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**CITY OF SANTA FE, NEW MEXICO**

**RESOLUTION NO. 2023-4**

**INTRODUCED BY:**

Councilor Michael Garcia

Councilor Renee Villarreal

Mayor Alan Webber

**A RESOLUTION**

**ADOPTING A STRATEGY FOR DONATING OR SELLING, AT BELOW-MARKET VALUE, A PROPERTY IDENTIFIED AS “LAS ESTRELLAS TRACT 6A” TO A DEVELOPER CERTIFIED AS A “QUALIFYING GRANTEE” UNDER THE NEW MEXICO AFFORDABLE HOUSING ACT TO DEVELOP SANTA FE HOMES PROGRAM HOMES, LOW-PRICED DWELLING UNITS, OR UNITS PRICE-RESTRICTED THROUGH ANOTHER AFFORDABLE HOUSING SUBSIDY; AND APPROVING AN ANNOUNCEMENT TO SELL THE REMAINING SEVEN LAS ESTRELLAS LOTS WITH A LOCAL PREFERENCE.**

**WHEREAS**, it is a policy goal of the City of Santa Fe (“City”) to provide incentives and encourage proposals that support the production, acquisition, and redevelopment of affordably priced homes in mixed-income developments; and

**WHEREAS**, according to Santa Fe Housing Act Coalition, market-rate rents in Santa Fe have increased by almost 50% since 2014, and 65% of Santa Fe renters cannot afford the median priced home; and

1           **WHEREAS**, according to the Santa Fe Association of Realtors’ Summer 2022 quarterly  
2 property statistics report, the median sales price in Santa Fe increased over 20% since 2021; and

3           **WHEREAS**, on December 17, 2019, the City and Santa Fe Estates, Incorporated, a New  
4 Mexico corporation (“Santa Fe Estates”) terminated a 90-year-old development and profit-sharing  
5 agreement between the parties, which resulted in the City reacquiring fee simple title to 250.1 acres  
6 in the Northwest Quadrant of the City (“Las Estrellas”); and

7           **WHEREAS**, Las Estrellas consists of nine tracts of land: Tract NPR1, Tract NPR3, Tract  
8 NPR4, Tract NPR5, Tract NPR6, Tract NPR7, Tract 2, Tract 6A, and Tract 8B-1A; and

9           **WHEREAS**, these nine tracts of land are all subject to certain covenants, conditions, and  
10 restrictions and the Las Estrellas Master Plan, which governs the area’s zoning, density, minimum  
11 requirements for affordable housing, and the location of open spaces (“Master Plan”); and

12           **WHEREAS**, the Governing Body wishes to sell seven of the nine parcels in Las Estrellas  
13 (Tract NPR1, Tract NPR3, Tract NPR4, Tract NPR5, Tract NPR6, Tract NPR7, and Tract 2) to a  
14 purchaser who will develop the parcels according to the applicable covenants, conditions,  
15 restrictions, and Master Plan; and

16           **WHEREAS**, for the seven parcels it intends to sell, the Governing Body wishes to offer a  
17 preference to local purchasers; and

18           **WHEREAS**, in addition to the local preference and applicable restrictions, the Governing  
19 Body wishes to obtain at least the appraised value of the seven parcels; and

20           **WHEREAS**, while the City retains ownership of Las Estrellas, it is also the “Declarant”  
21 under both the Residential the Declaration of Covenants, Conditions and Restrictions (“Residential  
22 Covenants”) and Non-Residential (AKA "Master") Declaration of Covenants, Conditions, and  
23 Restrictions (“Non-Residential Covenants”); and

24           **WHEREAS**, the Governing Body wishes to make Tract 6A available for an affordable  
25 housing project; and

1           **WHEREAS**, the eighth parcel is designated “Community Services”, and, therefore, the  
2 City will retain it for one of the following uses: Police, Fire, Library, Administrative Offices, or  
3 Recreational Uses; and

4           **WHEREAS**, as the "Declarant" under the Residential Covenants affecting the property  
5 (including Tract 6A), the City has the right to remove Tract 6A from the Residential Covenants  
6 (but not the Non-Residential Covenants); and

7           **WHEREAS**, in addition, or in lieu, the City may request the Las Estrellas Residential  
8 Association and/or Master Association Board limit the assessments for Tract 6A to support greater  
9 affordability; and

10           **WHEREAS**, the City intends to donate or sell at a discount Tract 6A as identified in the  
11 attached Exhibit A and Exhibit B for the development of homes that meet the definition in SFCC  
12 1987, Sections 26-1 and 26-1 as “Santa Fe Homes Program Homes” (“SFHP”) or Low Priced  
13 Dwelling Units” (“LPDU”), or other affordability definitions either as rental units, owned units, or  
14 land trust homes.

15           **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**  
16 **CITY OF SANTA FE**, that the City Manager shall create an Evaluation Committee that will  
17 release a Request for Qualifications (“RFQ”) and select a “Qualified Grantee,” or a consortium that  
18 includes a “Qualified Grantee,” to develop Tract 6A for residential uses, offering a mix of housing  
19 types, tenures, and affordability levels. The City shall award a disposal contract pursuant to the  
20 RFQ based on the following evaluation criteria, as applied to the applicants’ proposed project(s):

- 21           • Funding Feasibility – the proposed project budget is realistic, funds are leveraged at  
22           least at a 3:1 ratio from other committed funding sources, revenue is sufficient to  
23           accomplish the proposed project.
- 24           • Need/Benefit and Project Feasibility – the project concept is responsive to  
25           current/future market demand and the applicant provides a realistic timeframe for the

1 completion of the proposed activities.

- 2 • Affordability – the proposed project effectively meets the income eligibility  
3 requirements of the New Mexico Affordable Housing Act, and the applicant describes  
4 how it will achieve affordability targets; how the applicant and/or the City may monitor  
5 the project over time for compliance; and how the applicant will secure.
- 6 • Organizational Capacity and Management – the applicant adequately demonstrates  
7 experience and expertise in this type of housing construction, including work samples  
8 and funding commitments.
- 9 • Innovative Design and Sustainability Targets – the applicant demonstrates the ability  
10 to design and construct buildings that achieve high standards of sustainability, have  
11 innovative designs, and exceed the green building criteria in City code.

12 **BE IT FURTHER RESOLVED** that, based on the criteria above, the Evaluation  
13 Committee shall identify a development partner and potential future owner of Tract 6A, in order  
14 for staff to prepare an agreement regarding the proposed project for approval by the Governing  
15 Body.

16 **BE IT FURTHER RESOLVED** that the City Manager shall order an update to the  
17 November 16, 2021 appraisal, of Tract 6A and an updated appraisal for the seven parcels it intends  
18 to sell.

19 **BE IT FURTHER RESOLVED** that the City Manager shall develop a Real Estate  
20 Donation Agreement and Special Warranty Deed for Governing Body approval, imposing a land  
21 use restriction that will ensure an affordability period of no less than forty-five years and that will  
22 run concurrently with any requirements imposed by any other subsidy provider, to be executed  
23 upon transfer of Tract 6A.

24 **BE IT FURTHER RESOLVED** that, if the Qualifying Entity that is awarded Tract 6A  
25 deems it necessary to provide affordable housing, the City shall either remove Tract 6A from the

1 Residential Declaration of Covenants, Conditions, and Restrictions, prior to selling the other seven  
2 parcels, or the City shall request the Las Estrellas Residential Association Board and Master  
3 Association Board limit the assessments on Tract 6A.

4 **BE IT FURTHER RESOLVED** that the Governing Body approves the public  
5 announcement of sale for the seven parcels of Las Estrellas with the following minimum criteria:

- 6 1. a minimum bid of the appraised price or higher;
- 7 2. documentation of financial ability to pay for the land; and
- 8 3. documentation of financial viability to develop the land in accordance with the  
9 Master Plan.

10 **BE IT FURTHER RESOLVED** that the City will select a purchaser for the seven parcels  
11 of Las Estrellas as follows:

- 12 1. Requiring the minimum criteria, listed above;
- 13 2. Applying a local preference for local purchasers of up to six percent (6%), which  
14 is consistent with the weight of the local preference offered in City and State  
15 procurement; and
- 16 3. Selecting the offer that meets the minimum criteria and offers the highest purchase  
17 price, as adjusted by the local preference.

18 **BE IT FURTHER RESOLVED** that, to receive the local preference, a purchaser must  
19 meet one or both of the two following criteria, which may result in a cumulative six percent (6%)  
20 local preference if both criteria are met:

- 21 1. Hold a current City of Santa Fe or Santa Fe County business license, and have held  
22 said license for the proceeding three (3) years, to receive a three percent (3%) local  
23 preference, or
- 24 2. Provide a New Mexico Tax and Revenue Department Resident Business  
25 Certificate to receive a three percent (3%) local preference.

1           **BE IT FURTHER RESOLVED** that the purchase agreement shall stipulate that, in the  
2 event the purchaser is awarded a local preference, the purchaser shall not sell the property for a  
3 period of three (3) years, unless selling to a buyer who meets the qualifications for an equal or  
4 greater percentage of the local preference offered in the Request for Qualifications, except that the  
5 sale of developed homes or ready-to-build individual plots to individual homeowners is permitted.  
6 The purchase agreement shall require the purchaser to secure this requirement with a letter of credit  
7 in the amount of 2% of the contracted purchase price.

8           **BE IT FURTHER RESOLVED** that the purchase agreement shall stipulate that a  
9 purchaser awarded a local preference shall begin development of the property, including spine  
10 infrastructure, engineering, and utility development, within five (5) years of the completion of  
11 purchase and shall require the purchaser to secure compliance with this requirement with a letter  
12 of credit in the amount of 1% of the contracted purchase price.

13           PASSED, APPROVED, and ADOPTED this 25<sup>th</sup> day of January, 2023.

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16 ALAN WEBBER, MAYOR

17 ATTEST:

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20 KRISTINE MIHELIC, CITY CLERK

21 APPROVED AS TO FORM:

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24 ERIN K. McSHERRY, CITY ATTORNEY

25 *Legislation/2022/Resolutions/2023-4 (R) Las Estrellas Tract 6A Disposition*