



Pathways to Removing Obstacles to Housing (PRO Housing) Grant Application

Submitted by: City of Santa Fe's Office of Affordable Housing

Submitted to: U.S. Department of Housing and Urban Development (HUD)



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I. **Exhibit A** Executive Summary

Santa Fe is a renowned tourist destination for the arts and outdoor recreation with a rich culture and diverse histories; embodying the “Land of the Enchantment” the state’s nickname. Within New Mexico, it is also known for its housing affordability crisis. Our residents consistently list affordable housing as the most urgent citywide concern across various community engagement efforts. Each year, many households working in Santa Fe become priced out, relocating to neighboring regions that are more affordable.

As the proposal will describe in more length, there are various factors contributing to our inadequate housing supply and housing affordability crisis, particularly for low-to-medium income households. These range from developing challenges, to topography, to demand from emerging workforce populations – namely the “Zoom Boom” of fully-remote workers. With low inventory, housing prices rise to what the rental and buyers markets will bear. For the majority of local residents, this means that they are paying unaffordable rents putting them at higher risk of displacement and decreasing their pathways to homeownership.

We believe that if you work in Santa Fe, you deserve to have the opportunity to live in Santa Fe. In applying for these funds, we seek to remove barriers to make this guiding principle a reality for generations to come. The subcomponents of our proposal work together to:

- Improve the residential development process for city staff, developers, and neighbors,
- Augment the impact of existing inclusionary zoning policies in new housing construction
- Invest in pre-development processes to jumpstart new construction in Midtown, an underused corridor and high opportunity zone for economic development and transit
- Support innovative homeownership alternatives, through Land Trusts, to maintain a balance of preserving future affordability provisions with homeownership benefits
- Counteract displacement pressures in Hopewell Mann, a neighborhood with higher risk
- Create replicable models for other long range development plans in the city.

To achieve these goals, our \$4 million proposal would carry out the following activities:

1. **Complete Policy, Planning, and Regulatory Reform - \$500,000.** This funding portion would be dedicated to developing the final steps in the ongoing land development code rewrite. These final steps focus on developing the content of the new code such as policy, administration, and process changes (phase II) and regulatory implementation (phase III).
2. **Initiate Affordable Housing at Parcel - \$2,500,000.** The majority of the funding (\$2,000,000) would be dedicated to parcelization, design, and other infrastructure to allow for the construction of 45 completely affordable units at Midtown, a high

opportunity zone at the geographic city center. An additional \$200,000 would be used for quality community engagement and \$300,000 in technical assistance to develop capabilities for a community land trust, community-based investment vehicle and other impact investment strategies.

3. **Proactive Neighborhood Stabilization - \$1,000,000**. The remainder of the funding would be used to mitigate displacement pressures in the Hopewell Mann neighborhood surrounding the Midtown area to balance the development goals without creating undue harm to a vulnerable community.

II. **Exhibit B** Threshold Requirements and Other Submission Requirements (to be attached at time of submission) – NOT INCLUDED WITH THIS DRAFT

- ✓ Applicant and Recipient Assurances and Certifications (HUD 424-B)
- ✓ Applicant/Recipient Update/Disclosure Report (HUD 2880)
- ✓ Disclosure of Lobbying Activities (SF-LLL)
- ✓ Certification Regarding Lobbying (Lobbying Form)
- ✓ Federal Assistance Assurances
- ✓ Grant Application Detailed Budget Worksheet (424-CBW)

III. Exhibit C Need

1. The City's Current Efforts to Support Affordable Housing Production and Preservation

One direct result of Santa Fe's appeal as a tourist destination, retirement community and cultural center has been an explosive rise in housing costs beginning in the 1970s that was particularly hard felt on the local workforce. In response to this mismatch between income levels and housing prices, the City of Santa Fe adopted aggressive affordability regulations and fostered a network of nonprofit housing developers, service providers and private sector builders to provide affordably-priced homes. Since then, the City of Santa Fe has been a committed leader in innovative housing policies and programs.

Inclusionary Zoning. The City developed an inclusionary zoning program in 1998 which mandates that a certain percentage of all units provided in residential developments are affordably priced. The inclusionary zoning requirements have expanded to maintain the program's goals over time, particularly in response to evolving economic conditions. The current program, now titled the Santa Fe Homes Program (SFHP), requires that 20% of all owner-occupied units and 15% of rental units are provided to income-qualified homebuyers and renters. The City offsets the impact of the regulation by offering incentives for compliant projects, including: The City's inclusionary requirement offers incentives to encourage all of the following:

- **Fee Waivers and Reductions:** codified in SFCC 14-8.11(G) including application, permit, capital impact fees, utility expansion charges
- **Density Bonus:** up to 15% in addition to entitled density SFCC 14-8.11(F)
- **Prioritizing Water Bank Supply:** codified in SFCC 25-9.6(D), enables developers of affordable housing to use water from the City's supply (vs. bringing their own supply)

Affordable Housing Trust Fund. In 2005, the city created the Affordable Housing Trust Fund (AHTF) to assist with a variety of rental assistance for tenants citywide. The fund's uses have grown to meet the city's needs – including rental assistance, housing repair and affordable housing production. The Affordable Housing Trust Fund complements the Strategic Housing plan to increase affordable housing development, preservation, and meet acute housing needs. With its leveraging requirement of \$3 in outside funds or resources to every \$1 in city AHTF, this fund expands the impact of the City's investments.

Programming and Partnerships. The City of Santa Fe works with a robust network of nonprofit partners to serve every need on the housing continuum from the person experiencing homelessness to the homeowner. The effectiveness of this delivery system is due in large part

to the City's longstanding philosophy of building capacity among service providers rather than managing services or housing units directly. This ensures that services are timely, nimble, accessible (particularly to populations wary of government) and responsive to emerging needs. For example, during the competitive AHTF funding process, service providers identify projects and services to increase and preserve affordable housing for low-to-moderate income residents (under 120% AMI). The Community Development Commission, a resident-based advisory body chaired by a council member, releases the annual application notice and evaluates the proposals.

To date, thousands of affordably-priced homes have been constructed and sold to qualified home buyers in Santa Fe. While current economic conditions have made construction more difficult and expensive, efforts to provide affordable housing in Santa Fe have expanded, due in large part to a mix of innovation, fundraising, and expanded service models. The City of Santa Fe continues to promote an array of housing services and opportunities for the City's local workforce. They include:

- *Providing comprehensive homebuyer counseling and training.* The City supports the work of two local nonprofit agencies that offer homebuyer counseling and training services intended to increase the "buyer-readiness" of potential homeowners, serving 800 households per year. Topics covered include: financial fitness, budgeting, credit repair, mortgage financing, real estate marketing, and long-term homeownership sustainability. This education supports residents in making the transition to homeownership; strengthening community connectedness and building generational wealth.
- *Creating rental opportunities that serve a variety of needs and incomes.* Unlike traditional low-income multi-family development in which only a narrowly-defined income segment is served, an integrated housing model co-mingles various funding sources to address a spectrum of housing needs. Utilizing different forms of subsidy allows programs to provide housing and services to tenants at different income levels. For instance, the City has provided significant investment in the Santa Fe Suites, a 122-unit permanent supportive housing apartment complex. SF Suites has utilized various voucher types, as well as funding from the City's Affordable Housing Trust Fund (allowable to provide subsidies to households earning up to 120%AMI), to provide housing and services to households at a wide range of income levels.
- *Expanding services for existing homeowners.* While rehabilitation funds and weatherization programs have been provided in Santa Fe for decades, recent changes in the City's demographics and economy have called for additional services to support the long-term sustainability of current homeowners. For instance, helping homeowners with refinancing into lower rates and offering counseling to elderly homeowners for

Home Equity Conversion Mortgages (HECM) reverse mortgages. Another approach is through rehabilitation programs that focus on enabling current homeowners to improve the long-term affordability of their housing situations through energy savings, safety and comfort improvements, as well as serving older homeowners who wish to “age in place.” These efforts preserve existing housing supply and prevent displacement among vulnerable resident populations.

- *Allocating Direct Financial Subsidy to Projects:* Since 2018, the City has supported the construction of 125 affordable units using AHTF. An additional \$990,000 of AHTF supported the rehabilitation of 342 affordable rental units during the same time period. Since 2021, the City utilized CDBG funding to provide direct subsidy to affordable housing projects, including \$100,000 to the SF Civic Housing Authority’s Siringo Senior Apartments, \$295,094 to the Lamplighter Inn motel conversion project, \$25,000 to replace the roof at Youth Shelters’ Transitional Living program, and \$63,961 to replace the floors at St Elizabeth Shelter’s Casa Cerrillos permanent supportive housing program.
- *Using City-owned Land.* The City has also leveraged other policy efforts in its control to assist with pre and early development steps to support affordable housing development. These efforts included donating parcels of city-owned land for the following projects: Soleras Station (87 units), Siler Yard (65 units), 635 Alto Street (5 units). The City continues its study of other City-owned parcels to prioritize several for future affordable housing development.
- *Supporting Redevelopment.* The City continues to explore efforts to strategically redevelop underused corridors with easy access to transportation. These include the Siler Road corridor and the Midtown Local Innovation Corridor District, or Midtown LINC, at St. Michael’s Drive. These efforts seek to mitigate against barriers to new affordable construction in the high-opportunity areas, namely the downtown area and east side, where land use realities such as zoning make affordable housing difficult to develop. To assist in these efforts, the City is in the process of creating a Metropolitan Redevelopment Agency.

2. Demand for Affordable Housing and Needs

Even though the City has maintained a supply of strictly affordable units that would have otherwise migrated to higher price brackets as the market tightens, the demand across the affordability spectrum outpaces supply. According to the priority region metrics that HUD uses based on 2019 data for Area Median Family Income, Santa Fe County is a priority region based on its insufficient affordable housing. With a Housing Affordability Factor (HAF) of 1.53, the county has significantly more households at 80% AMI than the number of available housing units that they could afford. The City of Santa Fe has a HAF of 1.43.

Over half of all renter households report feeling “cost burdened,” which means that they are paying more than 30% of their income on housing costs. The rate of severe cost burden, which means that they are paying closer to 50%, among renters increased from 26% in 2015 to 33% in 2021. Cost burden impacts a spectrum of incomes - from extremely low to middle. 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. Additionally, this decreases their ability to save enough for a downpayment and transition to homeownership.

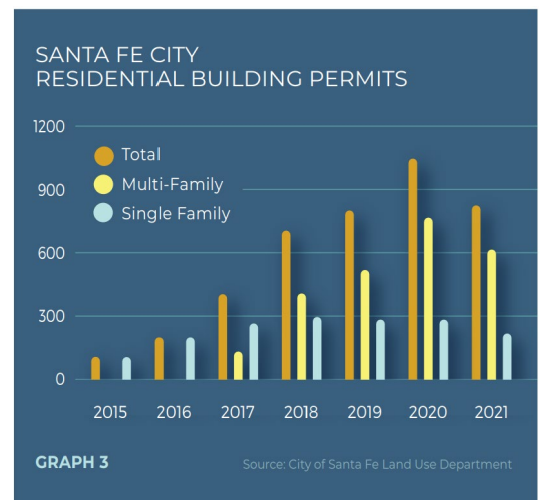
As a result, our city has lost generations of residents who can no longer afford to live here. Those who stay, particularly the poor, the disabled, the elderly and even many in our workforce often are not able to afford housing that adequately meets their needs. Residents consistently identify lack of affordable housing as their top concern across a variety of community engagement initiatives.

The following sections highlight key factors that contribute to Santa Fe’s acute demand for affordable housing.

Housing Supply and Inventory. Previously, there was strong housing development in the 1980s with diverse structure sizes. All housing development, yet particularly of multifamily structures with 5 or more units, slowed through the 1990s and 2000s. Between 2002 and 2018, there was extremely low housing development. For many years, the annual production rate was less than 200 units. While there were similar trends across the US with limited housing production because of the 2008 recession, this period preceding rapid population growth in Santa Fe contributed to the housing shortage seen today.

In 2021, Santa Fe City experienced a decline in single-family construction permits, dropping by 29 percent to 215 permits compared to the 278 permits issued in 2020. Similarly, multi-family construction permits also decreased from 756 in 2020 to 612 in 2021, as shown in the graph. The recent growth in multi-family units in the City can be attributed largely to the city’s affordable housing policies. These policies offer multi-family developers the option to pay a fee instead of constructing low-income rental units, as part of the inclusionary zoning program.

As a byproduct of zoning and cultural design preferences, the majority of homes in Santa Fe are relatively low density. Single family homes are the predominant housing



type comprising 56% of the total occupied housing stock. The lack of diverse housing types poses challenges to providing enough housing units to meet the city's size. These limitations also influence and direct where new housing occurs. The majority of recently completed and approved residential development, particularly affordable housing, is concentrated in the southern regions of the city where there is more undeveloped land.

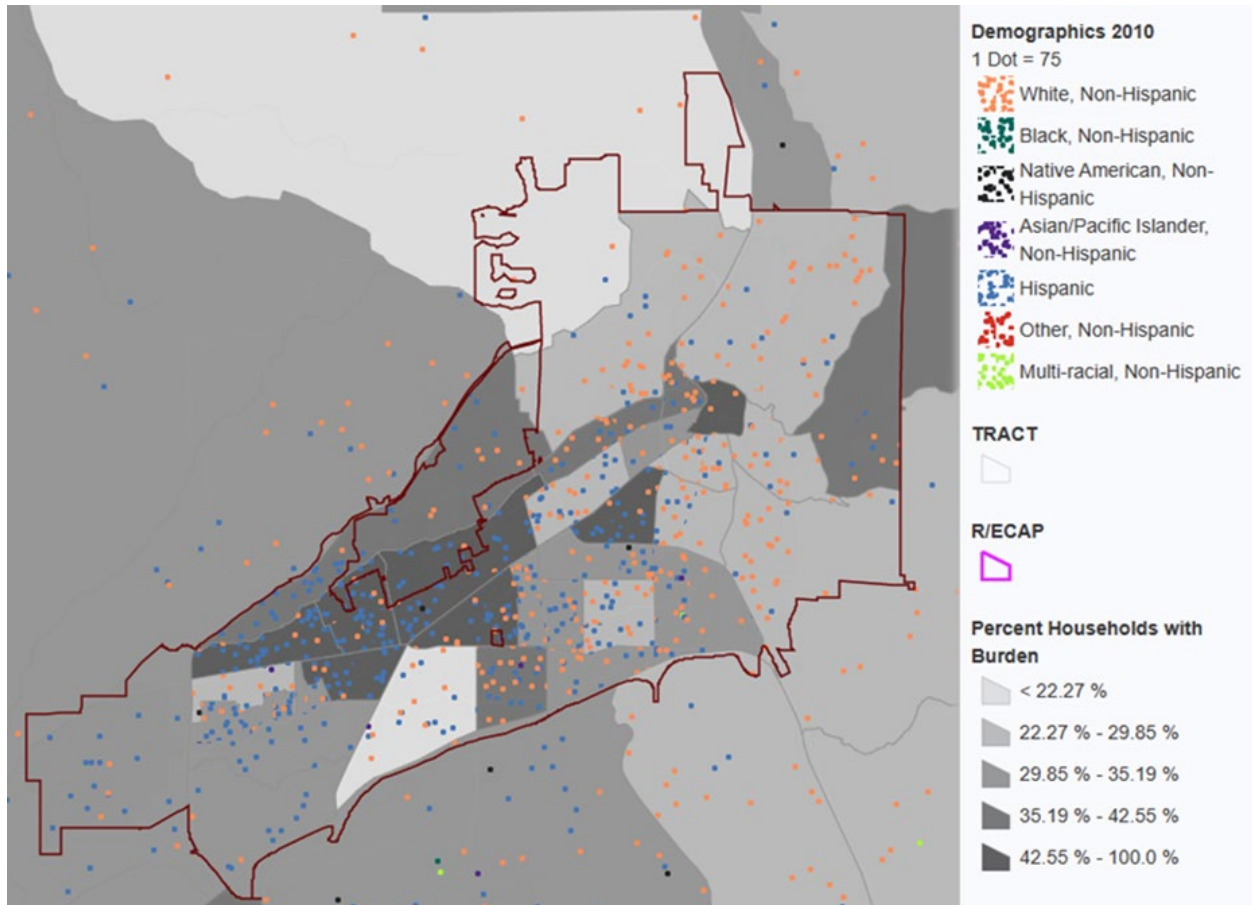
In cities with "healthy" rental markets, there is a 6% vacancy rate. Santa Fe has record low inventory, with vacancy rates fluctuating between 2-3% over the last five years. Increased tourism rates has also impacted housing supply. Data shows that 11% of existing housing stock in Santa Fe County is for private "seasonal or recreational use" and is not available to the residential market. Data visualizations on the Santa Fe Data Platform using ACS 5-year data from 2017-2021 demonstrate that most of the seasonal housing is located in the north eastern section of the city, which is the most historic. Year-long residents report that their neighborhoods feel empty for many stretches of the year.

Supply v. Demand. Given the limited housing supply, residents with higher income consumers "outcompete" those with lower incomes. Generations of in-migration and "Zoom Boom" shift the income distribution of renters and increase demand for lower to middle market rate housing units. These patterns occurred before the global pandemic; the share of renters with incomes over \$75,000 has increased by 12% within the last eight years. In addition to the cultural and recreational benefits that draw these workers to move to Santa Fe, many find that the cost of housing is more affordable, here in Santa Fe, compared to their previous housing markets. Without sufficient new supply, this type of increased demand has an outsized effect on, and thus decreases, the supply of lower to middle market-rate rental options for local residents with relatively lower incomes. As new residents with a higher AMI compete for apartments that would be affordable (30% of their income) for residents with a slightly lower AMI, this can create a larger economic burden, further driving displacement rates.

With limited housing supply, prices reset to the highest capacity to pay. Market rate rents in Santa Fe increased by 46% since 2014. According to CoStar data, the average asking price per unit is now \$1,419. According to ACS data, median gross rent in the City of Santa Fe increased by 28% between 2015 and 2021, going from \$970 to \$1,245. There is a significant gap between market rental housing prices and wages for the average renter. The average renter, statewide, earns \$13.41/ hr, which presents a \$7.06 gap for affording market units in Santa Fe. This \$7.06 gap is more than twice the value of the gap for an average statewide unit (\$2.93).

Cost Burden. As you can see on the map below, housing cost burden rates are elevated across the city, but most highly clustered in the south and western parts of Santa Fe. These neighborhoods are also areas with higher proportions of Hispanic and American Indian

households, as well as people that were born outside of the United States - particularly Mexico and Central America - and people with limited English proficiency.



Source: HUD AFFH maps.

Residents with low incomes feel this burden most acutely and are often paying somewhere between 35%-50% of their monthly income on housing costs. For renters at income less than 50%AMI, over 75% of renters are cost burdened. People employed in Santa Fe who are unwilling or unable to live far from where they work have no choice but to absorb high housing costs that often leave few resources for other necessities like food and healthcare.

Homeownership Financially Unattainable for Low-to-Mid Income Residents. Within the buyer market, prices have already increased rapidly, leaving incredibly little supply throughout the county that potential homeowners with various incomes could afford. There is a \$215,000 gap between the average home value and what the 80% AMI earner can afford. Buying a home in Santa Fe county requires around \$80,000 in downpayment to avoid mortgage insurance.

Current home prices are out of the range for most renters to transition to homeownership. In 2018, approximately 12% of home sales were affordable to renter households between 100% and 120% AMI. According to the Santa Fe Realtor's 2022 Housing report, only 1.1% of all home

sales were under \$250,000. Thus, the vast majority of available housing is unaffordable for renters. The following table details the maximum affordable rent and home prices for a range of incomes below 120% AMI.

	30% AMI	50% AMI	80% AMI	100% AMI	120% AMI
One Person Household	\$17,950	\$29,900	\$47,800	\$66,920	\$80,304
Max Affordable Rent	\$449	\$748	\$1,195	\$1,673	\$2,008
Max Affordable Home Price	\$50,763	\$84,558	\$135,179	\$189,251	\$227,101
Two Person Household	\$20,500	\$34,150	\$54,600	\$76,480	\$91,776
Max Affordable Rent	\$513	\$854	\$1,365	\$1,912	\$2,294
Max Affordable Home Price	\$57,974	\$96,577	\$154,410	\$216,287	\$259,544
Three Person Household	\$24,860	\$38,400	\$61,450	\$86,040	\$103,248
Max Affordable Rent	\$622	\$960	\$1,536	\$2,151	\$2,581
Max Affordable Home Price	\$70,305	\$108,596	\$173,782	\$243,323	\$291,987
Four Person Household	\$30,000	\$42,650	\$68,250	\$95,600	\$114,720
Max Affordable Rent	\$750	\$1,066	\$1,706	\$2,390	\$2,868
Max Affordable Home Price	\$84,841	\$120,615	\$193,012	\$270,359	\$324,430
Five Person Household	\$35,140	\$46,100	\$73,750	\$103,248	\$123,898
Max Affordable Rent	\$879	\$1,153	\$1,844	\$2,581	\$3,097
Max Affordable Home Price	\$99,377	\$130,372	\$208,566	\$291,987	\$350,385

Note: Mortgage assumptions include 6.5% interest rate, 35% monthly payment for ownership costs, and 10% down payment. Assumes households spend 30% of their income on housing costs.

Source: HUD 2023 AMI calculations, Freddie Mac, and Root Policy Research.

The direct consequences to these clear affordability challenges are that fewer households transition to homeownership and more households ultimately choose to move out of Santa Fe. These results present cyclical, reinforcing challenges. When fewer households naturally transition to homeownership, this contributes to increased pressure on the rental market supply. With less natural movement within the rental market, there will be more competition for units at different income levels. Residents with lower incomes will feel this competition more intensely, especially as market-rate prices rise in response.

Changing Migration Patterns and Displacement. According to annual tax filing data, there has been a fairly consistent 1:1 ratio of people moving in and out of Santa Fe. There is a fairly consistent migration pattern with income-based displacement. Specifically, Santa Fe has experienced an influx of higher income households and an outflow of lower-income residents. The data indicate that lower income households—with incomes below \$50,000—tended to

relocate to counties such as Rio Arriba, San Miguel, Torrance, Doña Ana, Valencia, and other parts of the state. Higher income households—with incomes above \$100,000—tended to come from other states such as California, Colorado, Texas, Washington, Arizona, and New York, as well as from Los Alamos County.

More than one-in-three people employed in Santa Fe commute from outside the county, often from homes in more affordable communities like Rio Rancho to the south and Espanola to the north. Long car commutes contribute to climate change and impose high costs - financial, physical, and social - on workers and their families.

3. Key Barriers to Producing and Preserving More Affordable Housing

As evidenced through its blend of architectural styles, the city is physically distinct from most of the US. This cultural asset unintentionally poses challenges – from both zoning and community perspectives – to producing housing structures with adequate density to meet its size. As mentioned, more than half of the available and occupied housing stock is low density. The following sections outline the key factors that pose and maintain barriers to producing and preserving more affordable housing options across Santa Fe:

Lack of appropriately zoned land. The City of Santa Fe has approximately 27,700 acres dedicated to residential housing within its city limits; however, there is an inadequate amount of land zoned at densities to support affordable housing development. Land Use zoning categories directly influence housing development costs, and thus, the affordability of housing; producing smaller housing units increases per unit costs. Based on current zoning:

- Over three quarters (76%) of the residential land (both developed and undeveloped) in the city is zoned for residential housing at densities of five dwelling units per acre or less (R-5)
- 4,304 acres (15.7%) in the city can support affordable homeownership and 1,506 (5.5%) acres are zoned at densities that can support multi-family apartments.

Today, there is less unused, available land to develop new residential housing - at market or affordable rates - as a direct consequence of the current zoning map. As demonstrated in the Residential Housing Pipeline, new construction concentrates in the south and south-western regions of the city.

Our stakeholders shared that zone changes, or rezoning, are a practical reality to develop affordable housing in Santa Fe. Local affordable housing developers shared that all of their projects in the last five to seven years have been rezoned and that they do not see this changing via incremental changes until the city adopts new land use code policies.

Research from Root Policy Research for an upcoming housing needs report predicts that total development costs per unit for single family homes in Santa Fe would range between \$886,851 for very low density areas (1DU/acre) to \$518,278 for the highest allowed density areas (10DU/Acre). They also found that once constructed, there would be significant affordability gaps for residents in two-person households at 120% AMI or below for all residential zoning density ranges.

Review and Approval Requirements. As mentioned above, experienced affordable housing developers know that they must go through rezoning procedures when building in Santa Fe. These processes increase cost, time, and other uncertainties. Often, holding costs can be in the range of \$10,000 per month, adding \$300,000 to \$500,000 of extra costs due to the lack of appropriate zoning. One stakeholder from a previous engagement effort to understand barriers to affordable housing production said that, “it can take an additional one to two years [for the development] and can cost between \$60,000-\$100,000 if you’re working on a development

Figure IV-3.
Affordability Gaps for Single Family Home Development, City of Santa Fe

Gap between Development Cost and Affordable Prices (assumes a 2-person household)	Very Low Density 1 DU/ac	Low Density 4 DU/ac	Medium Density 7 DU/ac	Max Density 10 DU/ac
Total Development Cost/Unit	\$886,851	\$831,759	\$597,598	\$518,278
30% AMI Affordable Price	\$57,974	\$57,974	\$57,974	\$57,974
<i>Affordability Gap/Surplus</i>	-\$828,877	-\$773,785	-\$539,624	-\$460,304
50% AMI Affordable Price	\$96,577	\$96,577	\$96,577	\$96,577
<i>Affordability Gap/Surplus</i>	-\$790,274	-\$735,182	-\$501,021	-\$421,701
80% AMI Affordable Price	\$154,410	\$154,410	\$154,410	\$154,410
<i>Affordability Gap/Surplus</i>	-\$732,441	-\$677,349	-\$443,188	-\$363,868
100% AMI Affordable Price	\$216,287	\$216,287	\$216,287	\$216,287
<i>Affordability Gap/Surplus</i>	-\$670,564	-\$615,472	-\$381,311	-\$301,991
120% AMI Affordable Price	\$259,544	\$259,544	\$259,544	\$259,544
<i>Affordability Gap/Surplus</i>	-\$627,307	-\$572,215	-\$338,054	-\$258,734

Source: HUD 2023 AMI calculations and Root Policy Research estimates.

plan concurrently.” The lack of appropriately zoned land and the essentially necessary steps to overcome these challenges contribute to the higher costs of development in Santa Fe – at 60% – compared to other communities in New Mexico.

Developers shared that despite their experience working in these communities, they often encountered challenges with understanding the requirements at each stage of the review

process. For instance, they explain that before zoning changes are finalized, they need to submit planning documents associated with *new* permit levels before being able to obtain a permit, which poses challenges as these plans would often need to be revised again to meet new requests or requirements. Without guarantees about the finalized zoning changes, this level of specificity at these earlier stages in the development process creates time and cost challenges – that are not necessarily making future steps more efficient.

Imbalanced Public Participation. Stakeholders also raised concerns about neighborhood opposition negatively affecting approvals for affordable developments. Stakeholders noted that they experience community members expressing stigma associated with affordable housing developments and higher density development. In previous engagement efforts, they also noted that various neighborhood associations have made strong efforts to impede such development. Residents opposed to slight density increases associate these (prospective) changes with visual aspects of larger cities and express urgent concern that they will erode the city’s distinct visual character. While there are creative approaches to increase density, both in total height and lot usage, that could visually align with distinct character, these efforts require more public education and outreach.

According to the stakeholders, the process of development has become highly confrontational with relatively few constituents deeply involved. While there is a shared understanding that there is great benefit in engaging diverse perspectives through public engagement processes, there are opportunities for objective criteria and structure built in to make these sessions more emotionally neutral and ultimately productive for all members involved. While public participation sessions are conducted in a hybrid in-person and virtual environment with limited barriers to participation, without deep outreach efforts only small audiences participate. Ideally, these sessions would reveal potential, geographically specific, socioeconomic or land use challenges early in the process in order to allow the city and the developers to focus on addressing true concerns for the area and community rather than providing an opportunity to air speculative or extraneous fears.

One such challenge in Santa Fe, with great misinformation, is water usage. The City has made tremendous efforts since the 1990s to create responsible water conservation practices with a balance of policy making and consumer incentives. While concerns about appropriate water usage is important for the region, at least one stakeholder noted that the lack of water is used frequently as a reason people oppose affordable housing. They added that the same resistance is not present against larger low density homes despite affordable housing complexes using less water, and less than in luxury homes.

Other development constraints. Several stakeholders highlighted that other major issues impacting affordable housing development include ongoing supply chain issues and high cost of construction due to global and external factors outside the City's direct control.

IV. Exhibit D Soundness of Approach

1. Project Vision

If funded, this proposal will ensure that the City accomplishes its basic goals for expanding housing choices on a city-wide basis by removing land use code barriers and providing access to housing opportunities in high opportunity areas. The framework that will be used to implement these activities includes:

Goal: Vulnerable renters and homeowners are not displaced from their homes and neighborhood. This will be accomplished through providing direct financial assistance to homeowners (repair, accessibility retrofits, energy efficiency improvements) and to renters (deposits, arrears, rent).

- Desired Outcomes: Homeowners are not under pressure to sell and renters can lessen reliance on federal vouchers and subsidized rental homes.

Goal: City planning, capital investments, and land use decisions incorporate inclusive and equitable anti-displacement strategies and low income residents and communities of color are empowered to participate early and meaningfully in decisions that shape their communities. This will be accomplished through the development of an anti-displacement plan with engagement from community organizations and leaders that is directed and led by community residents.

- Desired Outcomes: Neighborhood is empowered to leverage resources, establish governance models, and benefit from investment.

Goal: The affordability restrictions for existing affordable housing stock are maintained and property management uses a "tenant-based" model to increase housing stability for low income renters. This will be addressed by reducing no-fault eviction rates and stabilize high rates of mobility.

- Desired Outcomes: Create pathways to economic opportunity.

Goal: Prioritize City Investments to locations in Midtown and in adjacent neighborhoods. The City will accomplish this through competitive solicitations for equitable and inclusive capital investments focusing on a Midtown tract for affordable housing.

- Desired Outcomes: Increased housing opportunities for residents at Midtown, stabilized property values in surrounding neighborhoods, and improved pedestrian and bicycle safety

Proposed Activities. The City will use PRO funds to support an iterative process of land use and policy planning and affordable housing development, with each process informing the other. The outcomes are threefold:

- an overhaul of the City's land use code to remediate barriers to development;
- the pre-development (parcelization, survey, design) and provision of infrastructure for an affordable housing site in the Midtown LINC to support the construction of 45 homes; and
- the initiation of a neighborhood stabilization process for a vulnerable neighborhood that will be directly impacted by the redevelopment of Midtown.

Land Use Code Revision and General Plan Update. The City of Santa Fe has launched a major initiative to assess and rework its Land Development Code (LDC), officially recognized as Chapter 14 in the municipal code. The LDC holds a pivotal role in shaping and preserving Santa Fe's physical identity by governing the guidelines for new development and redevelopment within the city. It defines zoning districts for different areas, outlines acceptable land uses in these districts, sets quality and design standards to ensure high-quality development, and delineates procedures for evaluating and approving development proposals.

The primary goal of this multi-phase initiative is to craft and implement a new LDC that better aligns with modern urban planning and land utilization practices. This entails formulating clear and consistent regulations that are user-friendly and straightforward to administer.

The project encompasses a comprehensive examination of regulations that have undergone alterations over several decades. This update seeks to ensure that future development aligns with the community's aspirations and requirements for future growth. Additionally, the new LDC will serve as a vital tool for implementing the Santa Fe General Plan, which will undergo concurrent revisions in a separate two-year project.

The City of Santa Fe's Land Use Department is taking the lead in this multi-phase effort, collaborating with Clarion Associates, a Denver-based consulting firm specializing in land-use matters. The City would allocate a portion of the PRO award to finance this important process. This portion would be dedicated towards funding the second and third phases which encompass substantial content and policy revisions, implementing these policies with the updated General Plan, and the associated community engagement efforts. Content changes would likely address districts and uses, development standards, administration and procedures, and other community needs.

The LDC rewrite has completed the majority of the first phase to identify overarching issues with the current code including a 79 page assessment report to outline upcoming areas of change. Key processes and procedures include:

- Changing zoning requirements to densities that would be more conducive to affordable housing development without undergoing extensive rezoning procedures;
- Streamlining aspects throughout the development review process to reduce confusion between staff, residents, and developers to be more objective and standardized;
- Restructuring community engagement and public noticing processes to promote equity and reduce misinformation.

Given that the community and the report agree that affordable housing is a priority theme for the code rewrite, we feel that it is better to dedicate a portion of the award to the remaining sections, rather than discrete policy objectives such as establishing conditions by-right approvals or parallel permitting. To create the desired impact we must focus on policy design and implementation.

Pre-development and Infrastructure for Midtown Parcel. \$2,000,000 (half of the funds requested in this proposal) will be utilized for the necessary infrastructure and pre-development costs to prepare a parcel(s) at Midtown that will be developed as 100% affordable. The parcels in question are slated to accommodate 45 units, but require surveying, parcelization and design work prior to being developed. Additionally, it requires the provision of essential infrastructure, particularly focused on wastewater and stormwater drainage systems. When the necessary pre-development work is complete, the Office of Affordable Housing and Office of Economic Development will initiate a vigorous Request of Application (RFP) process to identify an affordable housing developer.

Throughout the extensive community engagement process that occurred during the early phases of the Midtown redevelopment process, the community emphasized the need for affordable housing in Santa Fe and made it clear they want to see affordable units built at Midtown. The community also expressed a strong desire to see the establishment of a community land trust at Midtown, demonstrating their commitment to long-term affordability and inclusive urban development. When the aforementioned RFP is issued, priority will be given to developers who seek to develop the parcel as a community land trust, which is a proven strategy for maintaining long-term affordability in housing markets.

In a community land trust model, the land is owned by a nonprofit organization while the affordable housing units on the land are owned by individuals or families. The model separates land ownership from housing ownership, allowing the nonprofit to retain control over the land and ensure its affordability in perpetuity. As a result, this approach safeguards against gentrification and ensures that the housing remains accessible to low- and moderate-income residents, even as the neighborhood develops and property values increase. If a respondent to the RFP seeks to pursue a community land trust, the City will make an additional \$300,000 of funding from the PRO grant available for organizational development and capacity building necessary to establish the community land trust nonprofit organization.

As mentioned previously, the City is prepared to commit a substantial portion of the requested funds to jumpstart the development of affordable housing at Midtown. This investment will serve as the foundation for creating a vibrant, inclusive, and sustainable community within Midtown, where the first 45 units will be 100% affordable. By leveraging the City's ownership and implementing a community land trust model, the City aims to address the pressing need for affordable housing while promoting equitable and sustainable urban development.

Initiation of Neighborhood Stabilization Process. The City recognizes that much of its historic downtown core no longer provides housing opportunities for its original residents. In fact, Census data shows these areas to be substantially higher income, older and whiter than most other parts of town. To ensure that future City-supported development does not displace residents in vulnerable neighborhoods (areas with high numbers of renters, lower than average incomes, higher crime rates, physical signs of disinvestment, lower educational attainments and higher unemployment rates), the City proposes to use PRO funds to initiate a comprehensive approach toward neighborhood stabilization.

Specifically, there are three goals for this process:

- Mitigate the impacts from private and public market investment at Midtown
- Address decades of underinvestment in neighborhood amenities, infrastructure and services
- Improve safety, pedestrian connectivity and access to open space

While the focus is on the neighborhoods surrounding Midtown, with emphasis on the Hopewell Mann neighborhood, (defined by Cerrillos Road, St Michaels Drive, St Francis Drive, and Cordova Road), the City seeks to create a scalable process that can be replicated in other parts of town.

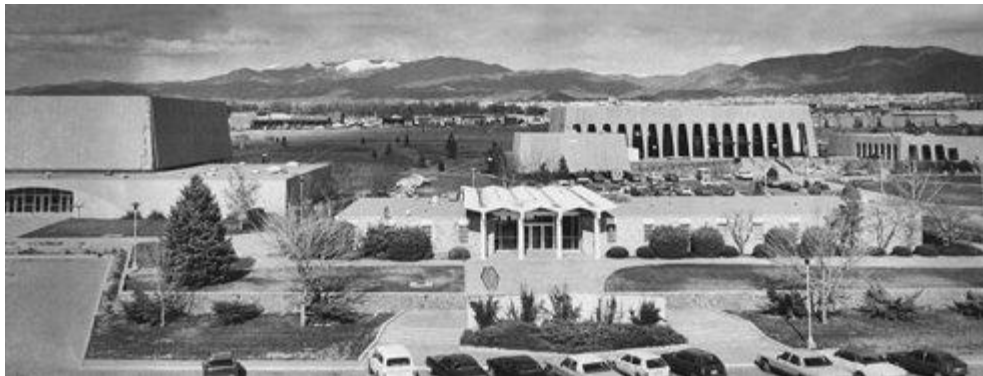
The foundation of this process will be collaboration with key community stakeholders and advocacy groups to ensure that residents have a leadership role in the process. This collaboration will inform a series of steps, starting with a needs assessment phase that focuses on housing conditions, infrastructure deficiencies, and demographic data. Following this, a planning and market analysis phase will explore affordable housing, rental rates, and sustainable job opportunities. Additionally, the process will recommend zoning modifications and the prioritization of city-owned properties for redevelopment, and identify where investments are needed to create more housing, while also providing support for current residents facing housing instabilities. By integrating these elements, the neighborhood stabilization process will empower the community, preserve its cultural identity, and build a resilient neighborhood for future generations.

2. Geographic Scope

The policy, planning and regulatory reform portions of this application will encompass the entire City of Santa Fe. The purpose of the proposed code overhaul is to modernize elements of the code and evolve planning policy to meet contemporary needs. These include processing efficiencies, making code requirements (such as set back, lot coverage, etc.) more flexible for projects that achieve policy objectives such as housing affordability, increasing residential densities, and modernizing standards such as those for parking to better meet current needs. In addition to meeting key process and zoning challenges, this aspect of the proposal should make it easier for developers to build more varied housing types, specifically “missing middle” homes (such as townhomes, smaller scale multi-family with 2 - 12 homes), particularly in the more built out and well-resourced areas of town where incremental infill and densification may be more appropriate.

The portion dedicated to lot development and neighborhood stabilization has a narrower geographic scope, but a more targeted impact. In 2018, the City of Santa Fe embarked on an ambitious planning process to redevelop a former college campus (originally the site of the College of Santa Fe and later, the Santa Fe University of Art and Design). In 2022, two plans were created - the Midtown Land Development Plan (establishes mixed-use zoning, urban design guidelines, density patterns, infrastructure, open space and circulation) and the Midtown Community Development Plan (identifies community-driven benefits related to equity, economy, and culture).

The College of Santa Fe, circa early 1970s.



The site, conceptualized as a community center, offering cultural, recreational and economic opportunities.



Located approx 2.5 mi from the historic, downtown area of Santa Fe (in yellow), the Midtown site (in green) is geographically centered in Santa Fe, and within close proximity of employment centers, transit lines, many educational institutions and other community services. Because of this, Midtown is more accessible to a greater proportion of the Santa Fe population than other high-opportunity areas in Santa Fe. In contrast, the historic core, where many jobs are located, has housing prices that are out of reach for most of the workforce. Likewise, the newly developed areas of the City, with high access to commercial amenities, health care and educational institutions are not served by transit nor easy to get to without a car.

The Midtown campus is outlined in orange with the surrounding neighborhoods that will benefit by increased access to opportunity are highlighted in yellow. These neighborhoods, particularly the Hopewell Mann neighborhood, have residents with lower incomes who experience higher rates of housing instability than almost any other area in the City. This makes them particularly vulnerable to displacement pressures unless the City takes proactive steps to ensure access to opportunity in conjunction with meeting housing needs in surrounding neighborhoods.

As part of this effort, the City will focus grant resources on making a parcel(s) at Midtown immediately developable by using funds to pay for infrastructure, survey and pre-development work. The site has the capacity to be developed as 45 townhomes affordable to



very low income homebuyers, earning as little as 30%AMI. The homes will be prioritized for residents of lower opportunity neighborhoods The site is shown below.



3. Key Stakeholders

To create a bottom-up approach to designing our proposal, we focused on gathering input from key external stakeholders and city staff. These employees work in the Offices of Sustainability, Land Use, Economic Development, and Community Services. Outside of the city, we focused on private industry partners, namely developers with diverse perspectives, who have experience and expertise in building affordable housing locally. Staff from the Office of Affordable Housing initially engaged with stakeholders by holding a series of focus groups to ascertain their understanding of the relevant barriers to affordable housing production and preservation.

In these focus groups, we asked participants to participate in an interactive polling exercise that asked them to anonymously rank selected challenges and potential tactics or opportunities to address these challenges. The Office of Affordable Housing selected options in the polls based on a combination of: reported, anecdotal challenges with these stakeholders, previous local research reports, and eligible activities provided in the notice of funding opportunity. The PollEv dynamic platform allowed us to show the collective group the pooled results to see the general trends. This exercise prompted fruitful group discussion about key missing variables and

relative best uses of the funding opportunity that would complement or support ongoing initiatives.

We also created a brief survey with similar discussion questions to engage other stakeholder groups. This survey, distributed through Qualtrics, had similar questions to gauge priority causes related to housing displacement, barriers to housing production, and potential solutions to these varied challenges. Like the PollEv interactive survey, responses were anonymous. We distributed this survey to a wider group of partners. Several of them were community-based organizations who regularly partner with the city for a variety of strategic housing and homelessness projects.

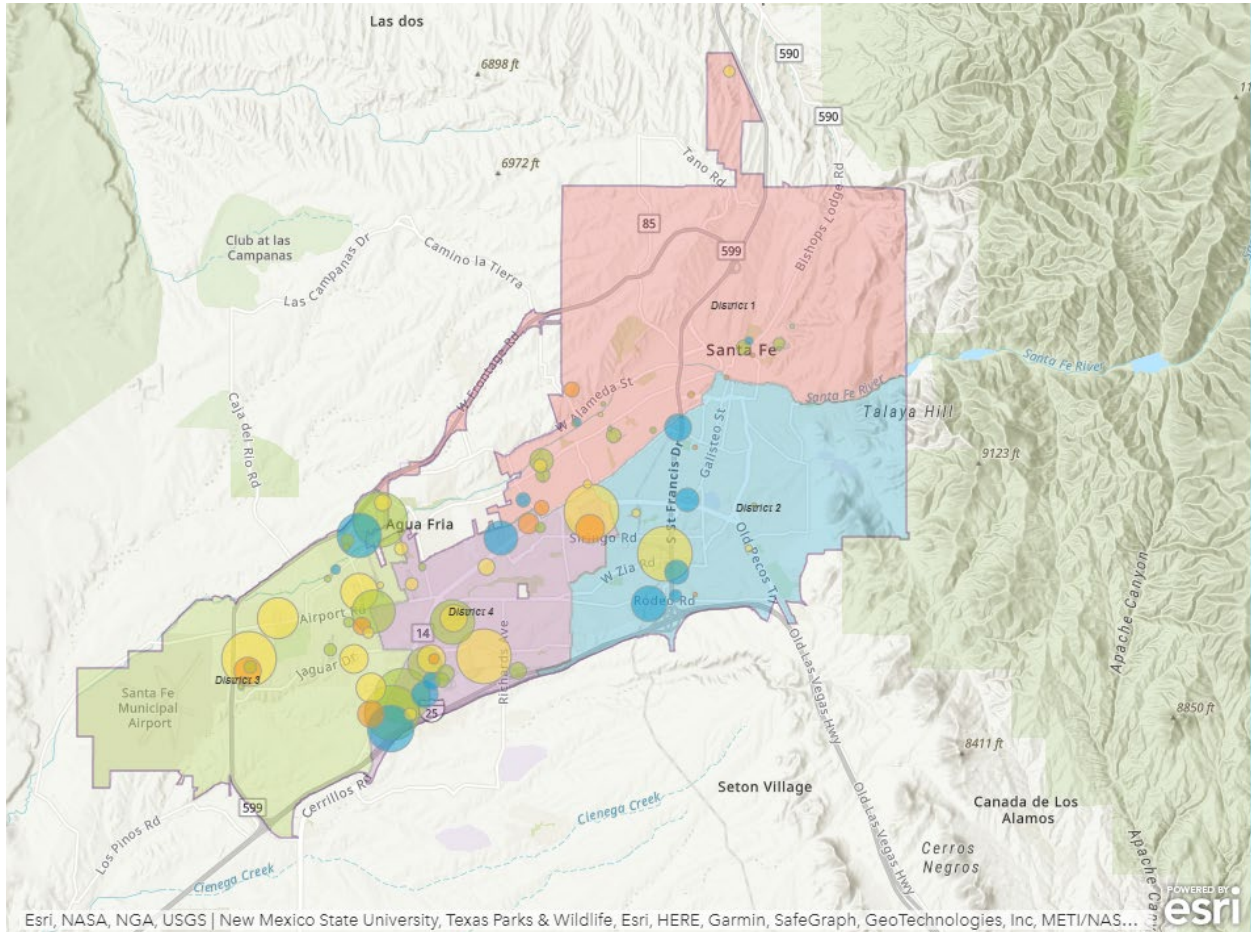
We also distributed this survey to real estate partners and the homebuilders' association. While these additional stakeholders do not encounter many of the specific barriers to development, they engage with populations who encounter the consequences of these challenges – namely persons with lived experience related to housing insecurity and affordability. Most critical to the S3 Santa Fe Housing Initiative, a collaborative effort between local government and philanthropic organizations including Anchorum St. Vincent, Santa Fe Community Foundation, McCune Charitable Foundation, Santa Fe County, and the New Mexico Coalition to End Homelessness.

4. Alignment with Affirmatively Furthering Fair Housing

Developing in a Well-Resourced Area. As described in the earlier section, the redevelopment of the City's Midtown site will directly inspire higher end investment, resulting in a well-resourced area of opportunity. The Midtown Community Plan was created to offset the exclusionary effect of this development in that it values community benefit as an equally weighted return on investment. These values will be implemented through the predevelopment of a building site, using PRO Housing funds to pay for the survey, parcelization and design work as well as infrastructure upgrades needed to make the site "shovel ready". At this point, the City will initiate a Request for Proposals to find a qualified entity to build the homes and begin negotiating the disposition of the property.

The resulting 45 affordable homes will be priced affordably to homebuyers and renters earning as little as 30% of the area median income and prioritized for residents of nearby lower opportunity neighborhoods, specifically the Hopewell Mann neighborhood. Residents of this area are predominantly Hispanic or minority, (according to the HUD AFFH Mapping Tool, the Census Tract Block Group 001002 3 that encompasses the majority of the neighborhood is 83.76% Hispanic), earn about 50% less than residents in the rest of Santa Fe (\$35,556 compared to \$67,341), live in poverty at double the rate (22% compared to 12% to the rest of Santa Fe), are most likely to be renters (71% compared to 31% for the rest of the city) or own a home valued at 75% of homes in the rest of the city.

Promoting Desegregation. As mentioned previously, while residential housing development in Santa Fe has advanced in the last five years, growth has been geographically disproportionate resulting in unintended income and racial segregation. The residential pipeline map depicts new development sites with circles sized to show the number of units and color to demonstrate the stage of completion. As the image illustrates, there is more growth in the southern and western regions of the city.



There has been predominant growth in the southern regions of the city due to a combination of more available land and zoning realities. Developing in the north and north eastern parts of the city is difficult due to the elevated geography, low density zoning, and other impediments to adding housing supply in developed land. As mentioned previously, there is a higher concentration of higher income, whiter residents in more well-resourced areas of the city surrounding the downtown and a lower concentration in other regions.

Our proposal seeks to address these exact challenges by changing key development policies within the land use code rewrite project to allow for infill development and diverse housing types. One prominent example is creating more casitas, referred to as an Accessory Dwelling Unit (ADU) in Santa Fe’s city code. While several houses, particularly in historic districts have

these structures, many do not have the proper utilities for long-term living and they legally can only be used for rental or temporary purposes; they cannot be sold as separate living structures. According to census data and other survey measures to determine racial composition in the city, these regions tend to have whiter and older residents than the majority of the geographic middle and southern areas, which have more hispanic, latinx and younger populations.

With greater opportunities to appropriately add smaller housing within developed land, this would allow greater housing choices in well resourced areas, which would most benefit and increase access for lower and middle income populations with smaller households, which is the largest group seeking housing access in Santa Fe. We believe that these efforts would promote desegregation because residents would have greater access across the city rather than limited geographies or being displaced entirely from the city.

Alleviating the Concentration of Affordable Housing in Low-Opportunity Neighborhoods. By focusing on making this specific parcel of the Midtown area shovel ready, the proposal will expand housing choice to a new location that does not currently offer housing options. Developing in this area will relieve some of the demand on the downtown area, which is north of the site. The city has already adopted varied inclusionary zoning policies and Midtown has adopted even stricter guidance in their master plan and community development plan to ensure that there is a strong proportion of affordable housing and mixed housing development. While we expect that there will continue to be development in the southern regions of the city given the land realities, our proposal should not cause affordable housing to only concentrate in one area as there will be significant investments to allow for key affordable housing development in Midtown, the undeveloped middle area.

Meeting Unique Needs of Protected Classes. Our proposal seeks to relieve pressures driving acute affordability challenges by reducing barriers in affordable housing production across the city to achieve more housing supply. In conjunction with the neighborhood stabilization aspects of our proposal, we seek to create more housing opportunities that more residents can afford and help vulnerable residents stay in their homes. While housing affordability and cost burden is widespread in our city, ACS data demonstrates that many protected class groups are particularly vulnerable to homelessness or displacement with housing cost increases.

Senior households and female headed households are two of the largest and growing populations in Santa Fe. With fixed or single incomes, both of these groups have shared affordability challenges that make them particularly vulnerable to poverty or homelessness with rising or unexpected housing costs . According to 2019 data from HUD’s Comprehensive housing affordability strategy (CHAS) data, of the elderly households—defined as those with a member aged 62 or older—with income under 80% AMI, 62% are cost burdened, and 37% are

severely cost burdened. The poverty rate for female headed households with children is 47%—much higher than the citywide poverty rate of 13%. These groups, in addition to residents with disabilities, reported in a resident survey for an upcoming housing report, ranked increasing affordable housing options and increasing resources to avoid displacement as high priorities.

The portions of the proposal that should expand the affordable housing across the city, via the land use change, and the portions dedicated to the Midtown parcel would also improve residents' access to supportive services by locating more housing options that are closer to existing transportation.

Addressing Fair Housing Issues. Most relevant to this proposal, the most recent fair housing plan identified challenges in affordable housing locations, namely that they were more concentrated and segregated in certain pockets of the city rather than spread throughout high-access corridors. With changes to the land use code, it should be easier to develop diverse housing options across the city rather than further concentrating in the southern regions. These challenges fit into a general concern about access to opportunities. Various aspects of our proposal would address these concerns, by connecting more housing to a high opportunity area at the geographic city center and creating more housing choices citywide.

Residents identified another challenge outside the direct scope of this funding opportunity with landlord hesitation in accepting housing vouchers. Having a greater supply of strictly affordable housing will help these populations, but the Office of Affordable Housing recognizes that there are other strategies outside of PRO Housing funds to reduce stigma and promote voucher acceptability and uptake.

Mitigating Displacement Risk. The Community Development Plan for Midtown Development outlines key anti-displacement measures that our proposal supports ranging from early, proactive community engagement and providing moderate financial assistance for capital improvements. To strengthen these efforts, we purposefully included the \$1 million fund to proactively balance and prepare for negative consequences such as displacement. As identified in the community development plan, the nearby Hopewell Mann neighborhood could see more demand and negative spillover effects as Midtown develops beyond and including the infrastructure aspects of our proposal.

In previous community engagement work for the Midtown Community Development Plan, low-income communities living in nearby residential areas have expressed deep concern about displacement. These residents have expressed their desire for affordable housing and other neighborhood stabilization measures to be implemented, particularly as new development could trigger unintended consequences for land values and housing affordability.

Housing Needs of People with Disabilities and Meeting ADA Requirements. All new construction in the city is required to be ADA compliant and provide accessibility requirements

detailed under the Fair Housing Act. The proposed 45-unit affordable parcel at Midtown will be developed consistently with these requirements. Furthermore, the future site is located off of St Michael's drive, a major corridor in the city that has access to the Santa Fe Trails Bus. The bus line available nearby is Route 5 which connects to other bus lines, as well as travels east to Christus St Vincent Hospital and wraps around north to downtown.

Implementation Plans. Our proposal as a whole benefits from the ongoing land use code development project plan and the midtown plan. As mentioned, the land use department and the city has already contracted a scope of work with Clarion with key dates and milestones for the phase II and III portions of the project. Phase III is solely focused on implementing the process and related policy changes in phase II. This policy change project has a public facing website to display updates. At this moment, the project has released an assessment report, which is an interactive document that allows for members of the public to submit commits to specific sections.

Another model the City will follow is that established through the Midtown Public Engagement process which spanned 2021-2022 and focused on the Midtown site, particularly related to engaging those voices typically under-represented in planning processes. The coalition of partners included: Santa Fe YouthWorks, Santa Fe Indigenous Center, Santa Fe Art Institute, Littlglobe, La Familia Medical Center, Friends of the Public Library, Fathers NM, Earth Care, and Chainbreaker Collective. Following an interactive, multi-researcher approach, public engagement activities reflected the leadership of the communities who are most impacted and also can benefit the most from redevelopment of the site. Activities included community events, surveys, interviews, focus groups and research on promising practices. Overall, five top priorities were identified:

1. Gather as a community
2. Live in a home that is affordable to me
3. Have education and opportunities for learning
4. Spend time outdoors
5. Have work and career opportunities

The City is committed to this vision and the implementation steps that were laid out for achieving it in the Community Development Plan (the creation of which was informed by the public input process described in the preceding paragraph).

Equity-related Tools, Resources, Public Input. As mentioned, the midtown community development plan gathered input from thousands of community members. In their report, they include information about the key equity concerns, namely the need for affordable housing development and displacement vulnerability. In a report of the city's 2018 engagement about

Midtown, nearly two-thirds of respondents had above-median incomes, a majority were over 55 and almost none were younger than 25. Only 17 percent of respondents were Hispanic and only 0.3 percent completed the survey in Spanish.

In the land use development code rewrite, one of the guiding principles that came from public input on the project is equity. As the project continues, there is a community task force responsible for providing input in parallel with a technical task force.

The City of Santa Fe has strong partnerships with community partners that allow for quality data collection and display. [description of the equity data on the collective with a link]. In addition, we used equity tools from the Opportunity Atlas, the Social Capital Atlas, HUD's Affirmatively Furthering Fair Housing atlas, the climate and economic justice screening tool, the Screening Tool for Equity Analysis of Projects (STEAP) from the Department of Transportation.

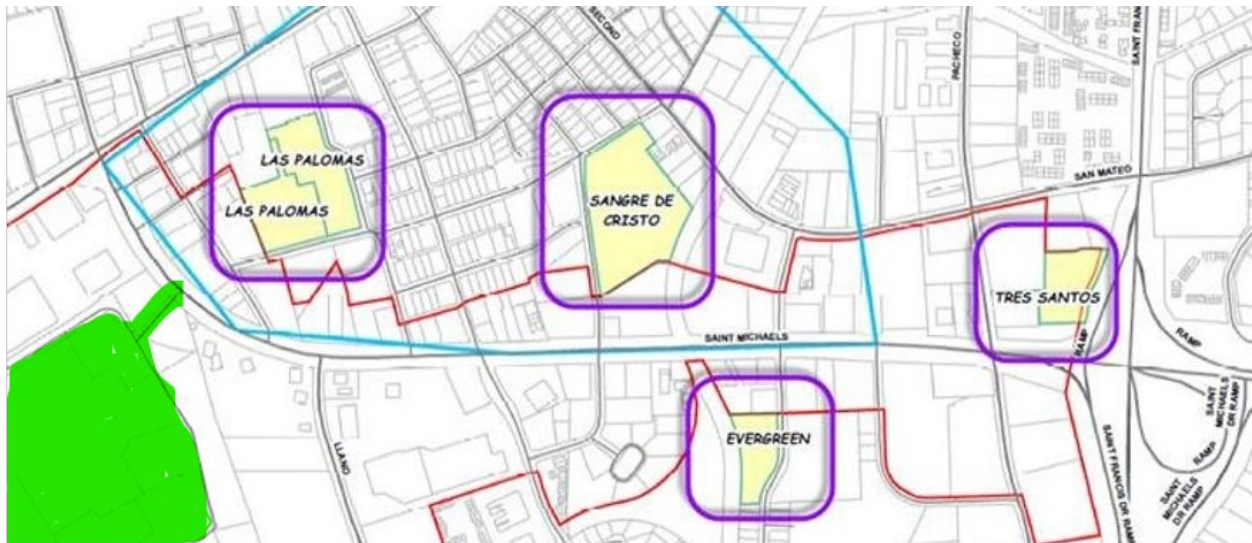
Engaging Minority-, Women- and Veteran-owned Businesses. The City of Santa Fe is designated as an entitlement community, which means it receives Community Development Block Grant (CDBG) funds annually. Santa Fe's receipt of CDBG funds comes with certain responsibilities and opportunities, and one of those responsibilities is to engage and support minority-, women-, and veteran-owned businesses. Santa Fe has established robust engagement and outreach efforts to identify and connect with eligible minority-, women-, and veteran-owned businesses within the community. Furthermore, the City has partnered with local business associations, chambers of commerce, and advocacy groups to ensure that these businesses are aware of the opportunities available through HUD funding. When the City drafts the RFP for development of the Midtown parcel, engaging these businesses will be required for all developers responding to the RFP.

Other Equity Considerations. The neighborhoods surrounding Midtown (within a 1-mile radius) reflect many factors that indicate segregation, lack of opportunity, and vulnerability to displacement. They include:

- Deterioration of physical infrastructure and public rights-of-way due to disinvestment
- Rising property values and increasing and/or potential real estate development (Midtown and the LINC) without corresponding income growth
- Two thirds (2/3) of renters are cost burdened
- Police call logs show criminal activity 3 – 4 X more frequent in this neighborhood than other parts of the city
- 10% of renter households use HCV to subsidize their rent payments (compared to 5% for the rest of the city)
- Unemployment (13%) almost double rest of city (7%)

- High rates of mobility (residents move 20% more than residents in other parts of the city)
- Poverty rates 50% higher than other parts of the city
- 62% of homes are multi-unit (compared to the rest of Santa Fe where 69% are single unit homes)

Evaluation of the Proposal’s Effect to Expand Equitable Access. Several subsidized apartment complexes are located in Midtown neighborhoods, totaling about 500 homes. In general, they are aging, not particularly well-managed and renters feel vulnerable to eviction. They are depicted in the graphic below, with the turquoise line representing the outline of the Hopewell Mann neighborhood specifically and the green shading representing Midtown..



This proposal embodies a two-fold approach to desegregation and providing pathways to opportunity. One strategy is to open up opportunities for affordable housing in high-opportunity areas and the other is to improve the quality and longevity of affordable housing options in the neighborhoods where folks with lower incomes currently live.

The former is achievable through the land use code reform proposed for funding through this application which will consider how to ease some of the restrictions that make infill development more difficult. Another strategy for distributing affordable housing options to other parts of Santa Fe is to incentivize incremental density, such as expanding opportunities for accessory dwelling units, dividing larger structures into multiple units, and encouraging short term rental owners to convert their units to longer term rental homes and/or accept voucher-assisted tenants. Taken together, these efforts could broaden pathways for lower income renters and homebuyers to live in high resource neighborhoods.

Another focus of this proposal is to make housing opportunities at Midtown available to residents of these neighborhoods. This proposal would remove construction barriers by addressing infrastructure needs at the site and also serve as a catalyst to inspire redevelopment partners for other parcels at Midtown. More importantly, the City is actively engaged with improving the quality of affordable housing in the surrounding neighborhoods and increasing housing stability. This is achieved through leveraging investment by allocating funds from the Affordable Housing Trust Fund to community partners and housing providers.

Strategies include assisting existing homeowners lower their housing costs through refinancing options and home repair and energy efficiency upgrades to reduce long term maintenance and energy costs. This also serves to preserve or restore equity in owner-occupied homes. Also, as mentioned elsewhere, homeownership provides a clear path to wealth building, which can be inter-generational. Recently, one of the subsidized complexes in Hopewell Mann was purchased by a company that is receiving tax credits to complete extensive renovations, improving quality of life and instituting tenant-centered property management practices.

Tracking Progress. Measuring impact of all these interventions will focus on the displacement and segregation factors identified in item K of this section. Using those factors as a baseline and then re-evaluating over time how they change will help us evaluate success. This process also serves to identify where efficacy can be improved, if emerging needs change the desired outcomes of the work or where the funded activities need adaptation to be more effective. As such, the City will use an evaluation rubric to track progress and flag areas that need mobilization.

Affirmatively Marketing Housing Units and Access to Opportunities. As described in prior sections, the City has an established network of community based partners who serve predominantly low-mod income residents, two-thirds of which identify as ethnically Hispanic or Latino. Therefore, the outreach implemented by these partners is designed specifically to reach people for whom English is not their primary language, who don't have regular access to technology or who lack financial expertise. The outreach provided for the Midtown Community Development Plan also employed tactics designed to amplify under-represented voices and reach folks who don't usually participate or benefit in development.

The City anticipates that the housing opportunities created through this proposal will be promoted through various innovative approaches and amplified through "word of mouth" referrals, such as:

- Printed materials, banners, door hang tags, yard signs distributed physically through low-opportunity neighborhoods and posted on the site
- Community events such as festivals, concerts, arts and craft shows
- Websites, social media posts, and email notices
- Communications via print media, radio spots, and other outlets

5. Budget and Timeline Proposal

Grant Application Detailed Budget Worksheet			
Detailed Description of Budget			
Analysis of Total Estimated Costs		Estimated Cost	% of Total
1	Personnel (Direct Labor)	\$ 33,280.00	1%
2	Fringe Benefits	\$ 13,300.00	0%
3	Travel	\$ -	0%
4	Equipment	\$ -	0%
5	Supplies and Materials	\$ -	0%
6	Consultants	\$ 500,000.00	8%
7	Contracts and Sub-Grantees	\$ 1,800,000.00	29%
8	Construction	\$ 2,000,000.00	33%
9	Other Direct Costs	\$ 1,800,000.00	29%
10	Indirect Costs	\$ -	0%
Total:		\$ 6,146,580.00	100%
HUD Share:		\$ 4,000,000.00	
Match: (as % of HUD Share)		\$ 2,146,580.00	54%

form HUD-424-CBW (2/2003)

Budget Notes

- 1 0.25 FT senior planner (land Use), 0.25 policy advisor (OAH)
- 2 40% of salary
- 6 Phase 2 & 3 of Clarion contract for land use code + General Plan update
- 7 Public outreach, neighborhood stabilization planning, capacity building
- 8 Infrastructure Costs to make parcel developable (water, sewer, stormwater+ other predevelopment)
- 9 Land Value (@\$600,000/acre X 3 acres)

Method for Determining Budget. The budget was determined using quotes from consultants (Clarion Associates), construction estimates from the City's on-call engineering firm (Wilson & Co) personnel and fringe benefit costs from the City's POL, land value estimates based on prior sales of City-owned land, and prior public engagement and neighborhood planning projects recently completed for Midtown.

Budgeting for an Award with a Different Dollar Amount. The minimum award that would allow the City to carry out its proposal in some form is \$3,000,000. With this reduced amount, we would construct the infrastructure and complete other predevelopment steps (design, surveying, etc.) to make buildable the affordable housing parcel in Midtown. We would also partially support the capacity of community partners to build the affordable housing parcel using innovative development financing strategies. With only 50% (\$2,000,000), we could complete the construction of infrastructure and basic predevelopment work for the Midtown parcel.

		2024				2025				2026				2027			
		January	April	July	October	January	April	July	October	January	April	July	October	January	April	July	October
Policy, Planning, and Regulatory Reform	Land Use Code Rewrite	[Green bar]															
	General Plan Update	[Green bar]															
Initiating Affordable Housing Parcel	Pre-development (survey, design, parcelization)	[Light blue bar]															
	Construction of Infrastructure			[Light blue bar]													
	Request for Proposal				[Light blue bar]												
	Developer Selection						[Light blue bar]										
	Capacity Building of Nonprofit developer, land trust			[Dark blue bar]													
	Construction of 45 units							[Dark blue bar]									
Proactive Neighborhood Stabilization	Technical assistance land trusts/cooperative housing, community based investment, etc.		[Light orange bar]														
	Neighborhood Stabilization Plan				[Light orange bar]												
	Implementation of anti-displacement measures				[Dark orange bar]												

Schedule of the proposed activities by the end of 2029 with significant activities, milestones, relevant subtasks, and start/completion dates.

V. Exhibit E Capacity.

1. Lead Agency and Staffing Plan

The City of Santa Fe's Office of Affordable Housing is the lead entity in managing the implementation of the proposed Midtown parcel development and Neighborhood Stabilization activities. This work will be managed by the Department Director, Grant Manager, and Workforce Housing Advisor. They will be working in close collaboration with team members from the Office of Economic Development responsible for other land development and policy with the Midtown area. As the lead entity, the Office of Affordable Housing would be working with the city's finance, procurement, and other related departments to ensure accurate procedures and timely reporting. They will also arrange logistics for subcontracts for the pre-development infrastructure allocation and convene stakeholders and formal partners for community engagement and capacity building activities.

The City's Land Use Department will continue to take the lead on the code rewrite with significant help from Clarion, the consulting firm already contracted for the project. They have a project manager who is a senior planner with the agency. In addition, there are two working groups— a technical (TAWG) and citizen advisory (CAWP) - which will inform and shape the coming aspects of the plan. The TAWG membership includes individuals with extensive planning and design experience who have directly interacted with the current land use code, Chapter 14. The CAWP membership includes residents who are community advocates with diverse perspectives on key topics. Clarion and the Land Use Department have already agreed on a scope of work for the phases of the project to align logistics and deliverables for repeated and ongoing public engagement and legislative approval.

Relevant Project Management, Quality Assurance, Financial and Procurement and Internal Control Capacity. The City of Santa Fe is well-prepared to handle the project's financial and regulatory aspects. Being a CDBG (Community Development Block Grant) entitlement city, it has a dedicated grants management division with its Finance Department. This division has experience in managing federal grants and adhering to federal regulations and reporting requirements. Additionally the city's program staff in the Office of Affordable Housing are well-versed in federal regulations, ensuring compliance with funding guidelines.

Leadership Capacity and Legal Authority. In terms of leadership capacity and legal authority, the City of Santa Fe has the necessary jurisdictional authority to effectively implement the proposed reforms. For the Midtown portion, the City owns the land and is the master developer.

Roles of Partners. The City conducts the majority of its community development activities through community partners. Establishing and empowering these partnerships enables this work to be nimble, responsive and not subject to political influences or the inefficiencies inherent to bureaucracy. This project relies on the City’s leadership and its willingness to fund the work of its partners.

Experience Coordinating Partners and Experience in Similar Projects. The City has a proven track record of utilizing public resources, such as city-owned land, and partnering with organizations through competitive Request for Proposal (RFP) and Request for Qualification (RFQ) processes to maximize the impact of these resources. For example, the City issued an RFQ seeking a developer to build five affordable homes on a City-owned lot on Alto Street near downtown Santa Fe. The evaluation for the RFQ called for demonstrated capacity in four areas: development program, concept and design, experience and financial ability, and demonstrated project financial feasibility. The City’s Community Development Commission, chaired by a City Councilor, reviewed the responses and recommended SF Habitat for Humanity to develop the lot. City Council approved the final donation agreement. Partnering with local organizations to develop City-owned land is an area where the City of Santa Fe excels and staff are confident they can manage the disposition of the Midtown parcel to effectively develop the proposed 45 affordable units.

In 2019, the City donated a 5-acre portion of a City-owned parcel on Siler Road. This donation supported the construction of 65 units of affordable live/work housing targeted to “creatives” – technology entrepreneurs, visual and performance artists, craft manufacturers, self-employed, etc. A shared resource center was also included with a performance and display space, retail areas and other workshops. The project, called the “Siler Yard” was developed by the New Mexico Interfaith Housing Coalition. Low Income Housing Tax Credit (LIHTC) funds were secured providing over \$10M of equity. Additionally, the City is continuing from 2019 a public outreach process and study of other City-owned parcels to prioritize several for future affordable housing development.

Additionally, the City is a HUD entitlement community and receives Community Development Block Grant (CDBG) annually. The City’s Office of Affordable Housing manages the CDBG program and has a long history of working with subrecipients, mostly nonprofits and affordable housing developers, to expend the funds on important projects and programs throughout Santa Fe. The City’s Office of Affordable Housing also manages the City’s Affordable Housing Trust Fund (AHTF), which has been budgeted at \$3 million for the last 3 fiscal years. The Office of Affordable Housing staff is effective at managing and coordinating the many annual contracts funded through CDBG and AHTF.

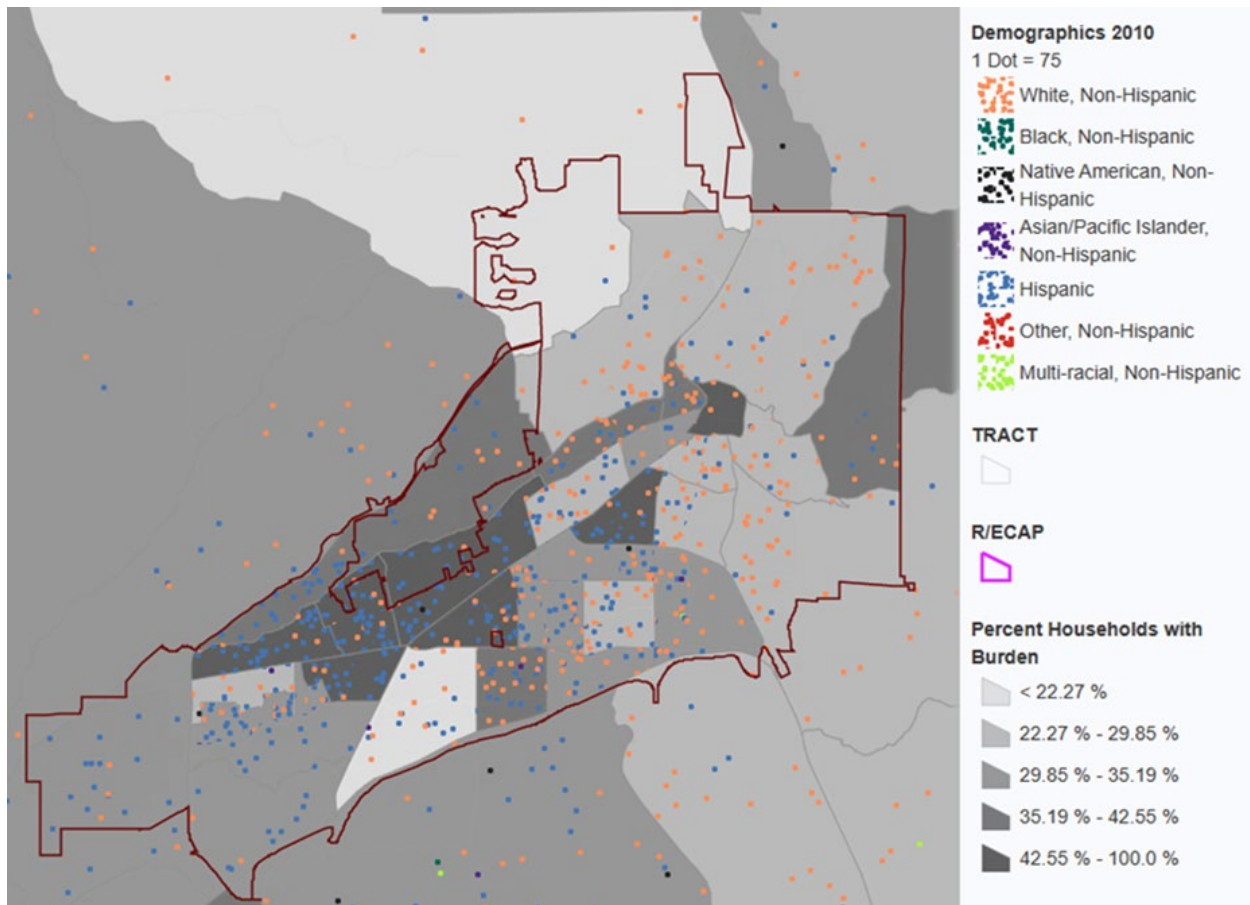
Proposal Authorship. Staff members from the Office of Affordable housing wrote this application following input from stakeholders described above. When writing the application, staff members used key information from previous reporting documents and ongoing reports with professional consultants Root Policy and Clarion Associates. Please see the list below of the authors and partners who informed key research:

- Alexandra Ladd -Department Director, Office of Affordable Housing
- Cody Minnich - Project Manager, Office of Affordable Housing
- Florence Frank - Workforce Housing Advisor, Bloomberg Harvard Fellow

Experience with Civil Rights and Fair Housing Issues. As mentioned, the City of Santa Fe works with a robust network of nonprofit partners to serve every need on the housing continuum. Many of these partners have expertise in civil rights issues particularly as they relate to housing. One of these key partnerships is with the Chainbreaker Collective, a nonprofit organization with a focus on economic and environmental rights with deep roots among English and Spanish speaking populations. In 2015, the Office of Affordable Housing developed a comic book titled “Tino the Tenant” as a communications tool for community members to contextualize rights with contact information for helpful resources.

Most recently, the City’s Office of Affordable Housing has carried out data analysis to assess the impact of racial and economic disparities in the city within the Housing Needs Assessment of the recently completed 2023-2027 Consolidated Plan. Specifically, the Affirmatively Furthering Fair Housing Tool was used to evaluate concentrations of housing problems, where concentrations are defined as tracts with burden in the highest quintile of the distribution. As shown earlier in the application, housing burden is moderate to high in Santa Fe. The highest rates of housing burden and multiple housing problems exist in the south census tracts, where there are the higher clusters of Hispanic residents.

Furthermore, according to AFFH data, the areas with the highest proportion of households with cost burden are in the south and western parts of Santa Fe. These neighborhoods are also areas with higher proportions of Hispanic and American Indian households, as well as people that were born outside of the United States - particularly Mexico and Central America - and people with limited English proficiency.



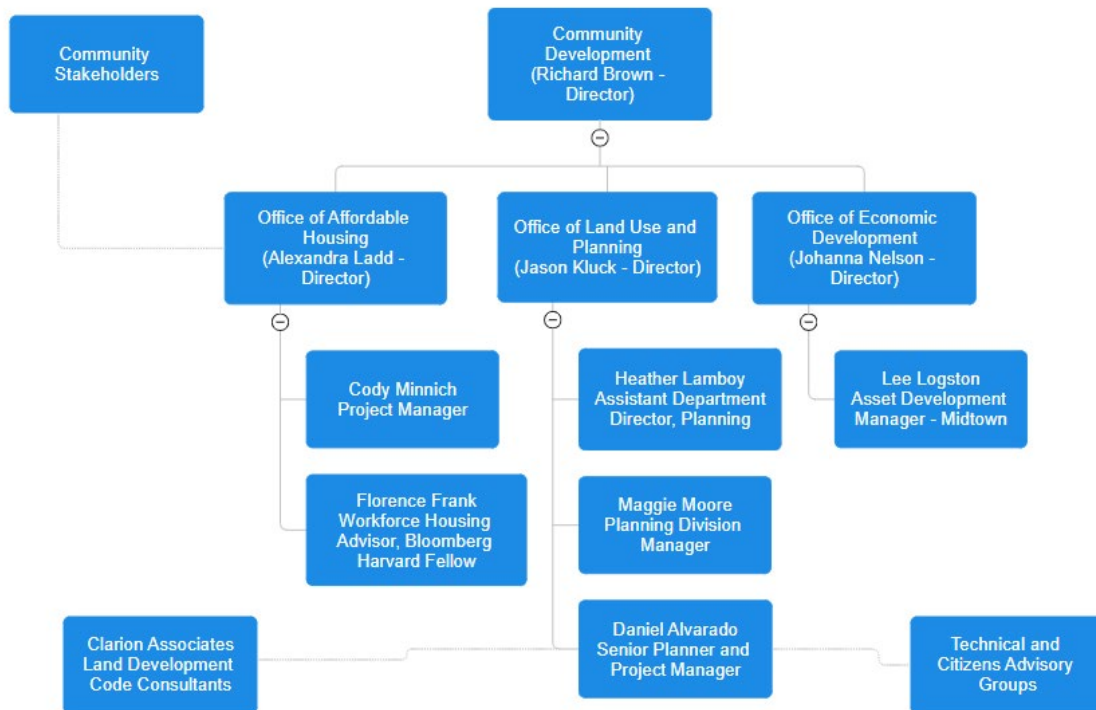
Source: HUD AFFH maps.

Program Experience with Programming that Reduces Racial Disparities. The City has a long history of proactive policies and programming to address racial and economic disparities in Santa Fe. They include the following programs and initiatives:

- **Inclusionary Zoning** – in place since 1998
- **Living Wage** – Santa Fe requires employers to pay a min. wage to workers at rate higher than State and Federal levels (adjusts every year); currently at \$14/hour
- **City Wage Minimum** – @ \$15/hour min. for City employees
- **Safety for Immigrants** - law enforcement doesn't ask, City services and programming don't discriminate based on immigration status
- **Built for Zero**—committed to ending homelessness by using data to understand factors affecting inflow into homelessness and interventions that promote outflow so that homelessness is brief, rare and non-occurring,
- **Emergency Funds**—Covid relief funds were deployed to pay for hotel stays and to set up non-congregate shelter for those unstably housed, also to fund CONNECT program which provides direct assistance, including cash, to help with basic needs (housing, food, medicine, etc.)

- **Mayor's for a Guaranteed Income (MGI)**- re-occurring 12 month cash transfer program for low income families enrolled at the community college, a two generation approach to alleviating poverty

Organizational Chart. The following chart describes the key staff within the city departments who manage aspects of the proposal. The Office of Affordable Housing is the lead department managing and coordinating all aspects of the PRO Housing grant.



VI. Exhibit F Leverage

Leveraged Resources. This project will leverage several resources. The primary source is the value of the land at Midtown. Valued at approx \$600,000/acre as an undeveloped parcel, the City anticipates a total value of not less than \$1,800,000. In turn, housing development will leverage additional resources and subsidy at a ratio estimated to be \$10:\$1. Total investment for this parcel could be over \$18m.

Other leverage includes the cost of City staff time (0.5 FTE) paid a senior planner salary and distributed between two departments (the Office of Affordable Housing, Planning and Land Use and the Bloomberg Fellowship). This estimate is derived using a salary of \$32/hour and assuming 40% value above that for estimates. Finally, local foundations are committed to building the capacity of the community to innovate, particularly in terms of establishing pathways to opportunity for the homeless through the homeowner. An additional \$250,000 is committed from philanthropy to support this process.

VII. Exhibit G Long-term Effect

1. Deliverables and Completed Projects

The most tangible deliverable for this project will be the completion of key infrastructure and pre development work for the first 100% affordable building at Midtown. Consistent with the affordability provisions in the Midtown Plans, this would establish permanent affordable housing in a high-opportunity area. By focusing on the predevelopment steps for this parcel, we also believe this would create a positive cultural message to instill more public trust in local government. As mentioned, previous community engagement opportunities demonstrate that the general public and existing local community identified affordable housing as a priority for future development at this site. Thus, we expect that efforts to produce these affordable housing units would create a longer term impact in social trust and more productive community engagement efforts - directly or indirectly - related to housing development across the city.

Our proposal's aspects related to the land use code development rewrite would have a permanent effect of making new housing development more efficient -- benefiting city staff, affordable housing developers, and future residents. As outlined by the assessment report, this rewrite should change key process changes. When these steps become faster, streamlined, and clearer to navigate, Santa Fe will see more affordable housing units built. With greater supply, more residents can find affordable housing thus reducing displacement rates. While our stakeholder surveys did not rate developer uncertainty as a high barrier to affordable housing development, decreasing these aspects of their costs should positively influence their participation in the market. As mentioned previously, developers have shared in stakeholder meetings that developing in Santa Fe, compared to their other neighboring markets, is vastly more expensive. Decreasing these costs would make developing in Santa Fe more competitive and desirable.

These combined efforts to streamline affordable housing development processes would decrease required staff time, making them more available to complete other projects benefiting the city.

2. Potential Roadblocks

Aspects of our proposal require City Council approval. While current leadership understands that there is an acute demand for affordable housing in Santa Fe and supports policy development to address barriers, ultimately they are responsible for key decision-making. Our proposal accounts for this by incorporating many details from previous development plans that councilors were involved in and a commitment to continued engagement and education efforts.

As many of our stakeholders identified, one of the largest barriers to affordable housing development and preservation is local opposition. In order for the land use code rewrite to be successful, there must be enough meaningful changes adopted rather than minor adjustments that essentially preserve the existing procedures and thus barriers. Our proposal accounts for potential local opposition barriers by proactively planning for deep public engagement processes and utilizing the land use code citizen group (CAWG) . To meaningfully address local opposition, these engagement efforts must include a diversity of opinions, create shared criteria, and restructure appeals and other processes to become more meaningful for a variety of viewpoints.

While it will take more time to develop and implement a package of land use policy and process changes (via the Land Use Code Rewrite) compared to discrete procedures, we strongly believe that developing these changes together would create better outcomes both for public acceptance and

3. Reduced Cost Burden and Value of Siting

Overall, our proposal should reduce residents' housing cost burden by creating more affordable opportunities to live in Santa Fe. Given that driving is the primary mode of transport in this region, by reducing displacement to neighboring cities, residents' transportation costs should also decrease rather than increase. The proposal aspects that focus on the Midtown parcel should not negatively affect the value of other existing affordable housing in more developed parts of Santa Fe.

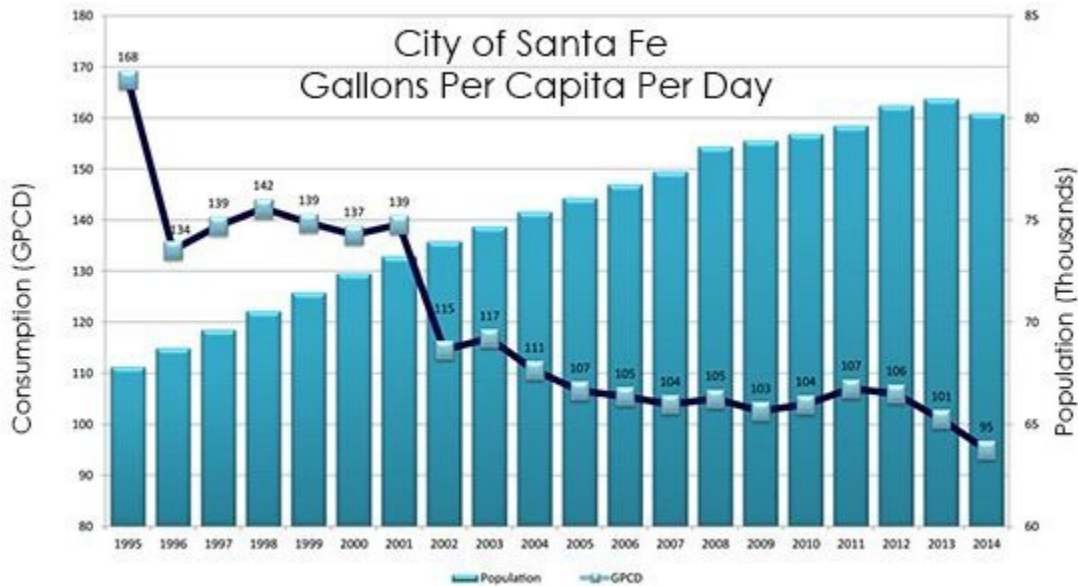
4. Model for Other Communities

We realize that Santa Fe's struggle with inequity and housing unaffordability is not unique. We feel this project is a "promising practice" in that it is iterative, rather than sequential, and will continue to evolve as it is implemented. We believe this is the aspect that makes it worth replicating and ensures long term benefits. Through regulatory reform, opportunities for housing creation will open up. Through the development of those homes, residents will be provided access to opportunity. As these residents are empowered, they will determine how investment benefits them directly and their neighborhoods, and their participation will influence how policy is made in Santa Fe.

While Santa Fe has one of the most acute affordable housing needs in the state, it has also been a long-time leader of proactive affordable housing policy, such as inclusionary zoning, and making financial investments in affordable housing projects and programs. Importantly, the City does not do this in a vacuum, but rather focuses resources on its partnerships with local builders and services providers and on leveraging additional investments of private capital.

5. Environmental Risk

As a Southwestern city, the sustainability of water supply is one of the most prominent environmental concerns in the community. Heat, fire, and climate change also pose significant risks. In response, this proposal builds on Santa Fe’s leadership in water conservation. Even as the city’s residential and tourist populations continue to increase every year, water consumption has decreased every year since 1995 – with a 39% reduction in gallons per capita usage per day. The City adopted a green building code ordinance that requires all new residential construction to design and plan for sustainable energy and water usage using performance-based HERS and WERS rating systems.



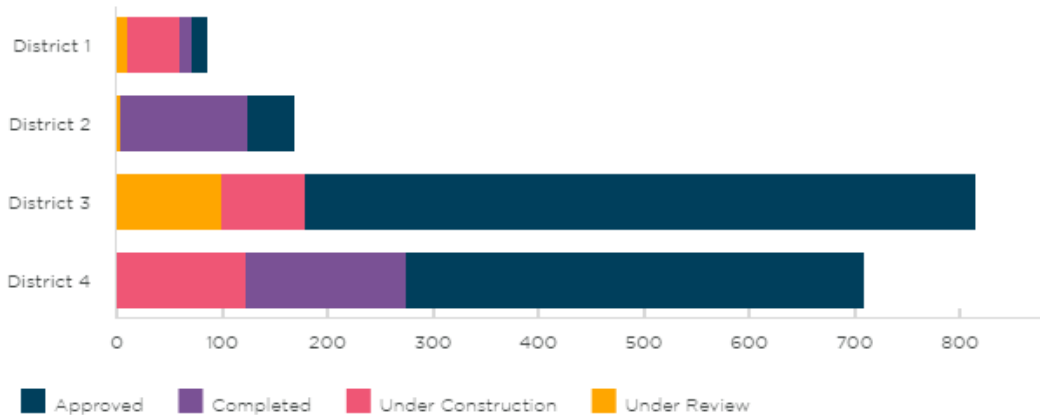
The pre-development infrastructure aspects of our proposal will focus on construction and maintenance of proper storm and wastewater systems. While the housing construction will not use the PRO housing funding, these features would also align with the green building code. Data from the city’s water division demonstrates that denser, multifamily residential buildings are more water efficient than single family homes and that there is enough water to support appropriate housing supply growth.

6. Measures of Success

Key measures of success include increasing the housing supply of affordable and market rate units across the city, including in high opportunity areas. We will continue to evaluate how and where new housing unit developments occur in Santa Fe to assess whether affordable housing is becoming concentrated but more particularly to understand what other challenges persist that prevent development in existing areas of high opportunity.

Housing Supply. The diagram below shows the number of affordable units that are currently in the land use approval/entitlement pipeline.

Housing Plans by District (Affordable)



Districts 1 and 2 have a lower volume of development due to being more built-out (older) than Districts 3 and 4. They also encompass much of the foothills and historic districts in Santa Fe. Development costs are higher (topography, aging infrastructure, historic design requirements) and because the areas are desirable, housing is much less affordable.

A strategy for measuring success in these districts would focus on the land use code revision to ease some of the restrictions that make infill development more difficult. Another strategy is to incentivize incremental density, such as expanding opportunities for accessory dwelling units, dividing larger structures into multiple units, helping lower income homeowners with costly repairs, and encouraging short term rental owners to convert their units to longer term rental. Taken together, these efforts could broaden pathways for lower income renters and homebuyers to live in high resource neighborhoods.

- **Metric:** Increased rate of of building permits for ADU’s by 2030
- **Metric:** Increased % of lower income residents living in Districts 1 and 2 by 2030

For Districts 3 and 4 the metric is simpler. The number of units in the “approved” category totaling about 1500 homes are either proposed in Master Plan documents (but not yet parcelized) or still in the conceptual application phase. In order to measure success, the City will aim for 40% of these units (approx. 600) to get to the permitting stage by the end of the PRO grant term. We expect that the infrastructure improvements at Midtown will also help to catalyze redevelopment and leverage funding.

- **Metric:** 600 affordable housing homes are permitted and/or have begun construction

Lessening displacement. While we would expect that our proposal would not change the high demand for housing in higher-income populations or change the inflow demographics, we will measure the outflow to understand how the proposal decreases displacement. Another

measure is to see if the cost burden is lessened for renters and homeowners with lower incomes.

- **Metric:** Outflow of renters earning less than 80%AMI is reduced by 30%
- **Metric:** Lessen cost burden by 10% and extreme cost burden by 20%

7. Long Term Effect of Proposal to Remove Barriers to Affordable Housing Production

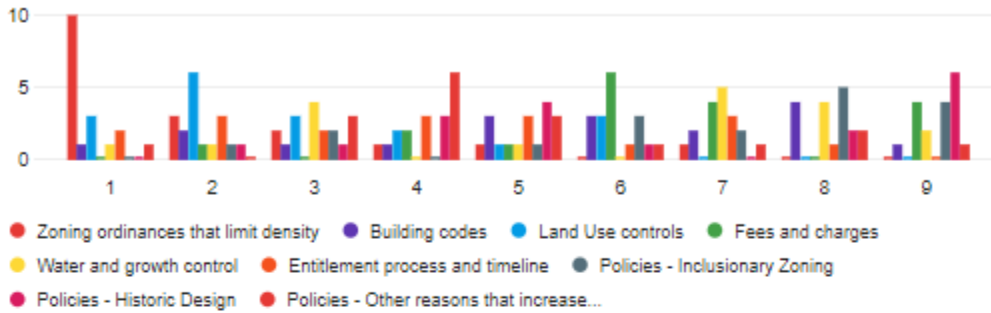
As demonstrated in earlier maps, Santa Fe's population is distributed so that wealthier, older and white people live in the highly resourced parts of town while people of color, those with lower incomes and families live in more affordable parts of town. However, these patterns are not concentrated to the degree that they would be in a larger, denser and more urban community. For this reason, simply improving transit systems, making bike and non-vehicular travel safer, and redesigning roadways to make them more pedestrian friendly helps people access opportunities that may not be available in their neighborhoods. This is especially important for the elderly or disabled who may not own cars but need to access healthcare and other amenities and for young people who need transportation to get to schools and jobs.

Incremental ways to increase pathways to opportunity are rooted in land use reforms (see earlier sections). Expanding housing opportunities, especially for vulnerable populations can also be realized through financial assistance provided directly to renters and homebuyers. For renters, direct assistance enables them to stabilize their current housing situations or move to a better home that better meets their needs (either a changed location or physically better suited). For homebuyers, direct assistance is a pathway to building wealth through homeownership. Homewise estimates that Santa Fe homeowners who bought homes ten years ago in Santa Fe have seen their net worth increase by at least \$200,000. As two-thirds of their clients are people of color, supporting homeownership is another way to stabilize neighborhoods and offset patterns of racial segregation.

VIII. Appendix

Public Comment Summary. The following charts document the results of initial consultation with stakeholder and partner groups

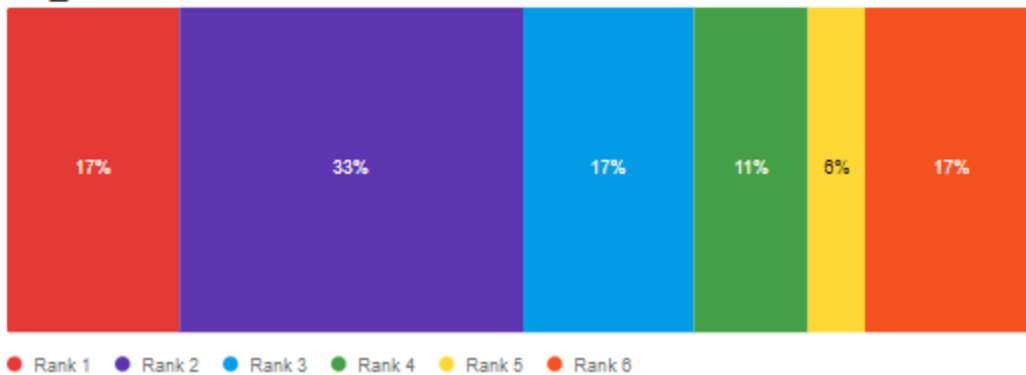
Q2 - Rank the barriers to housing production as they relate to the City's regula...



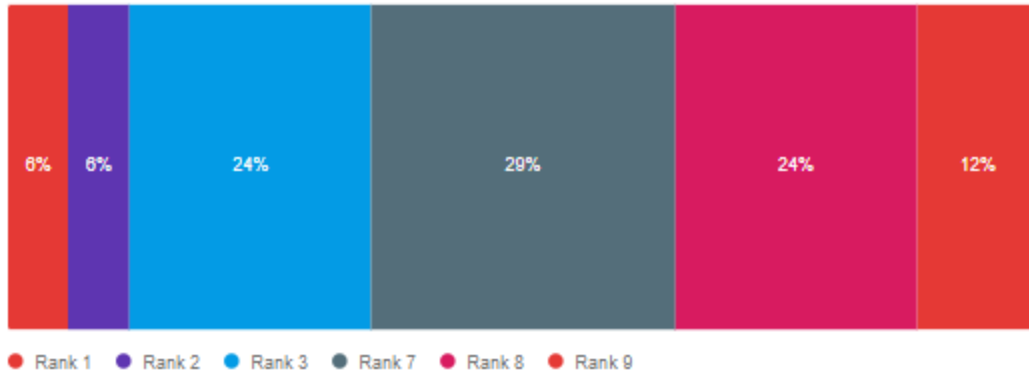
Q2_1 - Zoning ordinances that limit density



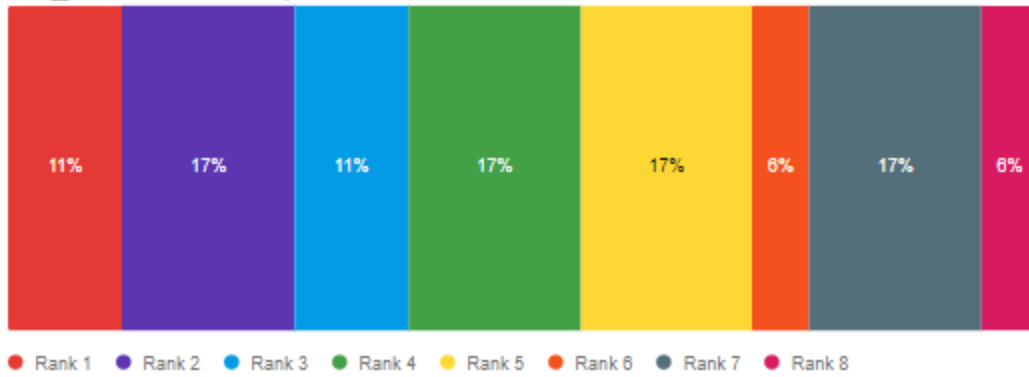
Q2_3 - Land Use controls



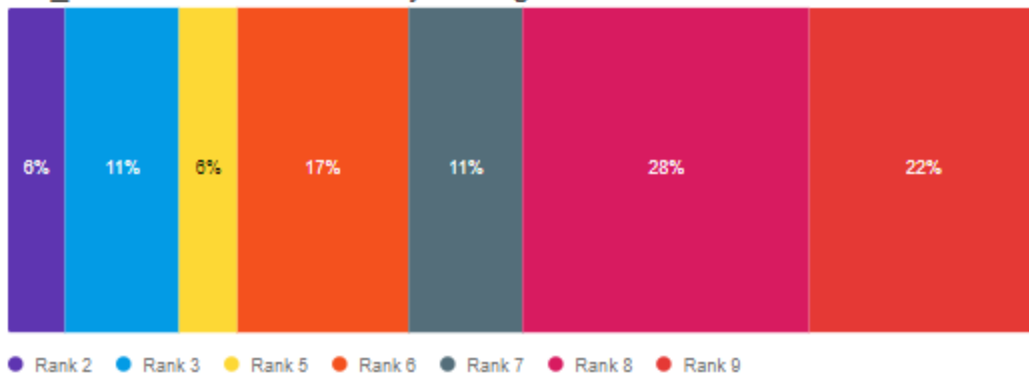
Q2_5 - Water and growth control



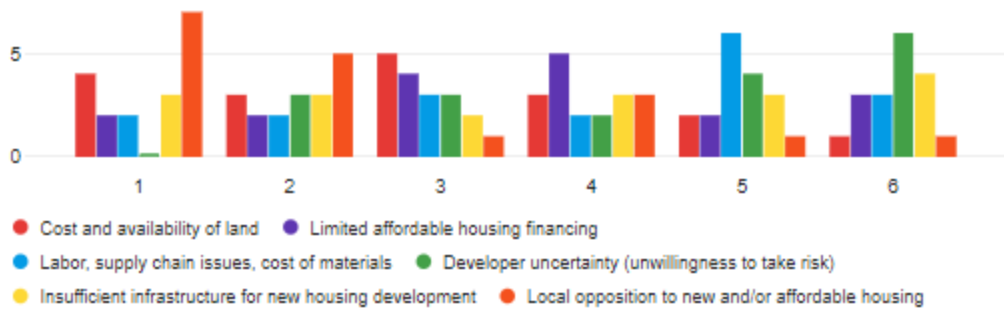
Q2_6 - Entitlement process and timeline



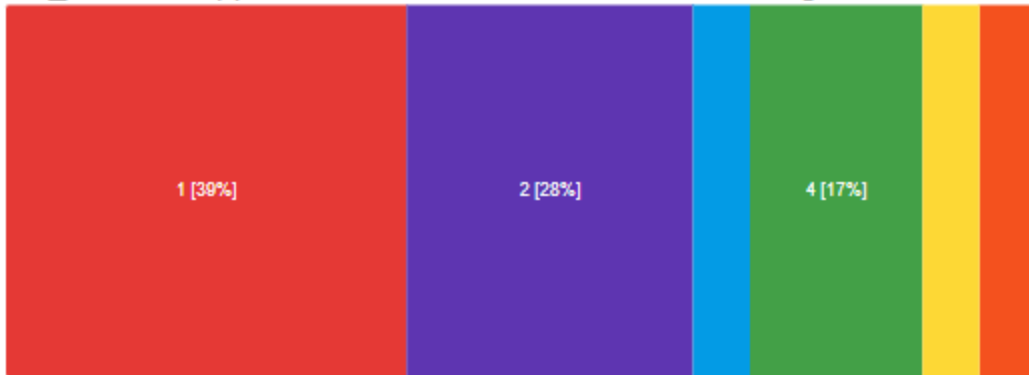
Q2_7 - Policies - Inclusionary Zoning



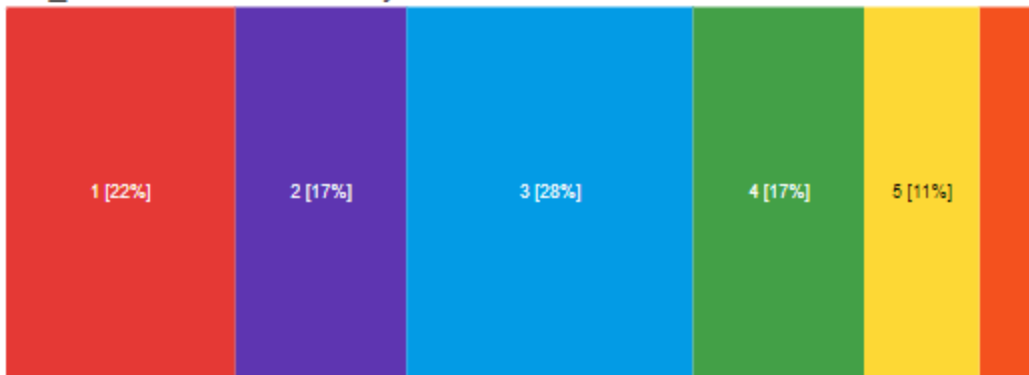
Q3 - Rank the barriers to housing production as they relate to external factors...



Q3_6 - Local opposition to new and/or affordable housing



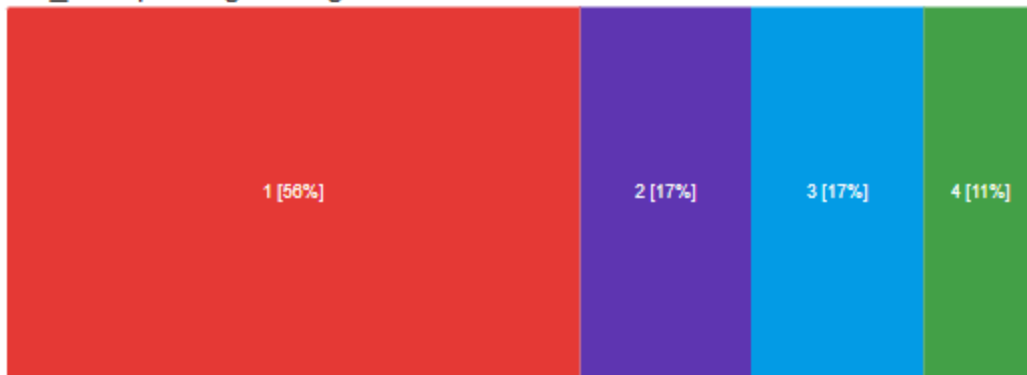
Q3_1 - Cost and availability of land



Q5 - How to remove barriers to housing production as they relate to the City's r...



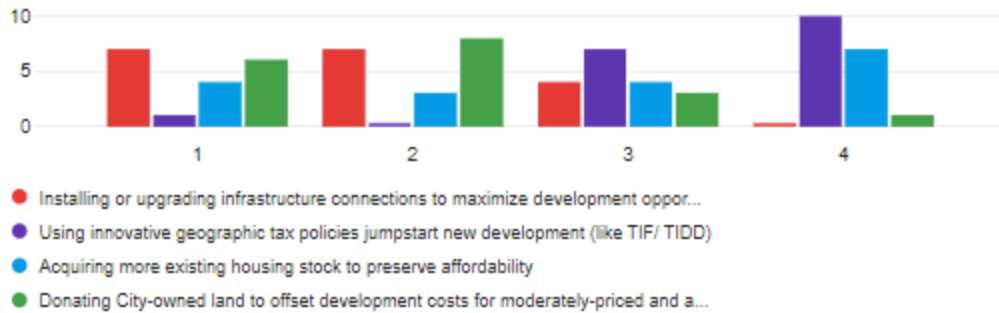
Q5_1 - Updating zoning and land use controls



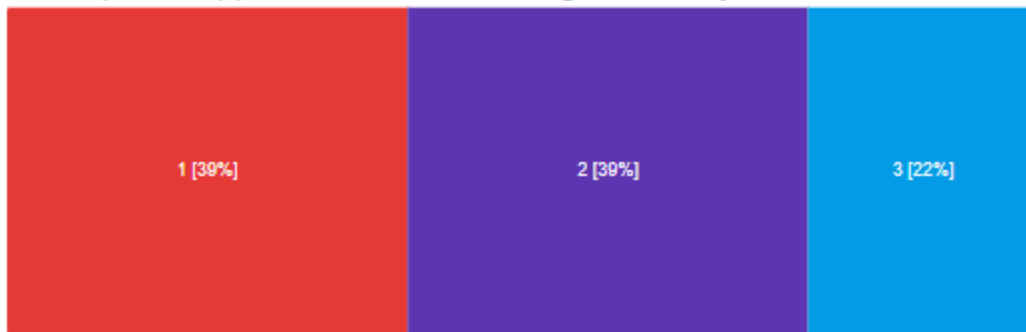
Q5_2 - Establishing by-right development processes



Q6 - How to remove barriers to housing production as they relate to external fac...



Q6_1 - Installing or upgrading infrastructure connections to maximize development opportunities and allow higher density



Q6_4 - Donating City-owned land to offset development costs for moderately-priced and affordable housing

