ensure that it meets HUD's guidelines for "safe, decent, and sanitary" housing and that it is appropriate for the voucher holder, as per family size or special needs. The Santa Fe Civic Housing Authority administers approximately 1,200 vouchers, the majority of which are used within the city limits. The Santa Fe County Housing Authority administers 241 vouchers that can be used throughout the County. Both housing authorities have wait lists for vouchers of 2 to3 years, equivalent to approximately 200 people.

Inventory of Emergency and Special Needs Housing

People who are homeless or at risk of becoming homeless in Santa Fe are comprised of the chronically homeless, families experiencing temporary or reoccurring homeless, veterans, youth, and those with special needs (mental, physical disabilities, substance abuse, etc.). Because of this diversity of needs, the City of Santa Fe and its nonprofit and governmental partners employ multi-faceted approach to addressing homelessness. The ultimate goal is to help people obtain permanent housing; the services they need to maintain their housing situation and follow up services[6].

Figure I-32.
Inventory of Emergency Housing Facilities

Agency	Winter Only	Year Round	Transitional Apartment (beds)	Permanent Housing	Agency Totals
Interfaith Shelter/ROC	125	0	0	0	**125**
St Elizabeth Shelter	0	59	33	36	**128**
Life Link	0	0	0	36	**36**
Esperanza	0	42	21	0	**67**
Youth Shelter/Family Svc	0	12	14	0	**26**
TOTAL	**125**	**113**	**68**	**72**	**382**

Source: 2012 City of Santa Fe CAPER, FY 2011.

Interfaith Shelter. Several faith based organizations support a seasonal shelter from November to May. The shelter offers meals, showers and laundry, in addition to beds and also some case management services. Embedded within the shelter is the Resource Opportunity Center which is open two days per week, serves 120-140 people per day, and offers more intensive case management and legal services.

St. Elizabeth. St. Elizabeth provides 28 year-round emergency shelter beds for men at its main facility, in addition to a library, TV room, laundry, showers and some case management. The organization also offers longer term and transitional shelter options. *Casa Familia* offers five family rooms, with 16 additional dormitory beds reserved for women, in addition to supportive services and can house up to 30 people per night. *Casa Cerrillos* contains 28 efficiency apartments for longer term residency for people with physical, mental, and co-occurring substance abuse issues. *Sonrisa Family Shelter* offers eight apartments where families can stay for up to two years while they stabilize their finances and find permanent housing.

6 DRAFT - *Plan to End Homelessness in Santa Fe: Progress for 2012 to 2017,* Mayor's Blue Ribbon Panel, November 2012.

Life Link. Established in 1987 in a motel, Life Link has evolved into a highly effective mental health center. At *La Luz*, 24 transitional apartment units are provided to people with mental illness and other co-occurring disorders. The facility also offers extensive outpatient treatment, pyscho-social rehabilitation, homeless prevention and rental assistance, peer support services and onsite healthcare screening. Additionally, an offsite facility called *Casa Milagro* offers permanent housing for 12 individuals.

Esperanza. Esperanza is a full service organization offering counseling, case management and advocacy for survivors of domestic violence. The organization operates a shelter that can house up to 42 people, as well as 21 beds of transitional housing to allow clients establish independence while still receiving supportive services. The organization also offers comprehensive non-residential counseling services.

Youth Shelters. On any given night, the organization estimates that 100 youth may be homeless on the streets of Santa Fe. Services are provided to homeless, runaway and in-crisis youth and their families including street outreach, emergency shelter, transitional living and counseling. Special initiatives are the Pregnant and Parenting Project, including referrals, case management, parenting skills and donated items and the Workforce Development Initiative, which helps youth with job readiness skills. Youth can stay at the emergency shelter for up to 30 days and in the transitional, apartment style living program for 18 months.

Figure I-33.
Rental Vouchers for Special Needs

	Number Assisted		
Year	*Mental Illness*	*HIV/AIDS*	Total
2008	129	21	**150**
2009	85	18	**103**
2010	85	21	**106**
2011	110	24	**134**

Source: City of Santa Fe CAPER FY2011

Rental assistance for special needs.

Shelter Plus Care. The purpose of HUD's Shelter Plus Care program is to subsidize rents for people with disabilities and their families. Shelter Plus Care rental vouchers are administered either on a project basis or directly to tenants to use at privately-owned scattered sites. *Life Link* uses vouchers to subside its rents at La Luz, as well as administering them to its clients who are able to live off site. For several years, *the Housing Trust* has administered vouchers to people living with AIDS and is initiating a project-based voucher for its newly constructed subsidized rental projects, the Village Sage and the Stagecoach Apartments. Another Shelter Plus Care grant, initiated in 2012 is administered by *St. Elizabeth* at its Siringo Senior Housing site.

Emergency rent, mortgage and utility assistance. Given the effects of the economic recession, concerted efforts have been made to expand the safety net of services in Santa Fe. In 2010, the city allocated CDBG and Housing Trust funds to *Faith at Work* which provided 3 months of emergency rent/mortgage assistance to 62 families, preventing immediate eviction and default. Of these families, 53 percent were extremely low-income, earning less than 30 percent AMI. Forty-one families in 2011 were provided emergency rent/mortgage assistance through *Esperanza Shelter's* Emergency Assistance Program (EAP), all of whom were female-headed household with presumed household incomes in the 30 –5 0 percent AMI range.

In 2010, the city allocated CDBG funds to provide additional safety net services. *Kitchen Angels* delivered meals to homebound and terminally ill residents, serving 278 residents for the year. Over 500 children and their parents were assisted through the *Access Project* with qualifying for public services and benefits. As the 2013 application cycle for CDBG funds gets underway, city staff expects another round of applications to fund ongoing safety net services.

City's Approach to Affordable Housing

The City of Santa Fe has long approached the provision of affordable housing with an innovative mix of policy, funding and regulation. Even during the slowdown in the economy, the city has continued to provide and expand housing choices for its residents, serving the whole spectrum of housing need, from homeless to homeowner. In fact, several of the city's nonprofit partners have developed new programs and service delivery systems in direct response the increasing levels of need and corresponding decreasing levels of available funding.

The city's primary affordable housing programs include the following:

Inclusionary zoning. One of the city's most effective tools for spurring the provision of affordable housing is through its inclusionary zoning programs. The first city program, the Housing Opportunity Program (HOP), was implemented in the late 1990s. The program required that all new development trigger an affordability requirement so that either 11 percent or 16 percent of units built were sold to qualified homebuyers at a predetermined price point (reliant on homebuyer's family size, HUD income limits, etc.). HOP homebuyers on average earn 65 percent of area median income and no more than 80 percent of area median income.

In the mid-2000s, the city initiated a more stringent inclusionary zoning program, the Santa Fe Homes Program (SFHP) which mandates a 30 percent requirement for any application including annexation, rezoning, subdivision plat and increase in density. Three income tiers are served: 50-65 percent AMI; 65-80 percent AMI; and 80-100 percent AMI, with 10 percent of the total units serving each tier.

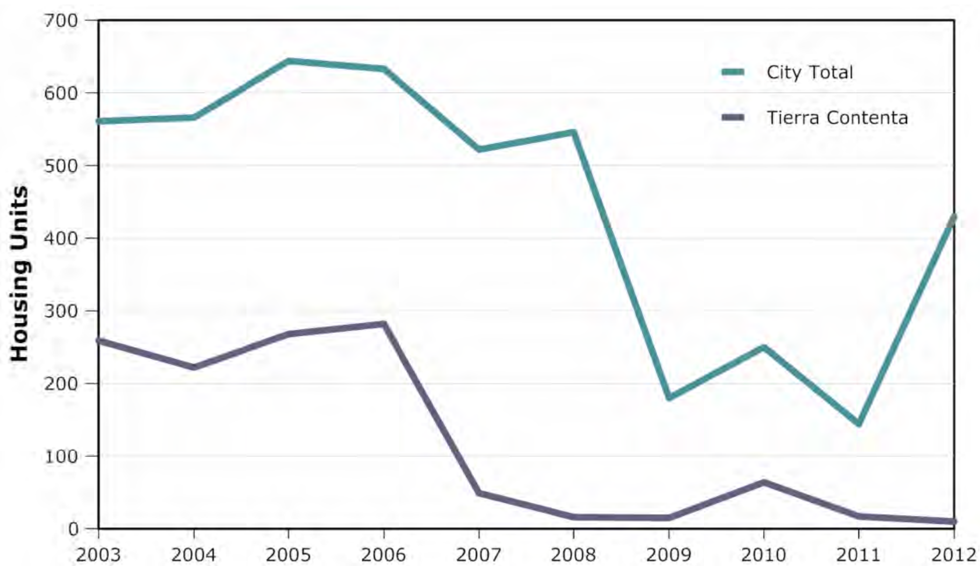
In 2010, in response to the economic slowdown, in particular the building and construction industries, the city further modified the requirement. Until June of 2014, SFHP requires that 20 percent of new homes proposed for construction are sold to income-qualified homebuyers. As with its other housing programs, the city relies on its nonprofit partners, Homewise and the Housing Trust to train, counsel and qualify the buyers. Additionally, homebuyers are often subsidized with downpayment assistance funded through CDBG, the state's Mortgage Finance Authority, or other sources accessed by the housing counseling agencies.

To date, approximately 100 HOP, 27 SFHP and 397 Low-Priced Dwelling Units (LPDU, affordable to 80% AMI and 100% AMI) have been created.

Tierra Contenta. Consistent with past years, production of affordably-priced homeownership units in Santa Fe occurs primarily in Tierra Contenta, a master-planned community of 1,400 acres. On an annual basis, 30 percent of all residential construction permitted in Santa Fe occurs in Tierra Contenta. The Tierra Contenta Corporation, a nonprofit development entity, provides builder ready tracts of land to both nonprofit and for profit builders. More than 2,000 homes have been built since 1995, of which 40 percent are required to be affordable.

Trends in home production in Tierra Contenta are shown in Figure I-34. Given current economic conditions, the construction of infrastructure is in hiatus which has delayed the initiation of the next phase in the planned build-out of the development.

Figure I-34.
Trends in Tierra Contenta Single Family Home Production



Source: Tierra Contenta Corporation; City Land Use Department; City of Santa Fe.

Nonprofit production. Santa Fe's three primary nonprofit single-family home developers are Habitat for Humanity, Homewise, and The Housing Trust. At one point in time, Santa Fe County's Housing Authority renovated 100 of its rental units, located outside of the city limits, and sold 16 of them to qualified residents. The PHA has developed 12 more townhomes in this area for sale, three of which have been sold.

To date, Habitat has created 90 affordable homes; Homewise, 468; and the Housing Trust, 480; for a total of 1,038 homes created by nonprofit partners.

Habitat for Humanity. Like all Habitat affiliates, the Santa Fe office develops homes through a self-help model that brings together the future homeowner, a licensed contractor and a team of volunteers to build each home. The price of the home is thereby reduced by the 500 hours of "sweat equity" earned by the homeowner in helping to build the home. Habitat clients earn less than 50 percent of the area median income.

To date, the organization has constructed almost 90 homes since its inception in 1987. Since 2001, the organization has averaged five or six homes per year. At the end of 2012, seven townhomes are under construction in the El Nido subdivision in Tierra Contenta and the organization expects to build 12 homes in 2013.

Homewise. Homewise was founded in 1987 as a nonprofit agency helping homeowners repair and renovate their homes. Since then, the organization has expanded into a full service homeownership center, offering homebuyer training and counseling, financial fitness classes, mortgage financing and refinancing, ongoing home repair services, and assistance with energy efficiency retrofits. The organization has also built many affordably-priced homes in Santa Fe.

As of December 2011, Homewise has built 468 homes. Its most recent subdivisions — Old Las Vegas Place, Rincon del Sol (in Tierra Contenta), and Pinon Ridge — meet both the City of Santa Fe Green Building Code and the State of New Mexico's Green Building Standard and are Energy Star certified. The organization recently purchased portions of a failed subdivision on Santa Fe's northwest side, comprising approximately 240 acres. Phase one of the projected is expected to break ground in 2013, with 74 homes, of which 20 percent will be priced affordably.

The Housing Trust. Formerly known as the Santa Fe Community Housing Trust, the Trust was established in 1991 to use the land trust model to increase affordability. Since then, the organization has expanded its model to provide a full range of homebuyer and homeowner services including: homebuyer training and counseling, reverse mortgage financing, rental assistance for special needs populations, and real estate development.

The Trust has built and sold over 480 homes, including the conversion of market rate condos and townhomes and duplexes. Like Homewise, the organization is committed to energy efficiency and has piloted several innovations in green building. Most recently, the Trust has completed a Low Income Housing Tax Credit project in Tierra Contenta and is the process of reconstructing and adding new footage to an old motel on Cerrillos Road to permanent affordable rental units.

Other homeownership services.

NSP-funded acquisition and rehab. The City of Santa Fe was one of the first communities in New Mexico to use HUD's Neighborhood Stabilization Program (NSP) funds. NSP is a component of CDBG designed to purchase and redevelop abandoned or foreclosed homes. The city partnered with Homewise to finance the purchase of 14 homes by qualified buyers and also partnered with Life Link to purchase and rehabilitate four homes to be used as permanent housing for renters with mental illness.

Homebuyer training and counseling. In partnership with Homewise and the Housing Trust, the city supports homebuyer training and counseling through administrative contracts. Potential homebuyers attend classes where they learn about real estate transactions, budgeting, mortgage lending and other aspects related to buying a home. Specifically, the nonprofits work with clients to make them "buyer-ready" with the overall objective of ensuring that homebuyers are approved for prime rate mortgages that they can afford and are capable of paying. Approximately 400 buyers are trained per year, as shown in Figure I-35.

Figure I-35.
Number of Homebuyers Trained Annually, 2008 through 2011

Source:
City of Santa Fe 2011 CAPER.

Program Year	Number of Homebuyers Trained
FY2008	381
FY2009	424
FY2010	332
FY2011	335
TOTAL	**1,472**

Homebuyer assistance. The city and its nonprofit partners dedicate several funding sources to provide financial assistance to "buyer-ready" residents.

CDBG. The city uses a portion of its CDBG entitlement and a locally-funded affordable housing trust fund to support the provision of down payment assistance to homebuyers. The funds are allocated through the city's nonprofit partners, Homewise, the Housing Trust and Habitat who certify incomes and provide training and counseling. Between 2008 and 2011, CDBG assisted in the production of 186 units affordable to 50 to 120 percent AMI and 26 units affordable to less than 50 percent AMI.

CIP-Funded Assistance. In 2012, the city allocated a portion of its Capital Improvement Program (CIP) toward downpayment assistance, also in partnership with Homewise, the Housing Trust and Habitat, who train, counsel and certify the buyers.

The funds, in the amount of approximately $800,000 were reserved on a first come, first served basis. Once the reservation is made, the buyers have six months to close their deals. The funds are allocated in the form of a no payment due, 0 percent loan, repayable upon sale or if the home ceases to be the buyer's primary residence.

A total of 44 reservations have been made since the funds became available in September of 2012 and three homes have closed as of December 2012. Forty-one percent of the reservations served 80-120 percent AMI; 33 percent served 50-80 percent AMI; and 26 percent served less than 50 percent AMI. While it is uncertain whether bond funds will be used for this purpose again, when the loans are repaid, they funds will be recycled into the City's Affordable Housing Trust Fund and re-allocated to assist future homebuyers.

The Affordable Housing Trust Fund. The city's primary financial mechanism for affordable housing is the trust fund, which is allocated according to a competitive application process. Downpayment assistance is an eligible activity for trust funds and since 2010, over $200,000 were expended through the Housing Trust and Homewise. (The inventory is included with CDBG data in previous section). Other funding priorities for the trust funds include: acquisition, development, construction, renovation or conversion, financing, operation or owning affordable housing or infrastructure to support affordable housing.

Homeowner assistance. The city and its partners support homeownership through rehabilitation and home repair, energy efficiency upgrades, and foreclosure prevention.

Home Improvement Loans. Rehabilitation and home repair activities are funded primarily through CDBG, CIP, the City of Santa Fe Affordable Housing Trust Fund, state and federal rehab funds and some local funds. Homewise provides CDBG-funded home repair activities and piloted "green" loans to assist with energy upgrades. YouthWorks, a local youth development organization, worked in low-mod income tracts to provide energy efficiency upgrades and weatherization services as part of an overall job training program. Habitat will initiate a HOME-funded rehabilitation program in 2013.

Homewise also administers a revolving loan fund for rehabilitation activities that is funded through NeighborWorks, CDFI, small foundation grants and private capital. In FY2011, Homewise provided loans for 52 rehabilitation projects, in addition to the ones reported in the following table. Twelve additional loans were self-financed by customers working with Homewise's construction manager.

Foreclosure prevention. Foreclosure continues to be an issue for Santa Fe homeowners, especially those with low- and moderate-incomes. Seventy-five percent of all cases go to default. In 2011, several major lenders (Chase, Citibank, Bank of America, Wells Fargo, among others) agreed to a settlement agreement whereby they would fund loan modification/principal reduction for at-risk borrowers. However, local attorneys report that homeowners continue to be "dual-tracked" which means they communicate with their lenders about a loan modification, while the lender simultaneously instigates the foreclosure process. Figure I-36 provides data for District 1, which includes Santa Fe, Rio Arriba and Los Alamos Counties.

Figure I-36.
Foreclosure Cases, 2008 to 2011

Year	Number of Cases	Defended by Attorney	Number in Default
2008	588	119	281
2009	908	272	440
2010	939	340	344
2011	898	472	135
TOTAL	**3,333**	**1,203**	**1,200**

Source: Santa Fe County

In 2010, the city provided CDBG funds to a consumer protection and advocacy group to provide assistance to homeowners at risk of foreclosure. The funding supported the establishment of a Santa Fe-based resource center which has since exceeded its original program goals by 50%. Ninety homeowners were served from 2010-2011, of which 71 percent were low- and moderate-income. Given the apparent demand, the City of Santa Fe plans to continue funding for the 2012-13.

Other programs*.* In FY2011, Homewise received CDBG funds to pilot a sewer replacement program. The program is provided to low- and moderate-income homeowners who want to convert sewer systems from private septic tanks to sewer lines that tie into the City of Santa Fe's wastewater network. The purpose of the program is to address some of the public health and environmental issues that arise from aging septic systems, particularly in areas where development has become more dense and thus, not sustainable for individual systems. Due to challenges related to finding qualified and willing homeowners, the program will be extended for FY2012.