

AFFORDABLE HOUSING IN SANTA FE, NEW MEXICO

Community Services Department

Santa Fe's rich multi-cultural heritage and historical tradition is evident in its diverse lifestyles, architecture, art, cuisine and celebrations. Add a small town flavor, a mild climate, and abundant recreational opportunities in its surrounding areas, and Santa Fe is an extremely desirable place to live and visit. One result of Santa Fe's attractiveness has been an explosive rise in housing costs. In the time period between December of 1998 and December of 1999, the median home price in the city rose 14%. Coupled with a regional economy that is reliant on lower wage service sector and government jobs, and a cost of living that is 13% higher than the national average, the price of housing is out of reach of many middle income Santa Fe families. More significantly, housing options for Santa Fe's working poor, the homeless and the elderly are virtually non-existent.

Reflecting almost a \$60,000 increase for the decade, home sales figures jumped \$10,000 per year during the early 1990's in Santa Fe. Throughout 1999, median home sales prices averaged \$192,500 in Santa Fe compared to the national median sales price of \$138,000. Only because of the City's proactive involvement in the local real estate market and its comprehensive approach to affordable housing development, has the escalation of home prices been slowed. In fact, the City demonstrates a historical and ongoing capacity to implement a variety of programs to address the need for more affordable housing in Santa Fe.

The City's success in carrying out its housing and community development initiatives is due in large part to its philosophy of building the capacity of its non-profit partners, rather than increasing the size of the City's bureaucracy. Through capacity building, technical assistance, and developing and implementing regulatory mechanisms, the City of Santa Fe has built a network of strong cooperation and assistance among various non-profit agencies. By assuming the role of advocate and coordinator, the City's Community Development Division continues to act as a catalyst in support of community-wide housing and community development efforts for lower income citizens.

SUMMARY OF AFFORDABLE HOUSING PROGRAMS IN SANTA FE

As Santa Fe's home prices skyrocketed in the early 1990's, the City of Santa Fe's Community Development Division responded by developing an affordable housing program that fostered the creation of the Santa Fe Affordable Housing Roundtable, built a network of nonprofit partners and provided them with capacity-building funds, and leveraged millions of local, state and federal dollars into the community.

Nonprofit Partners: During the past fiscal year, the following agencies received funding from the City's General Fund, other local and federal sources to provide housing services to Santa Fe:

- Enterprise Foundation

- Neighborhood Housing Services
- New Mexico Landlord/Tenant Hotline
- Santa Fe Community Housing Trust

Housing Programs: Through contracts administered by the City's Community Development Division, the following programs and services are available in Santa Fe: Downpayment assistance

- Administrative services for Roundtable
- Home and rental rehabilitation programs
- Homebuyer education programs
- The Land Trust/Land Lease program
- The Landlord/Tenant Hotline
- The Land-to-Home Builder Program
- Low Income Housing Tax Credit Program
- Reverse Mortgage Program for the Terminally Ill
- Shelter Plus Care Grant for rental assistance
- Soft Second Mortgage Program/Homebuyer assistance

Project Development: Community Development staff provides assistance to Tierra Contenta, Neighborhood Housing Services, Santa Fe Community Housing Trust and other nonprofit partners and for profit developers to support development proposals and act as an advocate for their approval. Numerous projects throughout the city have benefited including: Rosario Compound, La Cieneguita, Ephraim Street, and Villa la Paz. Neighborhoods in Tierra Contenta assisted by the City include: Los Portales, Arroyo Sonrisa, Tierra Madre, Arroyo Chico and numerous single lot homes built by Habitat for Humanity and Neighborhood Housing Services.

Code and Policy Development: Staff continues to work on codes specifically intended to promote housing affordability, including: building permit and impact fee waivers, reduced utility expansion charges for water meter services, annexation agreements, and fast track approval. Currently, staff is proposing revisions to Chapter 14, the City's land use code that will support traditional building patterns, mixed-use development and affordable housing.

Housing Opportunity Program (HOP): Community Development staff administers the Housing Opportunity Program (HOP) through the Inclusionary Zoning Ordinance. Developers of high-end developments are required to include a percentage of affordable homes which must be

sold to qualified buyers earning between 55% and 75% of the area median income.

Fair Housing: The City is responsible for providing outreach and education regarding fair housing and fair lending to ensure that citizens have a clear understanding of the issues and what to do if they are subjected to discrimination. A hotline number is answered by City staff (955-6341) to provide callers with referral information.

SANTA FE AFFORDABLE HOUSING ROUNDTABLE

All formal coordination efforts between public and private housing providers and service delivery agencies are done through Santa Fe's Affordable Housing Roundtable. Created by the City of Santa Fe's Community Development Division, the Enterprise Foundation and several other non-profit entities, the Roundtable was recognized by the 1996 Innovations in American Government award.

The City continues to invest time and resources into ensuring that the Roundtable is a viable organizational structure for carrying out its housing and community development objectives and strategic planning. In fact, the City is able to leverage money from various public and private sources very effectively to support a wide variety of innovative and productive affordable housing efforts in Santa Fe.

Roundtable members meet every 2 months and collaborate effectively on many ongoing housing projects. Members of the Roundtable include:

- City of Santa Fe
- The Enterprise Foundation
- Esperanza
- Habitat for Humanity
- Life Link/La Luz
- Neighborhood Housing Services of Santa Fe
- NM Coalition to End Homelessness
- Open Hands
- St. Elizabeth's Shelter
- Santa Fe Civic and County Housing Authorities
- Santa Fe Community Housing Trust

- Sustainable Communities, Inc.
- Tierra Contenta Corporation

The Enterprise Foundation: Based in Columbia, MD, the Enterprise Foundation has been involved in Santa Fe since the early 1990's and is a founding member of the Roundtable. Enterprise provides technical assistance and low interest loans to housing development agencies in Santa Fe and is responsible for providing assistance with administrative, policy and fundraising activities for the Affordable Housing Trust Fund and the Affordable Housing Roundtable. Through its AmeriCorps program, the organization is developing citizen-led initiatives for safe streets and neighborhood revitalization. Also, Enterprise assists City staff with updates of the Annual Plan and other administrative requirements for the Five Year Consolidated Plan.

Contact: 109 1/2 E. san Francisco St.
 Santa Fe, NM 87501
 505/995-0658
www.enterprisefoundation.org

Esperanza: Providing services throughout northern New Mexico, the organization offers shelter and treatment facility for victims of domestic violence and those suffering from substance, physical or sexual abuse.

Contact: P.O. Box 5701
 Santa Fe, NM 87502
 505/474-5536

Santa Fe Habitat for Humanity: Founded in 1987, the organization serves Santa Fe residents at approximately 50% of the area median who seek home ownership opportunities. Habitat offers interest free mortgages and homes that are built with volunteer labor and donated materials, including a "sweat equity" contribution of the future owner.

Contact: P.O. Box 2844
 Santa Fe, NM 87504
 505/986-5880
 e-mail: habitat@hubwest.com

Life Link/La Luz: Offering transitional and permanent supportive housing for the mentally ill and others in danger of becoming homeless, La Luz has been assisting homeless families and individuals and the mentally ill in Santa Fe since 1987. Other services include: food assistance, rent and utility assistance, case management, substance abuse counseling, family counseling, supportive employment and advocacy.

Contact: 2325 Cerrillos Road, P.O. Box 6094

Santa Fe, NM 87502
505/438-0010
www.thelifelink.org

Neighborhood Housing Services of Santa Fe (NHS): NHS provides services directly to residents of the city and county of Santa Fe, Los Alamos, and Rio Arriba counties, and Española. Services include the operation of a revolving loan fund for the rehabilitation of owner occupied substandard housing units and the provision of loans to assist eligible households. Specific programs include assistance to landowners to build homes on land they already own, counseling for prospective loan clients, downpayment assistance and emergency repair loans.

Contact: 1570 Pacheco St, Suite A-1
Santa Fe, NM 87505
505/983-6214
e-mail: nhsosfsf@ix.netcom.com

New Mexico Coalition to End Homelessness: A coalition of individuals, nonprofits, and government agencies working together to help the homeless. The group works with a mission to abolish homelessness in New Mexico by facilitating housing and services for those who are homeless and preventing homelessness for those who are vulnerable.

Contact: PO Box 865
Santa Fe, NM 87504
505/982-9000
e-mail: EndHomelessness@prodigy.net

Open Hands: Focusing on the elderly and low income New Mexicans, Open Hands provides the following: low cost home rehabilitation and grants, weatherization, a medical equipment loan program, community outreach services, home safety assessments, and many other services.

Contact: 2976 Rodeo Park Drive East
Santa Fe, NM 87505
505/428-2364
www.openhands.org

St. Elizabeth's Shelter (St. E's): Providing comprehensive shelter services for homeless families and individuals, St. E's also offers transitional services including rent assistance, case management services, and housing.

Contact: 804 Alarid
Santa Fe, NM 87501
505/982-6611
e-mail: director@steshelter

Santa Fe Civic Housing Authority (SFCHA): The SFCHA incorporated as a non-profit in 1989 in order to provide increased housing services for low-income residents and contains an

inventory of 341 units. The Board and Commission of the SFCHA are appointed by the Mayor and approved by the City Council. Staff from the SFCHA informs the Community Development Division regarding proposed capital improvements and development, demolition or disposition of public housing units, and other housing services. Staff from the City reviews such activities on an advisory basis and ongoing efforts are made to coordinate services provided by the two entities. To expand development and funding opportunities, the SFCHA created Casas de Buena Ventura (CBV) as a non-profit, development arm of the housing authority. CBV is also responsible for ongoing management of development projects. Recently, the City contributed CDBG funding towards a Section 202 project in the La Cienguita subdivision that was developed by Casas de Buena Ventura. The project's success provided a template for future collaborative efforts between the City and the SFCHA.

Contact: 664 Alta Vista, P.O. Box 4039
Santa Fe, NM 87502
505/988-2859

Santa Fe County Housing Authority: Serving the low and very low income population residing outside of the city's limits, the County's Housing Authority provides Section 8 vouchers and operates over 225 public housing units. The Family Self Sufficiency Program helps residents attain economic self sufficiency and offers other supportive services such as child care for enrollees.

Contact: 52 Camino de Jacobo
Santa Fe, NM 87505
505/992-3060
www.santafecounty.org

Santa Fe Community Housing Trust (SFCHT): SFCHT offers homebuyer training classes and other first time homebuyer assistance, and acts as the fiduciary agent for administering the Santa Fe Affordable Housing Trust Fund. The Housing Trust also manages leases for city-owned land, provides income verification and manages liens for the City's Housing Opportunity Program.

SFCHT provides zero-interest, non-amortizing, due on sale second mortgages, reverse mortgages for the seriously ill, and amortizing first mortgages that are sold at par after "seasoning". The SFCHT is also a housing and land developer, having developed over 220 units to date. SFCHT is a land trust with 72 lots held under a long-term lease. Additionally SFCHT has assisted 50 clients to build homes on their own land. SFCHT is the affordable housing liaison to Fannie Mae and the building industry for green building.

Contact: 500 W. San Francisco St, P.O. Box 713
Santa Fe, NM 87504
505/989-3960
e-mail: sfcht505@aol.com

Sustainable Communities, Inc.: The organization is involved with affordable housing

development, educational programs, and sustainable development consulting.

*Contact: c/o Haspel & Assoc.
1071 Governor Dempsey Drive
Santa Fe, NM 87501
e-mail: suscom@cybermesa.com*

Tierra Contenta Corporation (TCC): In charge of overseeing the development of the Tierra Contenta Planned Community, TCC provides ready-to-build land for single-family, multi-family, small business development and community services. Forty percent of the development's completed units will be affordable to residents at or less than 80% of the area median income and features innovative open space and traditional village designs.

*Contact: 369 Montezuma, #220
Santa Fe, NM 87501
505/471-4546*

SANTA FE'S AFFORDABLE HOUSING NEEDS

For the last several decades, Santa Fe's affordability in terms of its housing prices and cost of living has soared, threatening the ability of many moderate-income residents to remain in the city. In response to this growing trend, the City of Santa Fe's Community Development Division has initiated several studies, the findings from which provide the backbone for many of the City's innovative and effective housing efforts. In October of 1983, the Mayor's Task Force on Affordable Housing published a final report with the following findings:

- While household income in Santa Fe increased 2 ½ times between 1970-1982, the average selling price of a single family home increased 5 times.
- The 1982 average selling price for a single family home in Santa Fe was \$105,000, a price that only 8 percent of Santa Fe's 18,000 households could afford.

In 1987, a Housing Survey was conducted to determine housing needs and current housing inventory in Santa Fe. At that time it was determined that an affordable house for middle income families was priced between \$50,000 and \$83,500. The 1987 market projections indicated that there were no planned developments for the \$75,000 to \$83,000 price range. This data further showed that there was a minimum need for approximately 433 units below \$70,000 between 1987 and 1989. The conclusion was obvious: most middle income households could not participate in the housing market. The primary cause, first identified in 1976, was the high cost of a developed lot and Santa Fe's higher construction costs which were 12-20% higher than Albuquerque.

By the late 1980's, a growing percentage of Santa Fe residents were renting their homes rather than owning them. From 1984 to 1987, the percentage of home owners fell from 67% to 63%. In addition, the median sales price of a home increased \$35,800 while median income from 1984 to 1990 only rose \$3,000. By 1991, the median sales price for a single family in Santa Fe was

approximately \$132,000 and the median income for a family of four was \$27,200. Over 75% of the wage earners in Santa Fe could not afford to buy a medium priced house.

The rental situation in the late 1980s was also dismal for many Santa Fe families. A family of four earning \$13,600 was considered a very low-income household. By allowing 30% of income to be used for housing, any household paying in excess of \$340 per month would be cost burdened. With the average 1990 fair market rent at about \$600 for a two-bedroom rental, 35.1% of the city's total households were severely cost burdened when forced to rent on the open market. All data from the 1980s and early 1990s could be summarized with three findings:

1. 54% of households were paying over 25% of their incomes for housing.
2. 26% were paying over 30% of their incomes for housing.
3. There was a need for over 1,000 rental units costing less than \$350 a month.

In 1995, the Report for a Proposed Affordable Housing Ordinance showed that more than half of the new market-priced units built in Santa Fe were single-family detached homes with an average of 3.5 bedrooms selling for \$269,000 each. Slightly under one-in-three of the new market rate units was a garden home with an average of 1.5 bedrooms valued at \$160,000 each, and slightly over one-in-six of the market rate units was a townhouse with an average of 2.5 bedrooms, selling for \$160,000. Since median household income in 1995 was \$36,795, the cost of Santa Fe's housing was out of the reach of many residents.

Historically, the public involvement process in Santa Fe has relied on information gathered from community surveys. A Community Needs report was created in 1990, based on the results of a community survey in which respondents were asked to identify their concerns. The City's lack of affordable housing was identified as the greatest challenge facing Santa Fe's service providers. In 1994, the City surveyed residents during the preparation of the General Plan Update. Of all issues raised to citizens, the topic of greatest concern was Santa Fe's lack of affordable housing.

In December of 1999, staff inserted a detailed survey (also translated into Spanish) into the monthly billing to all customers of the City's sewer service. The survey was designed to build on the previous surveys and elicit citizen feedback regarding housing, economic development, human services, homelessness, and other community livability issues. As an insert, the survey reached approximately 20,000 Santa Fe households throughout the city.

About 13% of the residents who received the survey responded. This rate exceeds the industry average of 10% and was substantially higher than previous survey efforts conducted in a similar manner by other City departments. The survey focused on several aspects related to affordable housing, public facilities and services, homeless services and economic development. In particular, questions were designed to elicit feedback regarding several policy and procedural options. Also, citizens were asked to rate the importance of several public services currently provided by the City. (See Appendix B for complete survey report.)

1. "Is the Lack of Affordable Housing in Santa Fe a Problem?"

Consistent with previous surveys, citizens were concerned about Santa Fe's lack of affordably priced housing, regardless of demographic and income levels. More than four-fifths of

respondents feel that the lack of affordable housing is either definitely (40%) or extremely (43%) a problem in Santa Fe. Respondents under the age of 60, Hispanics, women and renters are more inclined than others to perceive the lack of affordable housing as definitely or extremely being a problem.

Four-fifths of respondents named low household income and high real estate market values as the greatest obstacles to affordable housing. Over one-third (36%) of respondents feel construction costs are a major obstacle to affordable housing. Other obstacles named include: no down payments (16%), unavailability of building lots (14%), limited financing (14%), too many government regulations (13%), high interest rates (10%), poor infrastructure (9%), and bad credit (7%).

The vast majority (92%) of respondents feel the City should encourage development of affordably priced housing. Respondents were given a list of activities or programs that the City could expand or establish and asked which they feel should be pursued. The plurality (45%) of respondents feel the City should expand or create programs that provide access to loans and financing. For example, 38% of respondents believe there should be widespread citizen representation in land use decisions, 33% feel there should be more home buyer counseling and 32% feel there should be increased residential densities to lower the costs of homes. Other frequently cited activities include: annexation to increase land availability (29%), improve the infrastructure (28%) and streamline the approval/permitting process (25%).

HISTORY OF SANTA FE'S AFFORDABLE HOUSING INITIATIVES

In 1991, the City, the Enterprise Foundation and community housing organizations developed an ambitious agenda to address affordable housing needs by creating the *Strategic Housing Plan for Santa Fe*. The Plan was formally adopted by the City Council in 1992. Simultaneously, the city initiated the *Santa Fe Affordable Housing Roundtable*, a consortium of housing organizations dedicated to the creation of affordable housing in Santa Fe. The City has provided funding, technical assistance and low-cost land to Roundtable members thereby helping them build their capacities to provide affordable housing and other housing related services.

Accomplishments of the Santa Fe Affordable Housing Roundtable Since 1993:

- Built over 800 affordable homes;
- Financed 1100 low-cost second mortgages for existing homes;
- Repaired/renovated 3000 homes;
- Acquired or built over 500 below-market rentals;
- Created over 90 housing units for households and individuals with special needs;

- Provided home ownership training for over 5000 first time homebuyers.

Since 1992, the City has spent nearly \$2.5 million on administrative contracts and technical assistance to members of the Roundtable. The city also spent \$8 million (both general and CDBG funds) that resulted in over \$500 million leveraged in affordable housing investment from private and public sources, including \$30 million in Mortgage Revenue Bonds. At the same time that the Roundtable was formed, the City took another major step towards providing affordable housing by investing \$6 million in the purchase of an 860-acre tract of land on the outskirts of Santa Fe that became the Tierra Contenta development. It set up Tierra Contenta Corporation (TCC) to steer the planned development of 5,800 homes and apartments, along with open space and compatible commercial and public uses. At least 40% of the units are required by mandate to be priced affordably for residents at 80% or less of Santa Fe's median income. To date, over 900 single and multi-family units have been completed and construction is beginning on Phase 1B.

By taking these initiatives, the City addressed two major issues: 1) sprawling, poorly planned new housing developments, and 2) the rapidly escalating cost of buildable residential land. Financial support from the U.S. Department of Housing and Urban Development (HUD) funded a majority of the early planning and technical assistance efforts. The Federal HOME Program and Low-Income Housing Tax Credits (LIHTC) provided low-cost capital that leveraged more traditional investments. The McCune Charitable Foundation, the Pew Charitable Trust and the Enterprise Foundation contributed capacity-building grants for capital for the early, high-risk investments associated with new housing development projects.

The City provided land to non-profit housing developers in exchange for housing services. The City, in partnership with the Enterprise Foundation, provided technical assistance to housing non-profits by helping develop business plans, identify funding, and create housing programs.

A new source of funding for affordable housing efforts was created in 1994 with the City Council's approval of the *Affordable Housing Trust Fund*, a separate entity that receives donations from developers of market rate housing. The trust fund is administered by the Santa Fe Community Housing Trust and funds are made available to members of the Roundtable to support affordable housing development. Creation of the trust fund was spurred by a \$225,000 donation made by a developer of a high-end Santa Fe subdivision. In 1993, in a similar vein, Santa Fe County directed a half million dollar developer contribution to the Roundtable.

ONGOING AFFORDABLE HOUSING INITIATIVES

Currently, the City works closely with non-profit housing providers, other governmental agencies and market rate developers to implement several successful housing programs.

1. Building Permit and Impact Fee Waivers; Reduced Utility Expansion Charges for Water Meter Services

The City has adopted several policies that waive, reimburse or reduce various fees and charges

for the development of affordable housing.

- a) Resolution No. 1994-96 waives standard building permit fees for nonprofit affordable housing developers. It also reimburses these fees for profit builders after the developer certifies the sales price, size of the unit, size of the household and household incomes meet affordable standards.
- b) Section 14-95.4 SFCC 1987 (Capital Impact Fee) exempts affordable housing from capital development impact fees for nonprofit affordable housing developers and reimburses for profit developers after the developer certifies the sales price, size of the unit, size of the household and household incomes meet affordable standards.
- c) Section 14-96.8B SFCC 1987 (Inclusionary Zoning Ordinance) waives plan submittal fees for annexation, rezoning or subdivisions for low-priced housing developments (those providing no less than 75% affordable units) and waives building permit fees for low price units (those affordable to households earning less than 80% of median area income).
- d) Ordinance No. 2000-01 reduces the utility expansion charge for a meter service for a low priced dwelling unit (those affordable to households earning less than 80% of median income) to \$800 (compared to the standard charge of \$2,000).

2. Down-Payment Assistance Program

This program provides funds to reduce the principle owed on a mortgage, allowing low-and moderate-income households to become homeowners. The program is administered by the Housing Trust and funded by the city through CDBG funds.

3. Fair Housing

Fair housing is a right established through federal, state and local laws. The City of Santa Fe certifies compliance with Federal and local Fair Housing Laws to meet HUD's goals of ensuring equal opportunity and equal treatment for all citizens. In 1999, the city passed an ordinance to protect citizens from discrimination in housing and in the sale of real estate in the city due to race, color, religion, gender, sexual orientation, familial status, disability, national origin or ancestry.

Another growing issues is related to discriminatory mortgage lending practices, whereby residents, considered "high risk" by traditional underwriting standards are offered loans with exorbitant interest rates, without regard to their ability to make the payments. The most comprehensive approach to addressing this problem is through the continued support of homebuyer counseling services and non-profit financial assistance programs, such as those currently offered by Neighborhood Housing Services and the Santa Fe Community Housing Trust.

The City is responsible for providing outreach and education regarding fair housing and fair lending to ensure that citizens have a clear understanding of the issues and what to do if they are subjected to discrimination. The City applied for and received a grant from HUD's Fair Housing Initiative Program (FHIP) in 2001 to conduct outreach and education about fair housing. The

grant was renewed in 2002. Grant funds are used to support training and education to landlords, real estate professionals, lenders, and other members of the housing industry regarding fair housing and fair lending rights and responsibilities and to provide and a Hotline to provide referral services to people who are suffering from discrimination. The City also partnered with two nonprofit agencies - Somos Un Pueblo Unido and Neighborhood Housing Services - to work with Spanish speakers and members of the immigrant community about renters' rights and homeowner issues.

As a CDBG grantee, the City is also expected to conduct an *Analysis of Impediments to Fair Housing* to be completed by June of 2003. The previous Analysis of Impediments, completed in 1996, identified six impediments including:

1. Absence of Fair Housing programs within the City;
2. Shortage of affordable housing for low- and moderate-income people;
3. Zoning restrictions that limit the placement of group homes;
4. Lack of compliance by print media to adhere to fair housing standards;
5. Failure of local lenders to invest in low-income and minority areas; and,
6. Displacement of indigenous Hispanic populations.

4. Fast-track Approval

This reduces processing time for new developments that will provide affordable housing. Developments built to the City's affordable housing standards - at least 25% of the new homes will be affordable - are given priority in the development review and permitting processes. Developers must have a proven track record for successful completion of projects and evidence of having satisfied the city's performance criteria.

5. First Month's Rent and Damage Deposits

This program was designed and administered by the City's Community Development Division, using HOME program funds. The program provided the first month's rent and security deposits to homeless clients, as well as funding for housing for homeless and mentally ill. Over \$81,000 for first month's rent and security deposits were provided to 82 families (239 individuals) from 1995 through 1997. The majority of the recipients were Hispanic, 69%, while 17% were White, 9% Black and 5% Native American. In addition, the Santa Fe Community Housing Trust has operated a rent deposit loan program for the homeless since 1992. Most of the funds for the program come from private grants and repayments of loans. This program is temporarily suspended but the City plans to reinstate this activity during the time frame covered by this document.

6. Homebuyer Education Programs

Classes are taught by three nonprofit housing agencies. Two programs, offered by Santa Fe Community Housing Trust and Neighborhood Housing Services of Santa Fe, Inc., include classes taught over a series of evenings and weekends by representatives from banks, real estate agencies, county government (tax assessors), and the construction industry. The curriculum includes classes on personal budgeting and the home buying process, including how to apply for a loan, the tax benefits of owning a home, foreclosure prevention, and home maintenance. If

necessary, clients are referred to credit counseling. These programs have been developed and are taught in accordance with accepted principles of the Federal National Mortgage Association (Fannie Mae).

A third program is offered by Santa Fe Habitat for Humanity. This program, in accordance with Habitat for Humanity International Principles, includes its particular sweat-equity home building program, as well as budgeting, and home maintenance. Once clients receive certification, mortgage lenders may opt to expedite the home loan process. Currently, Habitat is working with 3 families on projects under construction.

7. HOME Investment Partnerships Program

This program was initiated in 1993 with \$300,000 granted in the first year and \$165,000 awarded in 1994-1995. The New Mexico Mortgage Finance Authority awarded \$450,000 toward building homes for the mentally ill and rehabilitating homes for homeless persons in transition. Down-payment assistance, home-owner rehabs, tenant-based rental assistance and the renovation and construction of transitional housing has helped the most needy homeless to the working poor move into decent, safe and affordable homes. The City will pursue HOME funds for each year covered by this Plan.

8. Land-to-Home Builder Program

This program is offered by Neighborhood Housing Services of Santa Fe, Inc., to assist low-income individuals or families (those earning 80% or less of the area median income) who own land, to build homes at a reduced cost. The program encourages the tradition of owner-built homes in Santa Fe. In addition, the program allows for cost savings in housing production by taking land costs out of the financing equation and through sweat equity of the homebuilder. A licensed general contractor oversees all phases of the construction and financing process.

9. Home Rehabilitation Program

This program assists with the rehabilitation of owner-occupied homes. Neighborhood Housing Services of Santa Fe (NHS) offers loans to rehabilitate substandard housing units in order to bring the units into compliance with HUD's Housing Quality Standards, as well as loans for emergency home repairs where there is an immediate threat to the home-owner's health and safety. NHS is responsible for rehabilitating 10 units per year, as well as 10 emergency rehabilitation projects per year. NHS receives financial assistance from CDBG funds which are added to a revolving loan fund maintained specifically for home rehabilitation loans. In addition to this service, NHS provides counseling to prospective loan clients from initial inspection of homes through actual loan financing.

10. CDBG Program Income Account

Separate from the revolving loan fund, NHS will institute a CDBG Program Income Account. Funds from this account will be used for CDBG eligible activities such as the homeowner builder program, rental rehabilitation program, homebuyer assistance programs, and other activities as approved by the City of Santa Fe.

11. Rental Rehabilitation Program

Beginning in 2000, NHS will offer loans to landlords to repair rental housing that is being rented or will be rented to low-income households. The landlord will sign an agreement that any assisted rental unit will be rented only to low-income households during the term of the loan. Loans made through this program will be made from the CDBG program income account.

12. Inclusionary Ordinance (or Housing Opportunity Program, HOP)

This initiative by the Community Development Division is to create affordable housing by establishing a mandatory requirement in new market-rate residential developments. The zoning requires that a certain number of the new homes will be set-aside for low-to-moderate-income households. This serves to economically integrate more Santa-Fe neighborhoods. If all the homes in a planned development are priced above \$235,000 (based on current market values) for sale units and \$1,600 per month for rental units, the developer is required to build a percentage of moderately priced units. In exchange for building the affordable homes, the developers are allowed to build an equal percentage of more "high-end" homes (a "density bonus"). As market conditions fluctuate, City staff update these income requirements as stipulated by the ordinance guidelines.

13. Land Trust/Land Lease Program

This is administered by the Santa Fe Community Housing Trust. In this program housing services are traded for the lease of city-owned land. The Housing Trust then develops and sells homes. The land is not sold, but remains in trust that is managed by the SFCHT. In this way, the cost of land is taken out of the home's price, thereby reducing the overall cost of production. In addition, the home buyers sign limited-appreciation contracts to assure long-term affordability. The land trust also includes lands acquired by the SFCHT which then leases the land to its clients. This mechanism saves homebuyers approximately \$25,000-\$30,000 in housing costs and has been especially effective for families earning 50% or less of median income.

14. Landlord/Tenant Hotline

This organization provides advice, counseling and mediation services to renters and landlords. Since its inception in 1994, the Landlord/Tenant Hotline answers approximately 350 calls per month and holds 6 workshops annually. The focus of the workshops is to educate landlords and tenants about the *Uniform-Resident Owner Act* and to give practical advice for resolving related disputes. The hotline is administered by the Albuquerque-based New Mexico Public Interest Education Fund and is housed in at the Santa Fe Civic Housing Authority, as part of an ongoing collaboration between the two groups.

15. Low-Income Housing Tax Credit Program

This provides federal income tax credits to individuals or organizations that develop affordable housing through either new construction or acquisition and rehabilitation. To date, over 600 units have been built with funding from this program, of which approximately 250 units are rented at below market. Projects include: the Mountainview Apartments, the San Pedro apartments, the San Rafael apartments, the Tuscany, and the Vista Linda Apartments.

16. Mortgage Revenue Bond Program

This provides mortgages at below market-interest rates to qualified first-time homebuyers. The

state of New Mexico authorized the city in 1995 to issue \$30 million in tax-exempt mortgage revenue bonds in \$10 million dollar increments over three years. The bonds financed over 250 mortgages. Some of the money is reserved for families whose incomes are less than 80% of the area median. Some of the initial bond fees were paid from a HUD Special Purpose Grant of \$1.5 million, awarded to the City. The program was administered by the Santa Fe Community Housing Trust. The Housing Trust certifies that the clients meet eligibility requirements and then works with eight area mortgage lenders to provide the mortgages. Santa Fe is the only city in New Mexico to issue its own mortgage revenue bonds. In the coming year, the City will attempt to initiate another bond with the Mortgage Finance Authority, which will administer it as a specialty bond for Santa Fe.

17. Reverse Mortgage Program for the Terminally Ill

This is an innovative, interest-free program offered by the SFCHT. A person living with HIV or AIDS or any other life-threatening illness may receive money from the equity in his or her home to pay medical bills, first mortgage payments or other expenses. The loan is repaid if the home is sold or placed in another person's name. Besides certifying that the person has a terminal illness, he or she must earn no more than 80% of the area median income.

18. Shelter Plus Care Rental Assistance

This program is funded through a HUD Shelter Plus Grant. Rental assistance for the mentally ill is a program administered by Life Link/La Luz to help mentally ill persons who are homeless. The SFCHT operates a rental assistance program for people with HIV/AIDS. Up to 20 people receive monthly assistance each year. Clients must be homeless and earn less than 50% of the area median income.

19. Soft-Second Mortgage Program/Homebuyer Assistance Program

Offered by the Santa Fe Community Housing Trust and Neighborhood Housing Services, these programs provide soft second mortgages to first-time homebuyers. The mortgages assist with the acquisition of newly constructed homes or existing homes and loans are offered with no interest. The loan is repaid upon the sale of the home and approximately 30 families receive assistance through these programs on an annual basis. The programs are funded through CDBG allocations and each program has a maximum loan amount. For 2000, the amounts are \$6,000 for the *Homebuyer Assistance Program*, administered by NHS for a total of \$150,000, and \$15,000 for the *Soft-Second Mortgage Program*, administered by SFCHT for a total of \$45,000.

20. Tenant-to-Home Owner Programs

These programs assist homeless people make the transition to permanent housing. The Santa Fe Community Housing Trust helped St. Elizabeth Shelter develop eight transitional homes for formerly homeless people within the Arroyo Sonrisa subdivision in Tierra Contenta. In addition, St. Elizabeth's operates nine units located near Paseo del Sol and Jaguar Drive. The goal of the program is to offer housing to qualified clients for up to two years while helping them to make the transition to home ownership. The program includes family counseling, home-ownership education, and special programs for children. These services are offered in collaboration with other non-profits. Families have up to two years in the program to save their money, improve their skills, and acquire permanent housing.

21. Annexation Agreements

Staff from the City's Community Development Division currently works with land owners in areas that could potentially be annexed by the city. Through discussions with landowners and by providing community planning assistance, the city encourages these areas to be planned for mixed use, mixed income development. In annexation agreements, the City designates a percentage of new residential developments for affordable housing. Furthermore, the City encourages higher residential density in these areas resulting in a larger population base to support local economic development. The City's objective is to ensure that future annexed areas have mixed uses, therefore, cutting down on the need to commute to other parts of the city.

Current areas being considered for annexation include an area south of the Villa Linda Mall where approximately 865 acres of vacant land exist between Villa Linda Mall and Interstate 25. A portion of the parcel, covering 146 acres, is currently being developed as the Nava Ade Subdivision. Approved in 1996, the development is planned for as a mixed-use and mixed income community and will have a build out of nearly 500 dwellings. The developer committed to provide 35% of the homes at prices affordable to families earning between 65% and 80% of median income. The City is also working with the New Mexico State Land Office and private landowners to annex a parcel of approximately 300 acres, located off West Alameda Road.

AFFORDABLE HOUSING DEVELOPMENTS IN SANTA FE

The following residential developments provide affordable housing made possible through the City's support and agreements reached with developers.

1. City Assisted Housing

- 1) *Las Acequias*: annexed by the City in the early 1980's, this subdivision contains 48 affordable housing units built by SFCHT and NHS. In addition, the SFCHA has several voucher rental units and there is a tax credit project.
- 2) *Rosario Compound*: a 45-unit condominium complex of affordable units.
- 3) *Tierra Contenta*: acquired and master planned by the City, the Tierra Contenta development is managed by a non-profit corporation. The first phase of development has resulted in the construction of over 900 completed single family homes and apartment units, of which 40% are affordable. NHS and SFCHT each built 40 homes, St. Elizabeth's manages an 8 unit transitional housing facility, and two large tax credit apartment complexes are located within the development.
- 4) *La Cienquita*: developed by the SFCHT, this 88 single family subdivision also has a 32-unit multi family compound for low-income seniors and a day-care facility.
- 5) *Casas Escuderos*: a project completed by Habitat for Humanity, these 5 single family

homes are made of adobe and built in large part by the owners themselves.

6) *Ephraim Street*: a Habitat for Humanity project currently under construction that will contain 3 homes.

2. Developer Provider Affordable Housing

The agreements between the developer and the City preceded the Housing Opportunity Program and stipulated that 25% of the homes constructed would be affordable. In turn, the developer received a refund of certain development approval fees and approval time was shortened:

7) *Nave Adéé*: the developers committed to providing at least 35% affordable units to families earning between 65% and 80% of area median income.

8) *Ridgeview*: 6 homes in this 28 home subdivision will be affordable.

9) *Vista Montañño*: Out of 14 homes, 4 homes will be affordable.

10) *Vista del Prado*: 12 out of 38 townhomes were sold as affordable units.

11) *Carlos Rey del Sur*: the developer provided 13 affordable units in this 67-unit subdivision.

12) *Villa la Paz*: a planned unit development of 93 single-family homes, 31 homes will be affordable.