

City of Santa Fe

2023-2028 Consolidated Plan

EXECUTIVE SUMMARY



PREPARED BY:

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This document represents a summary of the Five-year Consolidated Plan for the City of Santa Fe.

A Consolidated Plan is required of any city, county or state that receives federal block grant dollars for housing and community development funding from the U.S. Department of Housing and Urban Development (HUD). There are four types of HUD block grant housing and community development programs: the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program (HOME), the Emergency Solutions Grant (ESG) and the Housing Opportunities for People with AIDS (HOPWA) program. The City of Santa Fe receives approximately \$600,000 in CDBG dollars each year directly from HUD.

The purpose of the Consolidated Plan is:

- To identify a city's housing and community development needs, priorities, goals and strategies; and
- To stipulate how funds will be allocated to housing and community development activities during the five-year planning period.

Summary of Needs Assessment and Market Analysis

The housing needs assessment and market analysis portion of the Consolidated Plan examines housing needs across all income levels to identify mismatches in supply and demand for housing in Santa Fe. A gaps analysis, which compares the demand for and supply of housing by income level shows that there is a shortage of over 1,900 rental units priced affordable to households earning less than \$25,000. Shown in Figure ES-1, this gap for all households earning less than \$25,000 declined from around 3,600 in 2015.

**Figure ES-1.
Rental Gaps, 2015 and 2021**

	2015	2021
Renters earning <\$25k	5,014	3,343
Affordable Rentals (\$625 or less)	1,433	1,414
GAP (shortage)	3,581	1,929

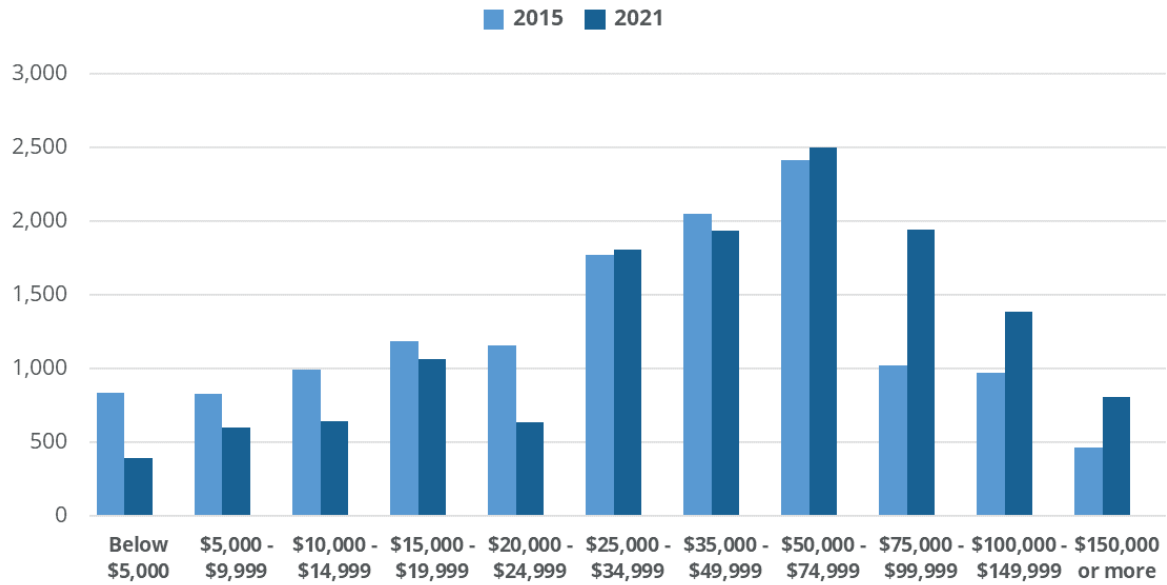


Note: The rental gaps analysis compares the distribution of what renters at different income levels can afford with the distribution of housing units at different price points, assuming a household spends a maximum of 30% of their income in housing costs.

Source: ACS 2015 and 2021 5-year estimates and Root Policy Research.

The City’s investments in affordable housing have helped maintain the supply of affordable units that would have otherwise migrated to higher price brackets under the tight current market conditions. However, as shown in Figure ES-2, many low income renters who are no longer able to find affordable available rental units in Santa Fe and middle income renters who have not been able to transition into homeownership—due to the steady rise in home prices and recent increases in mortgage interest rates— have moved out of the city or county and the city has experienced an influx of higher income renters and owners.

Figure ES-2.
Distribution of Renter Households by Income, 2015 and 2021



Source: ACS 2015 and 2021 5-year estimates and Root Policy Research.

Between 2015 and 2021, the share of renters with income below \$25,000 decreased from 37% to 24%, while the share of renters with income over \$75,000 increased from 18% to 30%. This suggests high income renters are having a harder time transitioning into homeownership. An analysis of renters’ ability to buy relative to the price of units for sale estimates (using data on home sales from the Home Mortgage Disclosure Act) that in 2021, 66% of the city renters earned less than 120% of the 2 person area median income and only 10% of home sales financed with a mortgage were priced affordably for such households.

Data show that cost burden—paying 30% or more in income in housing costs—is the most prevalent housing problem among city of Santa Fe residents. As shown in Figures ES-2 and ES-3 the rate of cost burden continues to be very high among very low income residents, but there has been a significant increase in cost burden and severe cost burden rates among middle income households. Between 2015 and 2021, among households with income between \$50,000 to \$75,000 the rate of cost burden has increased from 14% to 30% among renters and from 24% to 31% among owners; and severe cost burden—paying 50% or more in housing costs—increased from 5% to 12% among renters and from 11% to 15% among owners.

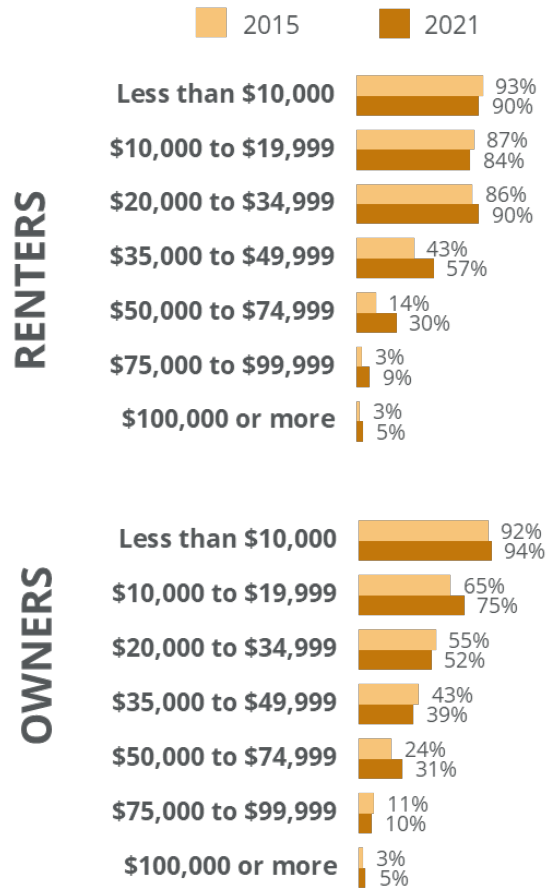
**Figure ES-3.
Cost Burden by Tenure and
Income 2015 and 2020**

Note:

Data represent the percent of households paying 30% of income or more in housing costs.

Source:

ACS 2015 and 2021 5-year estimates and Root Policy Research.



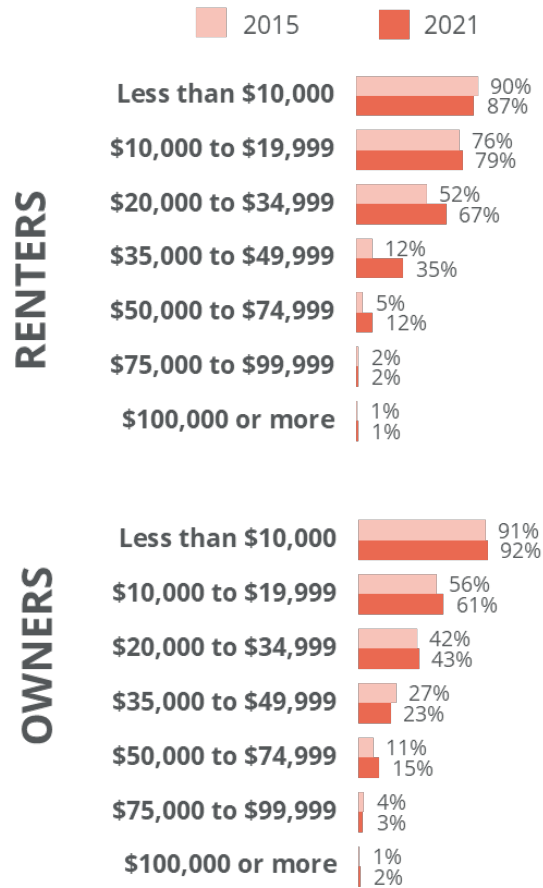
**Figure ES-4.
Severe Cost Burden by Tenure
and Income 2015 and 2020**

Note:

Data represent the percent of households paying 50% of income or more in housing costs.

Source:

ACS 2015 and 2021 5-year estimates and Root Policy Research.



Community Input Informing the Consolidated Plan

The City of Santa Fe’s community participation process focuses upon meaningful engagement of residents and stakeholders representing local organizations and coalitions. Engagement methods include opportunities for residents and stakeholders to participate in the development of planning strategies.

Engagement opportunities included:

- Resident surveys
- Stakeholder surveys
- Focus groups
- Public comment period
- Stakeholder consultation

Public outreach for the above activities are promoted through the City of Santa Fe’s communication team. Media relations include a press release to local media, postings on the city’s website, and furth. English and Spanish language flyers advertise surveys and open house meetings and are distributed to the City’s housing partners, including

nonprofit organizations, social service providers, and governmental departments. Great lengths were made to advertise the housing survey, which was advertised through a press release and noticed through various City newsletters, such as the Office of Economic Development's monthly newsletter and the Santa Fe Public Library's newsletter.

Local stakeholders, including organizations, agencies and coalitions, also promote the outreach efforts directly to their members, residents, consumers and clients. In addition to lending their subject-matter expertise, participating organizations promote resident engagement opportunities to recruit focus group participants and encourage residents to attend the community open house events.

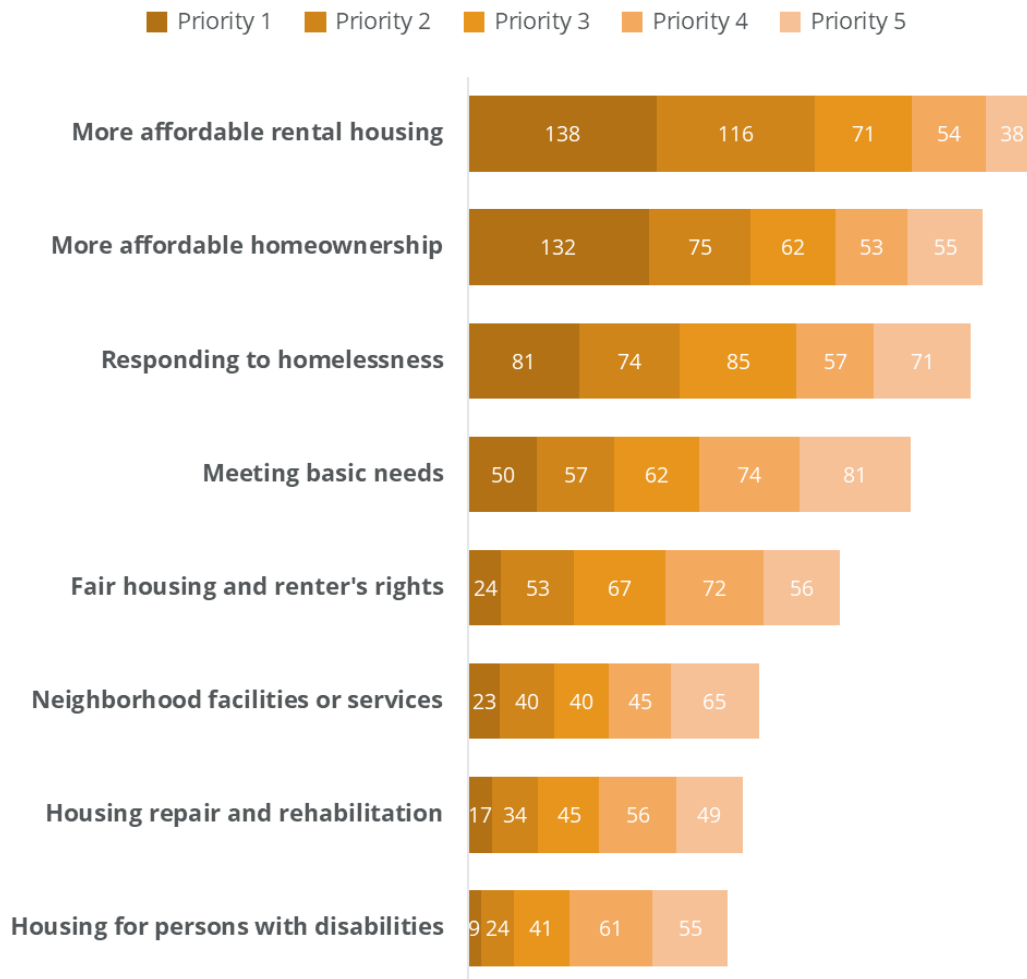
A total of 475 residents participated in the resident survey.

Survey participants were asked to rank the top 5 items they felt are most needed in Santa Fe. Figure ES-5 shows the number of times each priority received a certain priority rank. As shown in the figure, the top three responses were:

- ***More affordable rental housing;***
- ***More affordable homeownership; and***
- ***Responding to homelessness.***

Over half (53%) of respondents ranked "more affordable rental housing" as priority number 1 or number 2; 44% of respondents ranked "more affordable homeownership" as priority number 1 or priority number 2; and 33% of respondents ranked "responding to homelessness" in their top 2 priorities.

Figure ES-5.
What do you feel is most needed in Santa Fe?



Note: n=475.

Source: City of Santa Fe Office of Affordable Housing Resident Survey, and Root Policy Research.

Summary of Objectives and Outcomes Identified in the Plan.

The City of Santa Fe’s focus is to improve and sustain affordable housing, rental, homeownership, and economic opportunities for low- to moderate-income households in Santa Fe, as well as addressing the needs of those experiencing homelessness or at risk of becoming homeless. The City will accomplish this by administering program funds to service providers, supporting collaboration and strategically applying resources to community needs.

HUD identifies three sets of planning objectives and three sets of activity outcomes to guide the Consolidated Plan planning process. All goals are expected to relate directly to these objectives. Objectives include:

1) Creating Suitable Living Environments (SL) – relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment. This objective relates to activities that are intended to address a wide range of issues faced by low- and moderate-income persons, from physical problems with their environment, such as poor quality infrastructure, to social issues such as crime prevention, literacy, or elderly health services.

2) Providing Decent Housing (DH) – covers the wide range of housing activities that could be undertaken with CDBG funds. This objective focuses on housing activities whose purpose is to meet individual family or community housing needs. It does not include programs where housing is an element of a larger effort to make community-wide improvements, since such programs would be more appropriately reported under Suitable Living Environments.

3) Creating Economic Opportunities (EO) – applies to activities related to economic development, commercial revitalization, or job creation.

4) Prevent, Prepare for, and Respond to Coronavirus (CV) - relates to any activities that mitigate the repercussions of the COVID-19 pandemic.

HUD-mandated outcomes include:

- **1) Availability/Accessibility** – applies to activities that make services, infrastructure, public services, public facilities, housing, or shelter available or accessible to low- and moderate-income (LMI) people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the basics of daily living available and accessible to LMI people where they live.
- **2) Affordability** – applies to activities that provide affordability in a variety of ways to LMI people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care. Affordability is an appropriate objective whenever an activity is lowering the cost, improving the quality, or increasing the affordability of a product or service to benefit a low-income household. (For instance, a low interest loan program might make loans available to low- and moderate-income microenterprise businesses at 1% interest, which is far below the market rate. This program lowers the cost of the loan, enabling entrepreneurs to start businesses. As a result, the program makes financing more affordable. Another example might be a subsidized day care program that provides services to low- and moderate-income persons/families at lower cost than unsubsidized day care.)
- **3) Sustainability** – applies to activities that are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons

of low- and moderate-income or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

The City recognizes that lack of affordable housing impedes the ability of households to be self-sufficient and invest in economic growth for their families and has deployed substantial resources (beyond federal funding) and dedicated programming toward affordable housing including:

- **Santa Fe Homes Program (SFHP).** SFHP is the City's inclusionary zoning program, codified in SFCC-26.1. It requires all residential developments include a percentage of affordably-priced units which is calculated based on a homebuyer or renter paying no more than 1/3 of their monthly income toward their housing costs, including utilities. For single-family owner occupied homes, 20% of new homes must be priced affordably and 15% of rental units. The incentives for this program are a 15% density bonus to the site's underlying zoning, waivers for hook-up fees and reductions for building permit fees. When affordable homes are sold to income-certified homebuyers, a lien is placed on the home as an affordability control. If the home is sold or transferred, the lien is recycled to another income-certified buyer or repaid to the City. In 2016, the ordinance was amended to allow multi-family rental developers to pay a fee based on an "affordability gap" calculation (market rent less affordable rent = "market affordability gap"). Revenues collected from multi-family projects are deposited into the Affordable Housing Trust Fund (AHTF).
- **Affordable Housing Trust Fund (AHTF).** The AHTF is funded through development revenues, fees paid by developers, pay off of City-held liens, and land sales from Tierra Contenta. Residents of moderate income below 120% of Area Median Income (AMI) are considered eligible for assistance. Funds are disbursed through community partners according to the NM Affordable Housing Act and used to support down payment assistance, home repair, rental assistance, and other projects related to the preservation, construction or creation of affordable housing.

Currently, the City is working on updating its Affordable Housing Strategy which will help guide the City's continuing efforts to address housing affordability in the most effective manner.

Priority Needs and Goals

Through the consolidated planning process, the City has identified the following priority needs and associated goals to address over the next five years.

Priority Needs Summary

1	Priority Need	Ending Chronic Homelessness
	Need Description	Chronic homelessness is used to describe people who have experienced homelessness for at least a year, or repeatedly, while struggling with a disabling condition such as a serious mental health illness, substance use disorder, or physical disability. The City of Santa Fe strives to reach functional zero (the average number of people experiencing homelessness in a month is less than the number of people exiting homelessness in a month), which is a milestone that indicates a community has measurably solved homelessness and has made homelessness a rare and brief occurrence in the community.
2	Priority Need	Ensuring Housing Stability For All
	Need Description	Housing instability occurs when a household is cost-burdened (spends more than 30% of income on housing) and has to forego essential services or needs, such as food or medical care in order to pay for their housing costs. Stress from being cost-burdened can lead to reduction in physical and mental health, difficulty affording necessities, such as food, clothing, transportation, and medical care, and ultimately displacement from the community. The City of Santa Fe will achieve housing stability for all by increasing affordable housing stock for both rental and homeownership, providing rental and other housing assistance, and exploring other innovative affordability strategies, such as the establishment of resident owned coops and community land trusts. These strategies will reduce/eliminate the material hardships households must face and lead to a happier, healthier community.
3	Priority Need	Ensuring Homeownership is Sustainable For All
	Need Description	The City of Santa Fe will make homeownership sustainable for Santa Feans, in terms of both economic and energy efficiency. The City will

		focus programming on reducing the financial hardships of owning a home, through mortgage principal reduction loans, accessibility retrofits, home repair and energy efficiency upgrades, foreclosure prevention services, and other means necessary to allow Santa Feans to remain safely and comfortably housed in their own homes.
4	Priority Need	Improving Social Determinants of Health and Addressing Emerging Needs
	Need Description	The City of Santa Fe will improve the social determinants of health for all Santa Feans, especially extremely low-, low-, and moderate-income community members. Social determinants of health are non-medical factors that influence health outcomes which may include: socioeconomic status, education, neighborhood and physical environment, employment, and social support networks, as well as access to health care.

Goal Summary

Goal Name	1A. Increase Availability of Supportive Services <i>(Priority Need Addressed: Ending Chronic Homelessness)</i>
Goal Description	Improve and expand availability of supportive services for persons experiencing or at risk of homelessness. Activities include case management, counseling, drug and alcohol rehabilitation, and other wrap around services necessary to transition an individual out of homelessness.
Goal Name	1B. Expand Options for Overnight Shelter Beds <i>(Priority Need Addressed: Ending Chronic Homelessness)</i>
Goal Description	Improve and increase the availability of overnight shelter beds through homeless persons overnight shelter operations.
Goal Name	1C. Increase and Improve Street Outreach and Support <i>(Priority Need Addressed: Ending Chronic Homelessness)</i>
Goal Description	Increase and improve street outreach and support services, in order to reach more individuals experiencing homelessness and connect them to the services they need to transition out of homelessness.
Goal Name	1D. Increase Available Permanent Supportive Housing <i>(Priority Need Addressed: Ending Chronic Homelessness)</i>

Goal Description	Increase availability and improve existing Permanent Supportive Housing operations. Permanent Supportive Housing pairs housing with case management and supportive services, and is a proven solution to homelessness for the most vulnerable chronically homeless people.
Goal Name	2A. Expand Choice for Affordable Rental Opportunities <i>(Priority Need Addressed: Ensuring Housing Stability For All)</i>
Goal Description	Increase affordable rental housing opportunities through rental units constructed and rental units rehabilitated.
Goal Name	2B. Expand Choice for Affordable Home Buying Opportunities <i>(Priority Need Addressed: Ensuring Housing Stability For All)</i>
Goal Description	Increase homeownership opportunities through homeowner housing added and direct financial assistance to homebuyers.
Goal Name	2C. Improve Condition and Preserve Affordable Rental Housing <i>(Priority Need Addressed: Ensuring Housing Stability For All)</i>
Goal Description	Improve quality of and preserve rental housing for low- and moderate-income households through rehabilitation activities.
Goal Name	3A. Provide for Owner Occupied Housing Rehabilitation <i>(Priority Need Addressed: Ensuring Homeownership is Sustainable For All)</i>
Goal Description	Provide for owner occupied housing rehabilitation for low- to moderate-income households.
Goal Name	3B. Provide for Energy Efficiency Upgrades and Accessibility Retrofits <i>(Priority Need Addressed: Ensuring Homeownership is Sustainable For All)</i>
Goal Description	Provide for rehab activities in both owner occupied and rental units that makes them more energy efficient or ADA accessible.
Goal Name	3C. Maintain Financial Stability for LMI Homeowners <i>(Priority Need Addressed: Ensuring Homeownership is Sustainable For All)</i>
Goal Description	Ensure financial stability for low- to moderate-income homeowners through direct financial assistance and owner-occupied housing rehabilitation services.
Goal Name	4A. Increase Economic Opportunities for LMI Populations <i>(Priority Need Addressed: Improving Social Determinants of Health and Addressing Emerging Needs)</i>
Goal Description	Increase economic opportunities for low- to moderate-income populations. Activities include, but are not limited to, public facility renovations to be used for job training programs.

Goal Name	4B. Expand Public Facilities and Infrastructure for LMI Populations <i>(Priority Need Addressed: Improving Social Determinants of Health and Addressing Emerging Needs)</i>
Goal Description	Improve and expand public facilities and infrastructure in low- to moderate-income neighborhoods. Activities include, but are not limited to, improved access to community centers, neighborhood facilities, and parks, and improvements and expansions to streets, sidewalks, paths, water systems, and ADA improvements.
Goal Name	4C. Expand Access to Open Spaces, Parks, and Transportation <i>(Priority Need Addressed: Improving Social Determinants of Health and Addressing Emerging Needs)</i>
Goal Description	Improve and expand access to open spaces, parks, and transportation in low- to moderate-income neighborhoods. Activities include, but are not limited to, park improvements and additions of multi-use paths.
Goal Name	4D. Increase Programming to Prevent Displacement <i>(Priority Need Addressed: Improving Social Determinants of Health and Addressing Emerging Needs)</i>
Goal Description	Increase programming designed to prevent displacement of low- and moderate-income households through activities that prevent foreclosure and connect low-income households and individuals to essential services they need to remain stably housed.

Projects funded for 2023 -2024

Over the next program year, the Office of Affordable Housing will continue to work on strategies that prevent the most vulnerable City residents from falling into cycles of poverty and chronic homelessness. Available resources will be deployed as quickly as possible to keep vulnerable people housed, fed and their basic needs met. The City will continue its focus on low income "at risk" households with comprehensive programming interventions, and work with the larger community to identify ways that community needs can be more effectively and efficiently identified and met with limited community resources. Note that all projects establish income eligibility by using HUD's Area Median Income (AMI) statistic.

Projects recommended for CDBG funding for FY 2023 – 2024 include:

- Home Repair for Very Low-Income Homeowners (Santa Fe Habitat for Humanity):**
 Provides home repair services for people who can't afford necessary repairs to uphold the structural and functional safety of their homes (roofs, heating systems, windows, etc.). The majority of homeowners who benefit from this program are elderly and considered very low income (VLI). **Proposed CDBG funding amount: \$100,000.**

- **School-based Services for Homeless Students and Families (SFPS Adelante Program):** Provides referral and support services for students and their families experiencing homelessness. The mission of the program is to support academic achievement by helping with tutoring, case management, school supplies, clothing and advocacy to attain other social services. **Proposed CDBG funding amount: \$35,000.**
- **Summer Safe Haven for All Shelter (Interfaith Shelter):** Supports staffing costs to keep the shelter open during the summer months when it would normally be closed. Provides meals, short term support services and connection to longer term case management. **Proposed CDBG funding amount: \$39,076**
- **Transitional Living and Street Outreach Programs (Youth Shelters and Family Services):** Supports staffing costs to run the Transitional Living and Street Outreach Programs. The Transitional Living Program provides a supervised independent living campus for young people aged 17-22. The Street Outreach Program operates a drop-in center providing homeless young people up to age 21 with necessities for survival as well as referrals and services which seek to end their homelessness. **Proposed CDBG funding amount: \$20,000.**
- **Mortgage Principal Reduction Assistance (Homewise):** Provides mortgage principal reduction loans to households earning 80% Area Median Income or less in order to buy down the principal and make the monthly payments on the mortgage affordable and sustainable. **Proposed CDBG funding amount: \$144,964.**
- **Sonrisa Family Supportive Living Program - Heating/Air Conditioning Project (St Elizabeth Shelters):** Funds would replace the current, aging, inefficient, and failing heating systems with new heating/air conditioning systems in all 8 Sonrisa Apartments. Sonrisa provides 8 apartments at or below market rates to homeless families with children along with a full range of supportive services. **Proposed CDBG funding amount: \$104,700.**
- **Youthworks Social Justice Kitchen Facility Renovation Project (Youthworks):** CDBG will be used for early stages of the conversion of its facility into a commercial training kitchen for job training for at-risk youth to gain hands-on employability skills. **Proposed CDBG funding amount: \$158,000.**
- **El Camino Real Connector Trail Project (City of Santa Fe Public Works Department):** Utilize CDBG to build a connector trail between Cottonwood Drive and South Meadows Road. Many students from the adjacent Cottonwood Village mobile home park attend the nearby El Camino Real Academy school. Although the school is within walking distance to the mobile home park, no all-weather pathway exists. This project qualifies as a Safe-Routes-to-School project and will make it safer for the students to walk and bike to school and encourage more walking and biking where safety is not a barrier. **Proposed CDBG funding amount: \$257,298.41.**