CITY OF SANTA FE AFFORDABLE HOUSING PLAN

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I. Executive Summary

The purpose of the City of Santa Fe Affordable Housing Plan is to assess housing need in Santa Fe and to provide recommendations for addressing the needs. This study is required by the New Mexico Mortgage Finance Authority and must be in compliance with the New Mexico Affordable Housing Act, the enabling legislation that exempts affordable housing from the *Anti Donation* clause of the New Mexico State Constitution. Under the Act's rules, it identifies specific requirements to ensure that governmental entities donate resources to qualifying grantees under terms that ensure long-term affordability.

This plan provides a community profile, establishes housing needs and identifies gaps in existing inventory and services, and provides objectives for future programming, funding and capacity building in order to achieve housing goals. It is required as a condition to receiving financial assistance and to qualify the city for other housing benefits, including consideration for Low Income Housing Tax Credits. Lastly, this plan serves to inform other housing studies as required by HUD, including the Analysis of Impediments to Fair Housing and its successor, the Assessment of Fair Housing, The analysis is organized by the categories described below with a summary of the findings and recommendations.

Community Profile

This section describes demographic trends in the City of Santa Fe, with an emphasis on how the city has changed since the 2013 Housing Needs Assessment (2013 HNA).

- Most of Santa Fe's population growth between 2011 and 2014 can be attributed to the annexation of approximately 13,000 residents. Population growth excluding the annexation was about 0.8 percent per year.

- Santa Fe's senior population increased from 18 percent of the total population in 2010 to 20 percent in 2014, primarily due to Baby Boomers aging into the 65 and over cohort from the 45 to 64 cohort.

- Median household income increased by 12 percent between 2010 and 2014—from $44,090 to $49,380. Renters experienced a 24 percent income increase (from $28,240 to $34,945) and owners experienced a 7 percent increase (from $58,467 to $62,727).

- The increase in renter incomes is a departure from previous trends and a phenomenon seen in other desirable cities. (Median renter incomes increased in the state and nation overall, but not at the same rate as in Santa Fe—8% in New Mexico and 12% in the U.S.). It is unclear if this is a result of rising wages for renters or an in-migration of higher income renters and displacement of lower income renters. As shown in Figure 18, the income distribution of renters has shifted dramatically since 2011: proportionately fewer renters earn between 30 and 50 percent of the Area Median Income (AMI) and more earn more than 100 percent of the AMI.

- The median home value declined by 8.5 percent between 2011 and 2014, increasing ownership affordability for city residents. In 2014, one-quarter of renters could afford the median value home, up from 14 percent in 2011.

- Overall affordability has improved for Santa Fe residents since 2011, due to increasing incomes and stable home prices. However, the rental gaps analysis reveals a persistent shortage 2,435 rental units priced below $625 per month. This compares to 3,074 in 2011. The smaller gap in 2014 is primarily due to increasing renter incomes.

- Rental affordability is a particular challenge for the 47 percent of renters earning less than 50 percent of AMI due to mismatch of supply and demand of units priced in that affordability range (28% of units compared to 47% of renters).

Land Use and Policy Review

Though this review did not reveal any severe barriers to affordable development in the land use code, General Plan or housing policies, the analysis did reveal several things the City of Santa Fe could improve to help foster affordable development:

- Increase the current low density limits for multifamily residential construction in high density residential zones. If that is not possible, provide height bonus as an affordable development incentive;

- Add an intent to comply with state and federal fair housing laws and regulations in the general code purpose statement or in the residential district purpose statement;

- Provide exemptions for affordable housing to nonconforming structure requirements; and

- Provide assistance to homeowners living in historic district with necessary repairs either through existing homeowner programs or through a new program designed specifically for such a purpose.

Housing Development Feasibility Analysis

Analysis of housing development and affordability is predicated by the payment capacity of potential low- and moderate-income buyers or renters. Affordability as a function of area median income is the starting point for analysis of housing development scenarios. By comparing development costs across varying densities with pricing and the ability of homebuyers and renters to cover their housing payment only using 30% or less of their income, two development scenarios were provided:

Single Family Housing Development. The conclusion is that without any subsidy to bring down costs, only homebuyers at 100%AMI can afford to buy a home when densities are at least 8 DU/acre. Homebuyer subsidy is needed at all income levels and in every development scenario for those homebuyers at 80% AMI and below. Only the homebuyers at 100% AMI and above can afford the sales price of homes in the medium and higher density subdivisions. No buyers can afford homes in 1DU/acre zoning.

Multi-Family Housing Development. The conclusion is that only those renters at 80%AMI and above can reliably afford market rents. At medium densities, if rents are based on carrying cost, then renters at 60%AMI and above can afford rents. Even with substantial cost reductions, renters at 30%AMI can't afford rents in any scenario. While higher densities reduce per unit carrying cost which could be translated into lower rents, it is highly unlikely in a rental market with 3% vacancy that a property owner wouldn't charge the highest rent that the market will bear.

Analysis of Current Zoning to Support Affordable Housing Development. When the City's current zoning map is analyzed, the amount of land that is zoned at densities to support affordable housing is simply not adequate. In the City of Santa Fe, approximately 27,450 acres are residentially zoned, both undeveloped and developed. Of this total, 78% is zoned at densities of 5 DU/acre and below. As illustrated in the analysis, this zoning density cannot support affordable housing without substantial subsidy or reduction in market rate costs. Sixteen percent (16%) of residential zoning can support affordable homeownership, while only 5% of residential zoning can support affordable multi-family zoning. An additional 1% has the potential to support affordable housing, however, affordability is only likely in the Mobile Home Park zoning.

Housing Needs Analysis

The analysis in this section examines housing need across all income levels to identify mismatches in supply and demand for all households in Santa Fe. It reports the results of a modeling effort called a gaps analysis, which compares the demand for and supply of housing by income level. Instead of estimating the type of housing each household in the city would prefer, income is used as a proxy, as income is the most important factor in accessing housing.

The gaps analysis shows the following:

- The greatest need in Santa Fe's market is for rental units priced between $375 and $500 per month, serving renters earning between $15,000 and $20,000 per year. In this income range, there is a current shortage of 800 rental units, up from 715 in 2011.

- The rental gap for households earning $20,000 to $25,000 also increased between 2011 and 2014—from 169 to 444. However, the cumulative rental gap, for all households earning less than $25,000 declined from 3,074 in 2011 to 2,435 in 2014.

- The gaps model estimates that as many as 2,435 renters earning $25,000 and less cannot find affordable units and, as such, are cost burdened. Most of these renters earn less than $20,000.

- The median home value declined by 8.5 percent between 2011 and 2014, increasing ownership affordability for some city residents. In 2014 nearly one-quarter of renters could afford the median value home, up from 14 percent in 2011. This increase in homeownership affordability is also a result of renters' incomes increasing since 2011.

- Over 400 homes are in substandard condition (incomplete kitchen/plumbing facilities) and are in probable need of rehabilitation.

Goals and Recommendations

The needs identified above are likely to be met by a combination of efforts by non-profits, market offerings and public investments by the City of Santa Fe. The city's current goals to address affordable housing needs identified in the city's most recent Consolidated Plan and in the 2015-2016 CAPER aim to support over 200 households per year: 124 (long term rental assistance); 57 (short term rental assistance), 31 (downpayment assistance loans) and 14 (home improvement grants/loans). If these goals are applied to the needs identified above, over the next five years the City of Santa Fe would be able to assist 875 low income renters. The city would also support increased homeownership opportunities with downpayment assistance loans for 150 current renters and would assist over 40 current homeowners with necessary repairs through home improvement loans.

Recommendations. The following recommendations are thus organized to meet the housing needs discussed above and correlated with the goals identified in the City's Consolidated Plan. The analysis of demographic, economic and housing data provides a basis for determining need by income level and housing type. Five organizing principles are considered:

- Funding to Support Housing
- Capacity to Provide Housing
- Program Development
- Real Estate Development
- Regulatory Environment

Funding to Support Housing Services. The biggest challenge for the City of Santa Fe over the next five years will be to continue to address the increasing demands of housing needs with limited financial resources. Therefore, the funding policy recommendation that spans all housing needs is for the City to establish a permanent funding mechanism to support affordable housing that is not dependent on local budgeting processes or federal programs. Recommendations are as follows:

- Continue support for street outreach and other linkage services for youth, veterans, those with disabilities, and families experiencing homelessness.
- Continue funding for human services, and children and youth programs that focus on expanding educational, life skills, and job training opportunities.
- Identify and dedicate a funding stream to support a short-term, rental assistance program based on Rapid Rehousing to stabilize those in precarious housing situations.
- Continue supporting the use of federal funds for tenant-based and project-based rental assistance.
- Identify a funding stream to support a landlord/tenant counseling service that is free of charge, bi-lingual, and locally accessible.
- Continue to provide financial support for foreclosure prevention programs.
- Continue allocating city-controlled resources for downpayment assistance, energy efficiency improvements, and home repair.
- Continue supporting administrative contracts with housing providers for homebuyer/owner support services.

Capacity to Provide Housing. The City's philosophy is to help build the capacity of community-based service providers, rather than to increase the size of its bureaucracy. One recommendation that spans all housing needs relative to building capacity is for the City to convene a time-limited task force to drive implementation of this housing plan once it's adopted. Through this process, the task force would identify other solutions to address gaps in the current affordable housing landscape, particularly the lack of affordable rental housing production, with the end goal of providing strategic and actionable policy and program initiatives.

- Continue support for the work of nonprofit service providers on an administrative level so that they can use City funds to leverage private and other governmental funds.
- Support efforts of the New Mexico Coalition to End Homelessness through participation in a coordinated services network and linking homeless to appropriate services.
- Participate in coordinated efforts such as the proposed One-Door Homeless campus and/or the Supportive Housing Toolkit.

- Coordinate the provision of services, including the development of a shared resource database that provides referral information for those seeking services as well as listing information for homes that are for rent or sale.

Program Development. The City supports highly effective homebuyer/owner services, delivered through its nonprofit partners. However, the needs of very low income renters, especially those who are housed, if precariously, are not well-addressed.

- Support a coordinated services delivery system to ensure that homeless who seek shelter or housing have access to support services.
- Re-instate tenant-based rental assistance that is short-term without restrictions to keep housed those renters who are in danger of becoming homeless and/or are in arrears with rent and utility payments or need deposit funds to secure immediate housing.
- Re-fund landlord/tenant counseling services that are bilingual and free to Santa Fe residents.
- Work with private landowners to create scattered-site rental program using ADUs and guesthouses.
- Identify all existing affordable rentals and develop a preservation plan as needed.
- Design an energy efficiency program to retrofit rental properties owned by low-income landlords and/or large-scale privately-owned rental properties where energy savings are passed on to the low-income renter to reduce utility payments.
- Continue to support emergency repair grant programs targeted toward very-low income homeowners (less than 50%AMI), including possible use of subsidy to pay for short-term insurance to cover the construction process.
- Continue to support rehabilitation loan programs targeted toward low to moderate income homeowners (50%-80% AMI), which includes home renovations and energy conservation measures including the purchase of new appliances, retrofits, and solar water heaters.
- Design and implement a home repair program specific to income-qualified homeowners living in Santa Fe's historic districts which may include subsidy or an exemption to offset the cost of historic retrofits.

Real Estate Development. Future production of new units will need to reflect the needs of emerging populations, specifically older, smaller households; the elderly; the self-employed; and special needs groups such as veterans. While realtors and lenders report that activity is rebounding in the real estate market which indicates positive benefit for the economy as a whole, many cite high land costs and regulatory constraints as reasons not to build in Santa Fe.

- Leverage City-owned resources to support facilities such as the proposed One Door Homeless Campus.
- Work with for-profit and non-profit organizations to develop at least one new multi-family, mixed income rental property.
- Support the SFCHA's RAD conversion project to renovate 121 public housing units and build 30 new units. Support the project through fee waivers if they receive the second round of funding for the conversion of 237 public units for seniors.
- Incentivize construction of affordably-priced rental units through donations of city-owned land, fee waivers, regulatory exemptions and other municipal resources.
- Require LIHTC projects that receive City donations to set aside a percentage of units for households earning less than 50% of the AMI.
- Complete the Paseo del Sol Road extension in Tierra Contenta to open up Phase 3 of the Master Plan for development.

Regulatory Environment. Santa Fe's regulatory environment is characterized by its long history of implementing an inclusionary zoning program which has resulted in the construction of nearly 1,000 affordable homes. However, other aspects of the land use development code and the Santa Fe Homes Program regulation have unintended consequences and may actually be hindering housing production. One regulatory recommendation that is relevant to all housing needs is to add the intent to comply with state and federal fair housing laws and regulations in the general code purpose statement or in the residential district purpose statement of the City's Land Use Code. Another is to exempt affordable housing from nonconforming structure requirements. And finally, the City needs to bring its code into compliance with the revised Rules of the NM Affordable Housing Act, specifically Chapter 26-2.

- Exempt emergency shelters from nonconforming structure requirements.
- Modify the Santa Fe Homes Program (SFHP) so that the rental requirement is financially viable from the prospective of a multi-family development proforma.
- Convert existing and support the development of new ADUs into affordable rental stock through the modification of Chapter 14 restrictions (eg. allow greater diversity of placement on the site -on top of garages or other outbuildings-and eliminate architectural consistency standards if under a certain size, allow existing ADUs to be nonconforming uses).
- Increase low-density limits for multi-family residential construction.
- Raise the square footage threshold that triggers a development plan requirement on residential projects from 10,000 square feet to over 30,000 square feet when the proposed project meets redevelopment and mixed use goals.
- Revise density bonus incentives so that it is tiered to award deeper levels of affordability or higher percentages of affordability in homeownership and rental projects subject to the Santa Fe Homes Program.

II. Introduction

The New Mexico Affordable Housing Act

The New Mexico Affordable Housing Act is enabling legislation that exempts affordable housing from the *Anti Donation* clause of the New Mexico State Constitution. Under the Act, municipalities or counties wishing to donate, provide incentives or pay all or a portion of the costs of affordable housing (including land, acquisition, renovation, financing, or infrastructure) must have in place an affordable housing plan or a housing component in their general plan in addition to an affordable housing ordinance.

The Affordable Housing Act Rules identify specific requirements to ensure that governmental entities donate resources to qualifying grantees under terms that ensure long-term affordability. This plan is submitted the NM Mortgage Finance Authority to ensure compliance with the NM Affordable Housing Act. As per the Rules, the required housing plan elements provide a community profile, establish housing needs and gaps in existing inventory and services, and provide objectives for future programming, funding and capacity building in order to achieve housing goals.

Definition of Affordable Housing

For purposes of this document, affordable housing is defined as a dwelling unit whose monthly cost does not exceed 30% of a family's gross monthly income. This applies to all households earning up to 120% of the Area Median Income (AMI).

Purpose of Plan

The purpose of the City of Santa Fe's Affordable Housing Plan is to assess housing need in Santa Fe and to provide recommendations for addressing the needs. As approved by the New Mexico Mortgage Finance Authority, this plan is in full compliance with the New Mexico Affordable Housing Act. This enables the City of Santa Fe to revise its ordinance and mobilize public resources to support the provision of affordable housing and related services, new construction and the rehabilitation of existing homes.

This plan is organized to identify needs based on the entire housing spectrum. It evaluates existing housing gaps for the current population and projects needs for the future. Most importantly, it proposes strategies and recommendations for meeting housing needs and identifies opportunities for increasing and improving the City's housing stock to serve a variety of housing situations.

The information in this plan will help the City of Santa Fe to:

- Establish baseline information for current and future housing needs and evaluate progress in meeting goals.
- Develop and implement strategies to ensure that Santa Fe offers its residents a full range of housing choices and opportunities.
- Implement specific affordable housing projects and obtain financing from federal, state, and private lending institutions.
- Recommend roles and responsibilities for implementation.

III. Community Profile

This section provides an update to select data tables from the 2013 Housing Needs Assessment Update (HNA). For the sake of convenience the figure notes in this document reference the comparable 2013 HNA figures. The City of Santa Fe annexed territory that included approximately 13,000 new residents effective January 1, 2014. However, that annexation does not appear to be represented in 2014 ACS data. Unless otherwise noted, the figures relying on ACS data exclude the recent annexation.

Top Trends 2011 to 2014

The primary findings from the data update include:

- Most of Santa Fe's population growth between 2011 and 2014 can be attributed to the annexation of approximately 13,000 residents. Population growth excluding the annexation was about 0.8 percent per year.

- Santa Fe's senior population increased from 18 percent of the total population in 2010 to 20 percent in 2014, primarily due to Baby Boomers aging into the 65 and over cohort from the 45 to 64 cohort.

- Median household income increased by 12 percent between 2010 and 2014—from $44,090 to $49,380. Renters experienced a 24 percent income increase (from $28,240 to $34,945) and owners experienced a 7 percent increase (from $58,467 to $62,727).

- The increase in renter incomes is a departure from previous trends and a phenomenon seen in other desirable cities. (Median renter incomes increased in the state and nation overall, but not at the same rate as in Santa Fe—8% in New Mexico and 12% in the U.S.). It is unclear if this is a result of rising wages for renters or an in-migration of higher income renters and displacement of lower income renters. As shown in Figure 18, the income distribution of renters has shifted dramatically since 2011: proportionately fewer renters earn between 30 and 50 percent of the Area Median Income (AMI) and more earn more than 100 percent of the AMI.

- The median home value declined by 8.5 percent between 2011 and 2014, increasing ownership affordability for city residents. In 2014, one-quarter of renters could afford the median value home, up from 14 percent in 2011.

- Overall affordability has improved for Santa Fe residents since 2011, due to increasing incomes and stable home prices. However, the rental gaps analysis reveals a persistent shortage 2,435 rental units priced below $625 per month. This compares to 3,074 in 2011. The smaller gap in 2014 is primarily due to increasing renter incomes.

- Rental affordability is a particular challenge for the 47 percent of renters earning less than 50 percent of AMI due to mismatch of supply and demand of units priced in that affordability range (28% of units compared to 47% of renters).

Demographic Profile: Updates from Section I of the 2013 HNA

This section describes demographic trends in the City of Santa Fe, with an emphasis on how the city has changed since the 2013 Housing Needs Assessment (2013 HNA).

City population and trends. The population of Santa Fe increased by 14,166 residents between 2011 and 2014. However, the vast majority of that growth can be attributed to the annexation of approximately 12,500 residents. Population growth excluding the annexation was 1,657 residents, or about 0.8 percent per year between 2011 and 2014.

Figure 1.
Population and Households, City of Santa Fe, 2000 to 2014

Year	Population	Compound Annual Growth Rate	Households	Compound Annual Growth Rate
City of Santa Fe				
2000	62,203		27,569	
2005	65,800	1.1%	29,788	1.6%
2007	68,359	1.9%	30,490	1.2%
2010	67,947	-0.2%	31,895	1.5%
2011	68,634	1.0%	30,493	-4.4%
2014 excluding annexation	70,291	0.8%	31,001	0.6%
2014 includng annexation	82,800	6.5%	36,518	6.2%
State of New Mexico				
2000	1,819,046		677,971	
2005	1,887,200	0.7%	727,820	1.4%
2007	1,969,915	2.2%	734,847	0.5%
2010	2,059,179	1.5%	791,395	2.5%
2011	2,037,136	-1.1%	767,285	-3.0%
2014	2,080,085	0.7%	760,916	-0.3%

Note: Year 2000 and 2010 population and household estimates are from the US Census, 2005 and 2007 population and household estimates are from the 2005 and 2007 Santa Fe Trends Reports. The 2014 estimate that excludes annexation is from the 2014 ACS; the 2014 estimate including annexation is from the 2014 Santa Fe Trends Report. The annexation was effective January 1, 2014. State data are from the 2000 and 2010 Census and the 2007, 2011 and 2014 ACS.

This is an update to Figure I-2 in the 2013 HNA.

Source: 2000 Census, 2010 Census, 2005 ACS, 2007 ACS, 2011 ACS, 2013 HNA, 2014 ACS and 2014 Santa Fe Trends report.

Excluding the annexed population, Santa Fe's share of the county population remained relatively stable over the last 15 years (47 percent in 2014 and 2010 and 48 percent in 2000) after falling from 56 percent in 1990. However, with the addition of the 12,500 new residents through annexation, the city's share of the total county population is now back up to 56 percent.

Population growth between 2010 and 2014 (3.4% excluding the annex; 21.9% including the annex) in the city exceeded the rate of growth both in the county (2.8%) and the state (1.3%) overall.

Race and ethnicity. The racial and ethnic distribution of Santa Fe residents has not changed substantially since 2011. According to 2014 data, nearly half of Santa Fe residents are of Hispanic descent. Forty-five percent are non-Hispanic white, 3 percent are Native American, 2 percent are Asian and 1 percent are African American.

Compared to the state overall, the City of Santa Fe has a higher proportion of residents who are non-Hispanic white and a lower proportion of residents identifying as a racial or ethnic minority.

Figure 2.
Race and Ethnicity, City of Santa Fe, 2000 through 2014

	City of Santa Fe				New Mexico
	2000	2007	2011	2014	2014
Total Population	61,805	63,977	68,634	70,291	2,085,572
Race					
White	77%	73%	84%	84%	73%
Black or African American	1%	1%	1%	1%	2%
American Indian and Alaska Native	2%	2%	1%	3%	10%
Asian	1%	2%	3%	2%	2%
Native Hawaiian and Other Pacific Islander	0%	0%	0%	0%	0%
Some other race	15%	19%	7%	9%	11%
Two or more races	5%	2%	3%	3%	3%
Ethnicity					
Hispanic	48%	47%	47%	49%	48%
Non-Hispanic	52%	53%	53%	51%	52%
Non-Hispanic white	48%	47%	45%	45%	39%

Note: This figure did not appear in the 2013 HNA.

Source: 2000 Census, 2007 ACS, 2011 ACS and 2014 ACS.

Age distribution. Figure 3 compares the age distribution of the city's population in 2014 to 2000, 2007 and 2010. Santa Fe's senior population increased from 18 percent of the total population in 2010 to 20 percent in 2014, primarily due to Baby Boomers aging into the 65 and over cohort from the 45 to 64 cohort. The increase in seniors was offset by a drop in the proportion of Baby Boomers. The proportion of all age cohorts under the age of 45 remained steady between 2010 and 2014.

Figure 3.
Age Distribution, City of Santa Fe, 2000, 2007, 2010 and 2014

Note:

This is an update to Figure I-7 in the 2013 HNA.

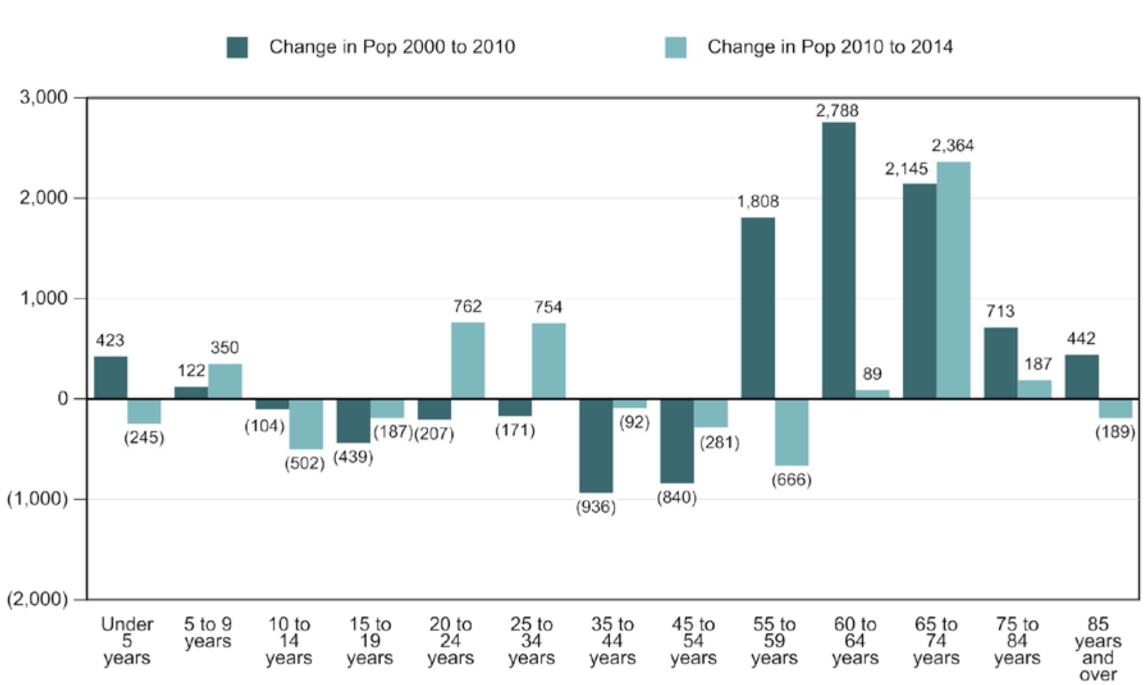
Source:

2013 HNA and 2014 ACS.

	City of Santa Fe				New Mexico
	2000	2007	2010	2014	2014
Infants and toddlers (under 5)	5%	5%	6%	5%	6%
School aged children (5 to 17)	15%	13%	13%	13%	17%
College aged adults (18 to 24)	9%	9%	8%	8%	10%
Young adults (25 to 44)	29%	27%	25%	25%	25%
Baby boomers (45 to 64)	28%	30%	31%	29%	26%
Seniors (65 and older)	14%	17%	18%	20%	15%
Total	100%	100%	100%	100%	100%

Figure 4 presents the change in residents by age group between 2000 and 2010 and between 2010 and 2014. The most notable changes between 2010 and 2014 are a substantial increase in residents aged 65 to 74 which indicates that Santa Fe continues to be a desirable location for retirees. Declines were evident for residents aged 25 to 44 and slight declines noted for children between 5 and 17 years old.

Figure 4.
Change in Population by Age, 2000 to 2010 and 2010 to 2014



Note: This is an update to Figure ES-3 and Figure I-8 in the 2013 HNA.

Source: 2013 HNA and 2014 ACS.

As part of the 2013 HNA, BBC surveyed Santa Fe residents and in-commuters. Of the survey respondents, 22 percent once lived within city limits. Most moved out more than 5 years ago and moved because housing was too expensive, as shown in Figure 5.

Figure 5.
Reason for Moving Out of the City of Santa Fe

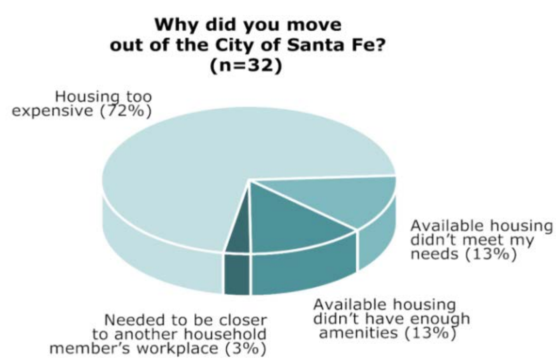
Note:

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

This is an update to FigureES-4 and Figure III-13 in the 2013 HNA.

Source:

BBC Research & Consulting 2012 Resident Survey.



Tenure. The city's homeownership rate rose slightly between 2000 (58%) and 2010 (61%) but dropped back to 59 percent by 2014. According to survey results, the 2007 homeownership rate was also in this range at 59 percent. The slight decline in homeownership between 2010 and

2014 is consistent with state and national trends, both of which reflect a two percentage point drop in homeownership over the same period, partially due to the introduction of Millennials, who are most likely to rent, into the housing market.

Compared to the county and the state overall, the City of Santa Fe has a higher proportion of renters—typical for urban areas.

Figure 6.
Household by Tenure, City of Santa Fe, 2000, 2007, 2010 and 2014

	City of Santa Fe								Santa Fe County, 2014	New Mexico, 2014
	2000		2007		2010		2014			
	Num.	*Pct.*	*Num.*	*Pct.*	*Num.*	*Pct.*	*Num.*	*Pct.*		
Total households	**27,569**	**100%**	**30,586**	**100%**	**31,895**	**100%**	**31,001**	**100%**	**60,565**	**760,916**
Own	16,052	58%	18,168	59%	19,299	61%	18,156	59%	68%	67%
Rent	11,517	42%	12,418	41%	12,596	39%	12,845	41%	32%	33%

Note: This is an update to Figure I-3 in the 2013 HNA.

Source: 2013 HNA and 2014 ACS.

Income and poverty. The median household income in the City of Santa Fe was $49,380 in 2014—higher than the state overall ($44,803) but slightly below Santa Fe County ($52,809). Figure 7 displays median household income of both renters and owners in Santa Fe for 1999, 2006, 2010, 2011 and 2014. Overall, median household income increased by 12 percent between 2010 and 2014—from $44,090 to $49,380. Renters experienced a 24 percent income increase (from $28,240 to $34,945) and owners experienced a 7 percent increase (from $58,467 to $62,727). It is unclear whether the increase in renter incomes reflects the incomes of current renters or whether it's indicative of lower-earning renters leaving the city to seek more affordable housing in other communities. Likewise, newer residents moving into the city since 2011 are possibly higher earners with more mobility options.

Figure 7.
Median Household Income by Tenure, City of Santa Fe 1999, 2006, 2010 and 2014

	City of Santa Fe			State of New Mexico		
	All Households	Owners	Renters	All Households	Owners	Renters
Median HH Income						
1999	$40,392	$52,634	$28,177	$33,974	$40,432	$22,267
2006	$50,000	$60,000	$36,344	$40,629	$49,948	$24,651
2010	$44,090	$58,467	$28,240	$42,090	$51,871	$26,278
2011	$46,617	$64,690	$29,291	$41,963	$52,711	$25,980
2014	$49,380	$62,727	$34,945	$44,803	$55,135	$28,410
Percent Change in MHI						
1999 to 2006	*24%*	*14%*	*29%*	*20%*	*24%*	*11%*
2006 to 2011	*-7%*	*8%*	*-19%*	*3%*	*6%*	*5%*
1999 to 2011	*15%*	*23%*	*4%*	*24%*	*30%*	*17%*
2011 to 2014	*6%*	*-3%*	*19%*	*7%*	*5%*	*9%*

Note: This is an update to Figure I-10 in the 2013 HNA.

Source: 2013 HNA and 2014 ACS.

Nearly 12,000 Santa Fe residents (17% of the population) are living in poverty. Children are the most likely age group to be living in poverty (30%) and seniors are the least likely to be living in poverty (6%). The city has a lower poverty rate than the state (21%) but a higher rate than Santa Fe County (14%). Figure 8 displays poverty by age for Santa Fe residents in 2014.

Figure 8.
Poverty by Age, City of Santa Fe, Santa Fe County and New Mexico, 2014

	City of Santa Fe		Santa Fe County		New Mexico	
	Num. in Poverty	Pct. in Poverty	Num. in Poverty	Pct. in Poverty	Num. in Poverty	Pct. in Poverty
Total population	11,938	17%	20,673	14%	436,153	21%
Under 18 years	3,700	30%	5,853	21%	145,966	30%
18 to 64 years	7,333	17%	13,003	15%	248,861	20%
65 years and over	905	6%	1,817	6%	41,326	13%

Note: This figure did not appear in the 2013 HNA.

Source: 2014 ACS.

Employment. The total number of jobs in the Santa Fe metropolitan statistical area (MSA) peaked in 2007 at 90,272 jobs.[1] Between 2007 and 2010, the MSA lost an average of nearly 1,100 jobs per year, dropping the total jobs count to 86,987. Between 2010 and 2013, the number of jobs stabilized and job losses slowed to just 28 per year on average. Figure 9 displays employment trends in the Santa Fe MSA between 2001 and 2013.

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

Figure 9.
Employment, Santa Fe MSA 2001 to 2013

Note:
CAGR is defined as "compound annual growth rate."
This is an update to Figure I-14 in the 2013 HNA.

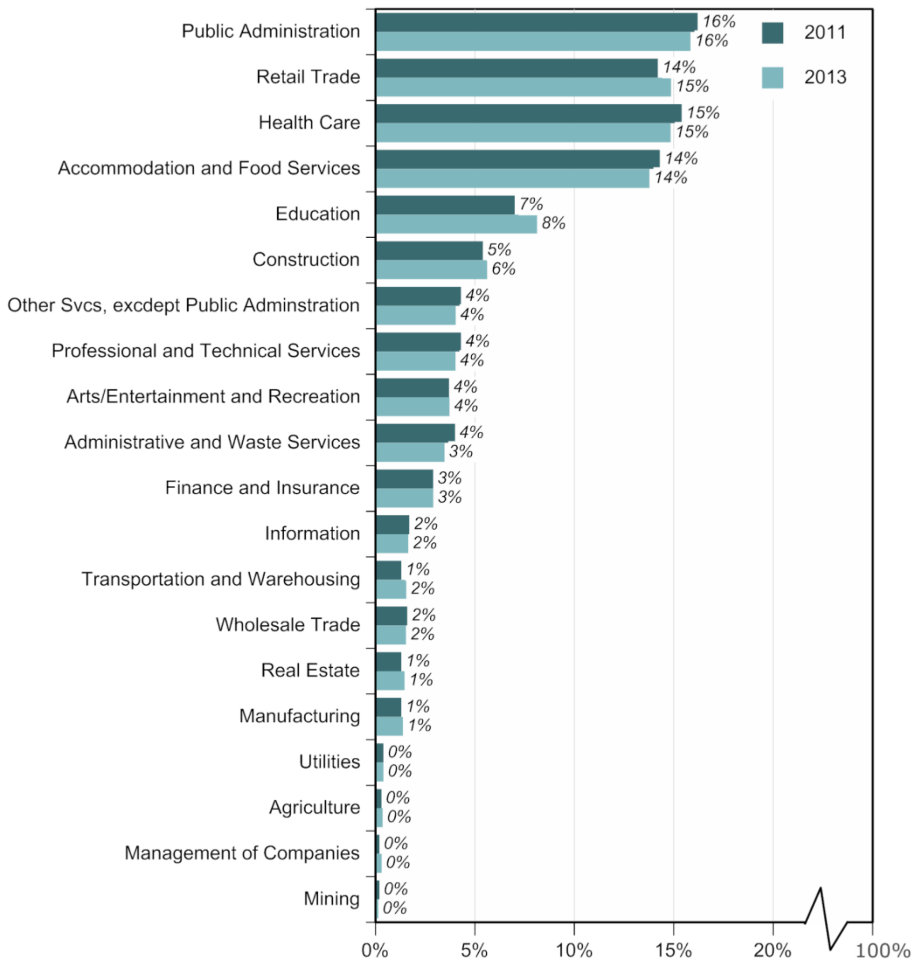
Sources:
2013 HNA and Bureau of Economic Analysis (BEA).

	Wage and Salary Jobs	Proprietor Jobs	Total Jobs	CAGR from previous period
2001	62,787	16,717	**79,504**	
2005	68,367	19,656	**88,023**	2.6%
2007	70,114	20,158	**90,272**	1.3%
2010	65,425	21,562	**86,987**	-1.2%
2013	65,234	21,670	**86,904**	0.0%

One quarter of all 2010 and 2014 jobs were self-proprietor jobs, a slight increase over 2007 self-employment rates. According to the 2014 Economic and Industry Snapshot for Santa Fe, the Santa Fe MSA has a larger percentage of self-employed workers than any other MSA in the state except Las Cruces.

Industry profile. As of the fourth quarter of 2013, Public Administration (local, state and federal government) was the largest employment sector in the city, which is typical of a capital city. Retail Trade and Health Care are the next largest sectors, each accounting for 15 percent of total Santa Fe employment. The Accommodation and Food Services industry also supports a large share of jobs, indicative of the tourism economy in Santa Fe. Figure 10 displays these Santa Fe employment data by industry. Employment data for the third quarter of 2011 are also included for the sake of comparison.

Figure 10.
Employment by Industry, Santa Fe MSA, Q3 2011 and Q4 2013



Note: Total employment in Q3 2011 was 60,825. Total employment in Q4 2013 was 61,252.
This is an update to Figure I-16 in the 2013 HNA.

Source: Economic and Industry Snapshot, Santa Fe MSA/County, 2012 and 2014.

Average wages in the Santa Fe MSA have recently trailed the U.S average, but are similar to the average for the state of New Mexico. According to the Bureau of Labor Statistics' Quarterly Census of Employment, in 2014 the average annual wage for the private sector in the Santa Fe MSA was $39,468, compared with $49,192 in the U.S. and $39,520 in New Mexico.[2]

Housing stock and household characteristics

Figure 11 provides an overview of some of the housing stock and household characteristics in Santa Fe in 2000, 2010 and 2014.

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

- Although the population of Santa Fe increased slightly (excluding annexation) between 2010 and 2014, the total number of housing units remained flat. The overall mix of housing structure types (single family, multifamily and mobile homes) also held steady.

- The homeownership rate declined slightly from 61 percent in 2010 to 59 percent in 2014. A corresponding drop in the rental vacancy rate was evident over the same period as more households began to occupy the rental housing stock. A local study by Southwest Planning indicates that the occupancy rate in 2015 was 96.5 percent. In other words, the most current research indicates that the City of Santa Fe has an approximate 3 percent rental vacancy rate. The 2015 CBRE Apartment Market Survey also reports a 3 percent vacancy rate for 2015—indicating a very tight rental market.[3]

- Median home value and the median mortgage payment for Santa Fe owners declined between 2010 and 2014 after rising substantially the previous decade (2000 to 2014). In contrast, the median contract rent increased by 14 percent between 2010 and 2014 (from $767 to 872).

- Average household size for owners dropped slightly from 2.2 to 2.1 but average household size for renters increased from 2.0 to 2.4 between 2010 and 2014. The reason for the renter household size is unclear; however, renter income also increased over the period which may reflect larger households or families that are typically owners opting to rent instead. A possible reason for households opting in to the rental market is the decline in home value and the high cost of maintaining a home makes renting more economically appealing.

- The distribution of householders by age reflects the overall age trends in the city—an increase in senior householders offset by a decrease in boomer-aged householders (aged 55 to 64) and to a lesser extent middle aged adult households (aged 35 to 54).

- As discussed earlier in this report, the median income in Santa Fe increased for all households between 2010 and 2014, with renters experienced the largest percentage gains (24% increase compared to 7% for owners).

- The number and proportion of cost burdened households in the city declined between 2010 and 2014. In 2014, 11,313 households (38% of all households) were paying more than 30% of their income on housing, compared to 14,275, (46%) in 2010.

[3] CB Richard Ellis Apartment Market Surveys, Apartment Association of New Mexico Apartment Market Survey, RRC Associates

Figure 11.
Household Trends, City of Santa Fe, 2000 to 2014

	City of Santa Fe					New Mexico
	2000	2010	2014	Percent Change 2000 to 2010	Percent Change 2010 to 2014	2014
Population and Housing Units						
Population	**62,203**	**67,947**	**70,291**	**9%**	**3%**	**2,085,572**
Housing Units	**30,533**	**37,200**	**37,051**	**22%**	**0%**	**912,910**
Occupancy and Tenure:						
Occupied Housing Units	27,569	31,895	31,001	16%	-3%	760,916
– Owner Occupied Units	58%	61%	59%			67%
– Renter Occupied Units	42%	40%	41%			33%
Vacant Housing Units	10%	14%	16%			17%
– For rent	2%	4%	3%			3%
– For sale	1%	2%	2%			1%
– Rented or sold, not occupied	0%	1%	1%			1%
– Seasonal/recreational/occasional use	5%	6%	7%			6%
– Other vacant	1%	2%	3%			6%
Type of Housing Unit:						
Single family	60%	57%	58%			65%
Multifamily	37%	38%	37%			19%
Mobile homes	4%	4%	5%			16%
Value/Price of Housing:						
Median Home Value	$ 182,800	$ 301,000	$ 269,900	65%	-10%	$ 158,400
Median Mortgage Payment	$ 1,177	$ 1,597	$ 1,447	36%	-9%	$ 1,195
Median Contract Rent	$ 644	$ 767	$ 872	19%	14%	$ 655
Household Characteristics						
Average Household Size	**2.2**	**2.1**	**2.2**			**2.7**
Owners	2.3	2.2	2.1			2.7
Renters	2.1	2.0	2.4			2.6
1-person	36%	41%	40%			30%
2-persons	34%	33%	36%			34%
3-persons	14%	12%	12%			14%
4-persons	10%	8%	9%			12%
5+ persons	6%	6%	3%			10%
Household Type						
Percent married couples with children	16%	13%	13%			16%
Percent married couples without children	22%	21%	22%			28%
Percent Single parent	11%	10%	9%			11%
Percent other family without children	6%	6%	6%			9%
Percent living alone	36%	41%	40%			30%
Percent other non-family	9%	9%	10%			6%

Note: 2014 data do not include recent annexation of approximately 13,000 residents. This is an update to Figure I-1 in the 2013 HNA.

Sources: 2013 HNA and 2014 ACS.

Figure 11 (continued).
Census Profile and Trends, City of Santa Fe, 2000 to 2014

	City of Santa Fe					New Mexico
	2000	2010	2014	Percent Change 2000 to 2010	Percent Change 2010 to 2014	2014
Household Characteristics (continued)						
Age of Householder						
15 to 24 years	4%	4%	3%			5%
25 to 34 years	15%	12%	13%			14%
35 to 44 years	20%	15%	14%			16%
45 to 54 years	24%	19%	17%			19%
55 to 64 years	16%	24%	20%			21%
65 years and older	21%	26%	33%			26%
Household Income						
Under $15,000	16%	19%	10%			17%
$15,000 to $24,999	14%	12%	13%			13%
$25,000 to $34,999	14%	11%	12%			10%
$35,000 to $49,999	17%	11%	16%			15%
$50,000 to $74,999	19%	20%	16%			17%
$75,000 to $99,999	10%	10%	13%			11%
$100,000 or more	12%	16%	21%			17%
Average Household Income	**$ 56,494**	**$ 65,306**	**$ 70,642**	**16%**	**8%**	**$ 61,470**
Median Household Income	**$ 40,184**	**$ 44,090**	**$ 49,380**	**10%**	**12%**	**$ 44,803**
Owners	**52,634**	**58,467**	**62,727**	**11%**	**7%**	**55,135**
Renters	**28,177**	**28,240**	**34,945**	**0.2%**	**24%**	**28,410**
Housing Problems						
Percent of cost-burdened *(spending 30% or more of income for housing)*	**34%**	**46%**	**38%**			**31%**
Number of cost-burdened	**8,566**	**14,275**	**11,313**	**67%**	**-21%**	**232,697**
Percent of overcrowded units *(1.01 or more persons per room)*	**5%**	**3%**	**2%**			**4%**
Percent of substandard units *(incomplete kitchen/plumbing facilities)*	**1%**	**1%**	**1%**			**2%**

Note: 2014 data do not include recent annexation of approximately 13,000 residents. This is an update to Figure I-1 in the 2013 HNA.

Sources: 2013 HNA and 2014 ACS

Affordable Housing Inventory

Emergency Services. Emergency shelter programs generally provide short-term crisis oriented support services including case management, meals, and crisis counseling. Increasingly the limitations to this approach have become obvious. Service models have shifted to emphasize permanent supported housing which provide a range of longer-term services designed to support client stability and growth, including general case management services to identify client needs and to develop client specific case management plans, general counseling services for mental health, substance abuse services, family counseling, life skills education, GED and personal financial counseling, employment counseling, and child development classes. The following describes the facilities and services available in Santa Fe to homeless people or those in danger of becoming homeless:

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

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

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

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

- **Youth Shelters.** On any given night, the organization estimates that 100 youth may be homeless on the streets of Santa Fe. Services are provided to homeless, runaway and in-crisis youth and their families including street outreach, emergency shelter, transitional living, counseling and Civic Justice Corps. Special initiatives are the Pregnant and Parenting Project, including referrals, case management, parenting skills; and the Workforce Development/GED Initiative, which helps youth with job readiness skills and GED preparation. Youth can stay at the emergency shelter for up to 30 days and in the transitional, apartment style living program for 18 months. Street Outreach is a drop-in resource center that assists youth with emergency services such as food and warm clothing and provides longer term services to help youth leave the streets. All services are free of charge.

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

Emergency rent, mortgage and utility assistance. Given the effects of the economic recession, concerted efforts have been made to expand the safety net of services in Santa Fe. In 2010, the city allocated CDBG and Housing Trust funds to *Faith at Work* which provided 3 months of emergency rent/mortgage assistance to 62 families, preventing immediate eviction and default. Of these families, 53 percent were extremely low-income, earning less than 30 percent AMI. Forty-one families in 2011 were provided emergency rent/mortgage assistance through *Esperanza Shelter's* Emergency Assistance Program (EAP), all of whom were female-headed household with presumed household incomes in the 30 –50 percent AMI range. In FY 2015-16, the City provided Affordable Housing Trust Funds to Life Link to provide short term rental assistance. 90 very low income renters were served, earning an average of 26%AMI.

Santa Fe Civic Housing Authority. As reported in 2015, the Santa Fe Civic Housing Authority (SFCHA) is the public housing agency in Santa Fe. It manages 490 units of public housing, and administers 670 Section 8 vouchers in Santa Fe. There are a total of 369 units for seniors, leaving 121 for families. Currently, 269 people are on the public housing waiting list for a housing authority apartment unit, and approximately 171 people on the Section 8 waiting list for Santa Fe. SFCHA receives approximately 35 applications per month for public housing. The wait for a household to receive a unit is between 18 and 24 months, and the voucher wait list contains 132 households. It takes a household between 12 and 18 months to get to the top of that list.

All of the units are in livable condition but maintenance is a continuous effort. With the exception of the new Villa Alegre and Campo Alegre units, all are planned for rehabilitation over the next several years. SFCHA is participating in the RAD program and by June of 2016, 120 units will be substantially rehabilitated to be brought up to modern code standards, incorporate "green" building standards such as solar panels, and include modern amenities such as daylighting. The sites include Agua Fria (6 units), Cerro Gordo (25 units), Gallegos Lane (25 units), Hopewell/Mann (40 units) and Senda Lane/Senda del Valle (24 units).

Additional affordable units in the production pipeline include two tax-credit projects for senior units: a 116-unit development at Villa Hermosa (one- and two-bedroom units for seniors) which has already received tax-credits and a 120-unit senior development at Pasa Tiempo for which a LIHTC application will be submitted to MFA next year.

Subsidized Rental Units

Santa Fe's inventory of subsidized rental units is fairly robust. However, with the exception of the units constructed by the Housing Trust and those rehabilitated by the Housing Authority, many are aging and in need of renovation. It doesn't appear that any will revert to market rate.

Figure 12
Inventory of Subsidized Rental Units

Tax Credit Apt Name	Address	Type	# of Units	Council District
The Bluffs	6600 Jaguar Drive	*Family*	160	3
Cedar Creek	3991 Camino Juliana	*Family*	94	3
Country Club	5999 Airport Road	*Family*	62	3
Evergreen	2020 Calle Lorca	*Family*	70	2
Las Palomas	2001 Hopewell	*Family*	280	2
Paseo del Sol	4551 Paseo del Sol	*Family*	80	3
Tuscany at St. Francis	2218 Miguel Chavez	*Family*	176	2
Ventana de Vida	1500 Pacheco	*Elderly*	120	2
Casa Rufina	2823 Rufina	*Elderly*	120	4
Villa Real	501 W. Zia	*Family*	120	2
Vista Linda	6332 Entrada de Milagro	*Family*	109	3
Tres Santos	189 Pacheco	*Family*	136	2
Casa Vallita	3330 Calle Po Ae Pi	*Elderly*	106	4
Villas de San Ignacio	3493 Zafarano	*Family*	127	4
Village Sage	5951 Larson Loop	*Family*	60	3
Stagecoach Apt	3360 Cerrillos Rd	*Family*	60	4
		TOTAL	**1880**	
Civic Housing Authority				
Villa Alegre Senior Housing	811 W. Alameda	Elderly	50	1
Villa Alegre Family Housing	821 W. Alameda	Family	60	1
Villa Alegre Ph. III	104 Camino del Campo	Elderly	28	1
		TOTAL	**138**	1
Section 8/202 Apt Name				
Sangre de Cristo	1801 Espinacitas	*Family*	164	2
Santa Fe Apts	255 Camino Alire	*Family*	64	1
Encino Villa	1501 Montano	*Elderly*	40	1
La Cieneguita	1601 La Cieneguita	*Elderly*	32	1
		TOTAL	**300**	
Project Based Rental				
La Luz	2325 Cerrillos	*Family*	24	1
		TOTAL	**24**	

Construction of New Units

Nonprofit production. Santa Fe's three primary nonprofit single-family home developers are Habitat for Humanity, Homewise, and The Housing Trust. To date, Habitat has created 100 affordable homes; Homewise, 599; and the Housing Trust, 711; for a total of 1,410 homes created by nonprofit partners.

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

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

- **The Housing Trust.** Formerly known as the Santa Fe Community Housing Trust, the Trust was established in 1991 to use the land trust model to increase affordability. Since then, the organization has expanded its model to provide a full range of homebuyer and homeowner services including: homebuyer training and counseling, reverse mortgage financing, rental assistance for special needs populations, and real estate development. Since 2010, the Housing Trust has constructed 120 units of affordable rental housing that is green-built and serves renters earning up to 60% AMI, with one-quarter of units at each site reserved for renters transitioning out of homelessness.

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

Homebuyer training and counseling. In partnership with Homewise and the Housing Trust, the city supports homebuyer training and counseling through administrative contracts. Potential homebuyers attend classes where they learn about real estate transactions, budgeting, mortgage lending and other aspects related to buying a home. Specifically, the nonprofits work with clients to make them "buyer-ready" with the overall objective of ensuring that homebuyers are approved for prime rate mortgages that they can afford and are capable of paying. Several funding sources are dedicated to these efforts including CDBG, CIP-Funded Assistance, and the Affordable Housing Trust Fund. Approximately 400 buyers are trained per year.

Homeowner assistance. The city and its partners also support homeownership through rehabilitation and home repair, energy efficiency upgrades, and foreclosure prevention programs. In 2015 the city funded 16 single-family rehabilitation projects between Community Development Block Grant and Affordable Housing Trust Funds between two local non-profit service providers: Habitat for Humanity and Homewise. Of this number, approximately ten (10) of the single family homes have mortgages. Central New Mexico Housing Corporation is the weatherization provider for Santa Fe, using funds through the NM Energy$mart program. Approximately 25 homes per year are weatherized in the city with an average cost of $6000 per unit.

Tierra Contenta. Until recently, production of affordably-priced homeownership units in Santa Fe occurred primarily in Tierra Contenta, a master-planned community of 1,400 acres. The Tierra Contenta Corporation, a nonprofit development entity, provides builder ready tracts of land to both nonprofit and for profit builders. Nearly 2,500 homes have been built since 1995, 45 percent of which are affordable.

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

In the mid-2000s, the city initiated a more stringent inclusionary zoning program, the Santa Fe Homes Program (SFHP) which originally mandated a 30 percent requirement for any application including annexation, rezoning, subdivision plat and increase in density. For homeownership housing, three income tiers are served: 50-65 percent AMI; 65-80 percent AMI; and 80-100 percent AMI, with 10 percent of the total units serving each tier. The requirement for rental housing is 15%, with the income tiers adjusted downward to include a tier for renters earning less than 50%.

In 2010, in response to the economic slowdown, in particular the building and construction industries, the city further modified the requirement such that 20 percent of new homes proposed for construction are sold to income-qualified homebuyers (down from the original 30%). The rental requirement remains the same. In 2016, further adjustments were made to the program to allow multifamily developers to pay a fee-in-lieu by right (as opposed to having to get City Council approval). This accommodation was motivated by Santa Fe's historically high rental occupancy rates which have had the effect of driving up rents across all segments of the market. Those with the lowest incomes are least able to absorb the increases and it is assumed that some of these renters have left the community due to their increased cost burdens. The amendment to the requirement has a four year sunset period when it will expire. At year three, staff is directed to evaluate whether it has had any positive effect on the construction of market rate rental housing with the expectation that increasing rental inventory will expand choices.

Santa Fe offers development incentives through the Santa Fe Homes Program (SFHP) in the form of a density bonus and fee waivers. The density bonus allows for the number of base units: the total number of units that would otherwise be allowed by the zoning district to be multiplied by 15 percent. It does not impact other code standards such as height limits, lot sizes or require a general plan amendment. While this is an important incentive, its applicability to fairly low maximum density limits (10 units per acre), somewhat limits its effectiveness, since a maximum density of 11.5 units per acre is still below that achieved by many townhouse developments (and some single-family detached developments). The fee waivers reduce development review, construction permit and impact fees as well as utility expansion charges proportionately based on the number of SFHP units in the development.

As with its other housing programs, the city relies on its nonprofit partners, Homewise and the Housing Trust to train, counsel and qualify the buyers. Additionally, homebuyers are often subsidized with downpayment assistance funded through CDBG, the Affordable Housing Trust Fund, the NM Mortgage Finance Authority, or other sources accessed by the housing counseling agencies.

To date, approximately 100 HOP, 27 SFHP and 397 Low-Priced Dwelling Units have been created, with an additional 400 units created through annexation agreements that predate the inclusionary zoning program.

Economic Development

The City of Santa Fe's Economic Development Division has refined its strategy to focus on entrepreneurship of its main initiative. Developing home grown entrepreneurs is a proven job creation strategy as small businesses often create one, two or more jobs and in aggregate these form the largest sector of private sector employment in Santa Fe. The City launched a pilot accelerator program designed to provide a fast track to growth for small businesses. The City also continues to support its business incubator which provides the support of a shared facility and business development services for resident and affiliate companies.

Through these efforts the city is diversifying the local economy through job creation and support for small business creation and growth. The main goal of the City's economic development work is to strengthen the economy by developing industries other than the main employment areas of government and tourism. This is outlined in the policy document adopted in 2008 by the City Council, the Strategy for Implementation in economic development.

IV. Land Use and Policy Review for Barriers to Affordable Housing

This section summarizes BBC's evaluation of the City of Santa Fe's public policies related to housing opportunities. Specifically BBC reviewed the city's land use code, historic preservation policies, impact fees, General Plan, and housing policies in order to identify any potential constraints to affordable housing development present in policies.

Introduction

One of the most common local governmental constraints to the private production of affordable housing is zoning, subdivision, and land development regulations. In some cases, land use regulations that intentionally or unintentionally cause barriers to affordable development can offset the impact of affordable housing subsidies or increase the need for subsidies as a vehicle for meeting affordable housing goals.

A number of studies, including a 2006 book by Jonathan Levine (Zoned Out), have documented the impact of zoning regulations on the supply of affordable housing.[4, 5] Common zoning regulations negatively impacting affordable development include:

- Minimum house size, lot size, or yard size requirements;
- Prohibitions on accessory dwelling units;
- Restrictions on land zoned and available for multifamily and manufactured housing; and
- Excessive subdivision improvement standards.

A national study conducted by the National Association of Home Builders in 2007 evaluated which types of subdivision regulations have the greatest impacts on housing costs.[6] The study compared benchmark standards for single family housing (necessary for public health and safety) and compared the cost of building homes under those benchmarks with actual costs of single family home construction. The study found that

- 65 percent of the added costs were caused by minimum lot size requirements; and
- 9 percent of the added costs were caused by lot width requirements.

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[4] Levine, Jonathan, Zoned Out (RFF Press, Washington, D.C., 2006).

[5] Colorado Deportment of Local Affairs, *Reducing Housing Costs through Regulatory Reform* (Denver: Colorado Department of Local Affairs, 1998).

[6] Study of Subdivision Requirements as a Regulatory Barrier. EcoNorthwest, for National Association of Homebuilders Research Center, 2007.

- Minimum *house size* requirements also had a significant impact on cost—accounting for 17 percent of the added costs in communities that have such restrictions.[7]

Land Use Code

The zoning review conducted for this analysis focuses on key land use regulations that can have significant impacts on housing affordability and availability, derived from work conducted by Don Elliott of Clarion Associates. The following discussion is organized by:

- Permitted uses, or types of housing units allowed (e.g., multifamily parcels, manufactured homes, accessory dwelling units (ADU's), mixed use districts, and group housing);

- Residential development standards such as lot size, minimum house size, density and parking standards;

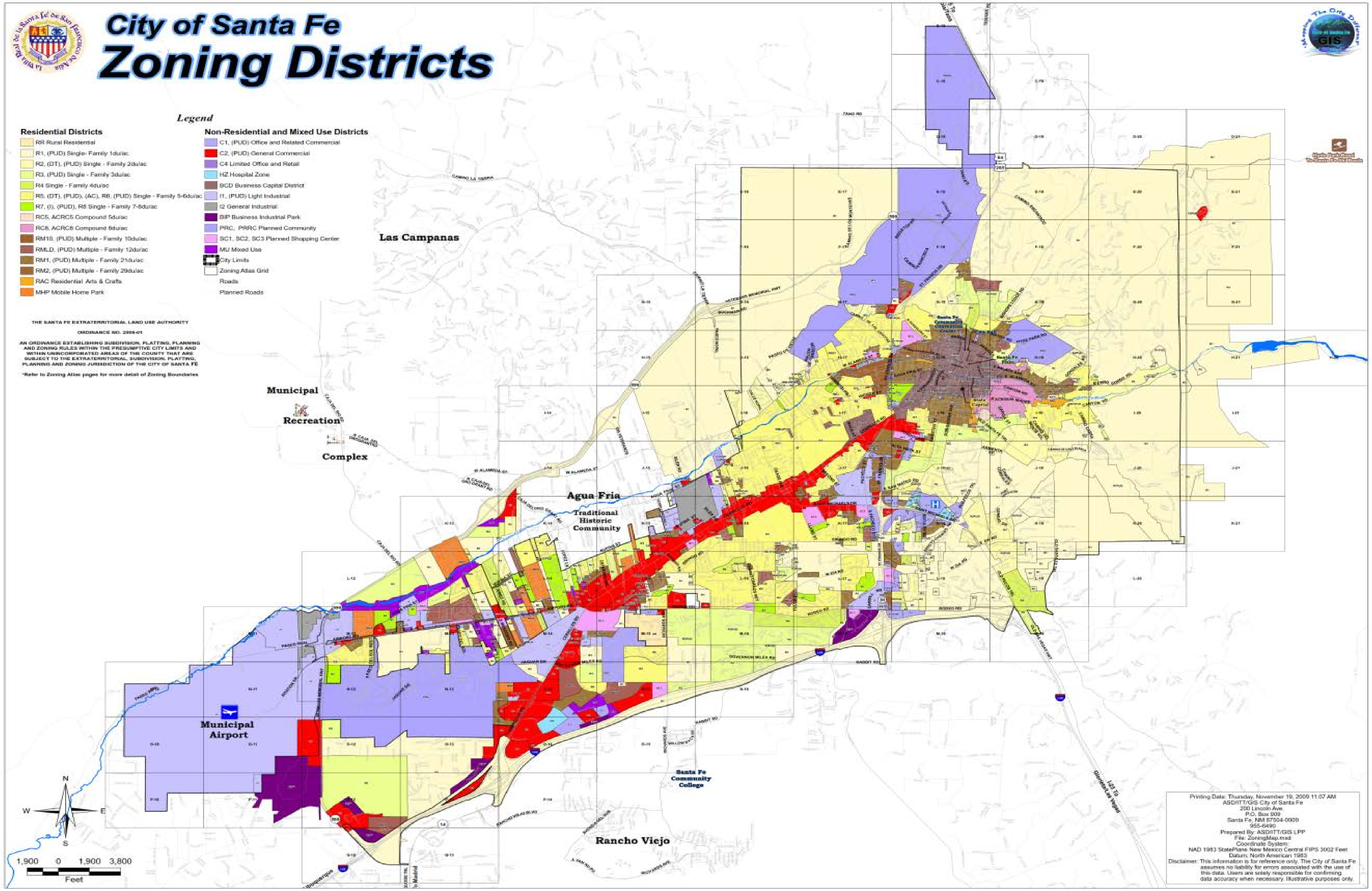
- Other best practices to help foster the production of affordable housing (purpose statements, flexibility on nonconforming structures and incentives for affordable development).

The City of Santa Fe's zoning code does include multiple mixed use districts and the residential districts are generally inclusive of many housing types. Even low density residential districts allow multifamily development, manufactured homes and accessory dwelling units. Group homes for eight or fewer residents are also allowed by right in all residential districts, although the occupancy limit for unrelated persons in a single family home that isn't a "group home" is five persons.

Figure 13 displays the zoning map for the City of Santa Fe.

[7] This is an uncommon requirement; only 8 percent of local governments imposed a minimum house size at the time the study was conducted.

Figure 13.
City of Santa Fe Zoning Districts



Source: City of Santa Fe.

Permitted uses. In order to promote affordability, the zoning code should allow for a diversity of housing types and should accommodate the construction of multifamily and manufactured housing as well as encouraging housing production in close proximity to employment. Best practices for residential uses that foster affordable development are described below:

- **Mixed Use.** Housing should be allowed near businesses that employ workers, particularly moderate and lower income employees. To do that the code should permit residential units in at least one commercial zone district (preferably more) and/or should map some lands for multifamily development in close proximity to commercial districts.

- **Multifamily Parcels.** At least one zone district (or overlay district, or permit system)—preferably more—should allow the construction of multifamily housing, and enough land should be mapped into that district to allow a reasonable chance that multifamily housing will be developed. Maximum heights should be reasonable and consistent with the maximum density permitted; avoid mapping areas for multifamily densities and then imposing height restrictions that prohibit efficient development at those densities. Failure to provide opportunities for multifamily development has been identified as one of the four leading regulatory causes of increased housing costs.

- **Accessory Dwelling Units.** The code should allow accessory dwelling units in at least one zone district—preferably more—either as an additional unit within an existing home structure or in an accessory building on the same lot. While some communities require a special permit for these uses, others find that they can be allowed by right provided that they comply with standards limiting scale, character, and parking. Avoiding a special permit or approval requirement is preferable.

- **Manufactured Homes.** Manufactured housing that meets HUD safety standards should be allowed in at least one zone district (per the federal Manufactured Housing Act of 1974). While restricting these homes to manufactured home parks is common, the better practice is to allow them in at least one residential zone where the size and configuration matches the scale and character of the area.

- **Group Housing.** The code should clarify that housing for groups protected by the Fair Housing Act Amendments of 1988 are treated as residential uses (not commercial uses, regardless of whether residents of those facilities are paying for services), and should generally allow those group housing uses in at least one residential district where similarly sized homes or apartments are permitted—preferably more. As a general rule, small facilities (no more than eight residents) should be allowed in at least one zone district where single-family detached homes are allowed—preferably more. Some HUD offices and advocates believe that compliance with the FHAA requires that these facilities be allowed everywhere similarly sized homes and apartment buildings are permitted, and under the same conditions, but some court decisions have upheld additional conditions or procedures for group housing projects. While some communities require a special permit for these uses, others find that they can be allowed by right provided that they comply with standards limiting scale, character, and parking. Failure to provide for these uses in the code could subject the city to a developer's request for "reasonable accommodation" under the Act, and failure to provide "reasonable accommodation" could be a violation of federal law.

Figure 14 summarizes select residential uses by zone.

Figure 14.
Permitted Uses by District, City of Santa Fe

District	Description	Multi-family dwelling	Single family dwelling	Manu-factured home	Accessory dwelling unit	Group home for 8 or fewer residents
RR	Rural Residential	P*	P	P	A	P
R-1 - R-6	Residential (Numeral indicates maximum number of dwelling units per acre. "(I)" indicates Infill).	P	P	P	A	P
R-7 - R-9		P	P	P	A	P
R7 (I)			P	P	A	P
RC-5, RC-8		P	P	P	A	P
R-10 - R-29		P	P	P	A	P
MHP	Mobile Home Park	P	P	P	A	
RAC	Residential Arts and Crafts	P	P	P	A	P
C-1	Office and Related Commercial	P	P	P	A	P
C-2	General Commercial	P	P	P	A	S
C-4	Limited Office and Arts and Crafts	P	P	P	A	P
HZ	Hospital Zone	P	P	P	A	P
BCD	Business-Capitol	P	P	P	A	P
I -1	Light Industrial				A	
I -2	General Industrial				A	
BIP	Business and Industrial Park				A	S
SC-1 - SC-3	Planned Shopping Center	P				
MU	Mixed Use	P	P	P	A	P

Note: A "P" in a cell indicates that a use category is permitted by right in the respective zoning district.
An "S" in a cell indicates that a use category is permitted only if reviewed and approved as a special use permit.
An "A" in a cell indicates that a use category is permitted as an accessory use.
A blank cell indicates that the use type is prohibited in the zoning district.
* In the RR district, multiple-family dwellings are limited to four per lot..

Source: City of Santa Fe Land Development Code.

Residential development standards. As discussed in the introduction, dimensional standards, such as lot size, house size and density have a substantial impact on housing costs. Parking standards can also be a barrier to affordable development, particularly for multifamily developments.

Density and lot size. Minimum lot size requirements are the type of regulation most responsible for increasing housing costs. While the appropriate minimum lot size will vary with the character of the community, a zone allowing minimum lot sizes in the 3,000-6,000 square foot range is generally considered appropriate for urbanized or non-rural areas. In addition, lot width requirements should be reasonable and consistent with minimum lot sizes; while some codes require minimum lot widths of 70 feet or more, small homes can be constructed on lots as narrow as 40 feet, and an increasing number of new codes for urban areas allow residential development on 25 foot wide lots.

Figure 15 displays the dimensional standards for Santa Fe's residential districts and the mixed use and commercial districts with residential uses.

Figure 15.
Dimensional Standards for Residential Districts

District	Max. Gross Density (dwelling units per acre)	Minimum Lot Area	Max Height of Structures
Residential Districts			
RR	2 to 3 units per acre	SF: 4,000 sq ft SF with common open space: 2,000 sq ft MF: as required to comply with max density	24 feet
R-1 - R-9 and R7(I)	Numeral indicates max units per acre (e.g., R-1=1, R-9=9)	SF: 4,000 sq ft SF with common open space: 2,000 sq ft MF: as required to comply with max density	24 feet
R-10 - R-29	R-10=10 R-12, R-21 and R-29=10 or per development plan or special use permit	SF: 3,000 sq ft SF with common open space: 2,000 sq ft MF: as required to comply with max density	R-10, R-12: 24 ft R-21, R-29: 24 ft or 36 with special use permit or development plan
RAC	10 units per acre or per development plan or special use permit	Same as R-10 - R-29	24 feet
Mixed Use and Commercial Districts			
MU	12-14 units per acre	None, except as needed to satisfy other regs	25-35 feet
BCD	varies, but generally must maintain the current residential scale		18-56 feet
C-1 - C-4	same as R-21 or contiguous residential district		24-45 feet

Source: City of Santa Fe Land Development Code.

Santa Fe's residential districts allow for a variety of densities—from one dwelling unit per acre up to 10 units per acre. The higher density residential districts (R-7, R-8 and R-9) cite affordability in their purpose statement noting that their intent is to "allow a density that enables affordability." However, 10 units per acre is below the density achieved by many attached single-family (townhouse) projects, and most multifamily projects would require densities higher than 10 units per acre to build efficiently. In Santa Fe, it appears that achieving fairly standard multifamily densities require special approval. The city might consider allowing multifamily construction in some districts at densities higher than 10 units per acre without special development plan approval, perhaps by defining building envelopes based on the surrounding height and scale of development rather than a dwelling unit per acre cap. While taller height limits might allow for more efficient and affordable multifamily development, we understand that low-scale development is a key element of Santa Fe's history, character, and tourist industry, and do not recommend that additional heights should be achievable without special review.

The minimum lot sizes for single family units are also low enough to allow for affordable development (4,000 square feet in most residential districts, 3,000 square feet in high density residential districts, and only 2,000 square feet when there is common open space). Lot widths are not specified in the code.

Minimum house sizes. Minimum house size requirements are not common but have been identified as a significant cause of increased housing price in those communities where they are in place. As a best practice for reducing barriers to affordable development, zoning and subdivision regulations should not establish minimum house or dwelling unit sizes (beyond those in the building code). The Santa Fe code does not specify minimum house sizes.

Parking standards. Although the traditional standard of two parking spaces per dwelling unit may be reasonable for many areas, a lower standard can and generally should be used for affordable housing, multi-family housing, group housing, and special needs housing.

As is typical, Santa Fe code requires two parking spaces for each detached dwelling unit and for each attached dwelling unit when the structure has five or fewer units. For larger multifamily dwellings (more than five units) and for group homes with more than eight residents the Santa Fe code lowers the parking requirements (multifamily requirements range from 1.25 to two spaces per dwelling depending on square footage and group homes require one space per two beds). Although these requirements are not unreasonable, many newer codes are adopting lower parking standards for more urban areas, particularly for multifamily housing and group homes, and Santa Fe might consider adjusting those standards downward.

Architectural design standards. Santa Fe is well known for its exceptional historic character, and the city's economic health depends in part on preserving that character, and architectural design standards are an important tool to preserve that character. Architectural design standards can coexist with affordable residential development if they follow two key principles. First, objective standards that can be reviewed by city staff for compliance (without the need for individualized review and negotiation in front of a committee) are preferable. In other cities, affordable housing developers sometimes comment that it is not the standards themselves that make compliance difficult but the time and expense of completing a discretionary design review process (especially if multiple presentations and appearances are required before approval).

Second, there is sometimes room for adopting lower design standards—or exempting affordable projects from some standards—without significantly compromising neighborhood or historic character. For example, new construction projects can still be required to meet a defined historic style, allowing some of the details (for example, depth of required insets or projections, or the level of entryway definition or window details) to be varied can result in construction savings that enhance affordability. In other cities, building stepback requirements for higher floors have been identified as a particularly expensive design requirement for affordable projects.

Other Best Practices

In addition to the regulations discussed above, there are some proactive components local governments can incorporate in their zoning regulations to promote housing choice. These include purpose statements, flexible nonconforming structure regulations and affordable development incentives.

Purpose Statement. The code should reflect the jurisdiction's purpose to provide housing choice for its residents and to comply with applicable federal and state law regarding housing choice. The purpose of Santa Fe's land use code is to:

- Implement the purposes of the general plan, including guiding and accomplishing a coordinated, adjusted and harmonious development of Santa Fe that will best promote health, safety, order, convenience, prosperity and the general welfare as well as efficiency and economy in the process of development, and to ensure that the regulations adopted pursuant to this chapter are in accordance with the general plan; and

- Create conditions favorable to the health, safety, convenience, prosperity and general welfare of the residents of Santa Fe by coordinating streets within proposed subdivisions with existing or planned streets or other features of the general plan; providing parks and trails; providing sewer, water and other infrastructure; providing adequate open space for traffic, recreation, drainage, light and air; and providing for the appropriate distribution of population and traffic.

The code also includes a purpose statement specifically for residential districts, which is more explicit in promoting housing choice: "A variety of dwelling types to serve a wide range of individual requirements is available throughout the residential districts, including single-family dwellings or multiple-family dwellings, attached or detached dwelling units, site-built or nonsite-built dwelling units, conventional subdivision arrangements, zero lot line, cluster developments or compounds, as long as they are in keeping with the overall character of the district and all other applicable requirements are met."

The high density residential districts (R-7, R-8 and R-9) specifically include affordability as one of their purposes.

Adding an intent to comply with state and federal fair housing laws and regulations in either the general code purpose statement or the residential district purpose statement would be helpful.

Flexibility on Nonconforming Structures. Although zoning codes generally require that nonconforming structures damaged or destroyed through fire or natural causes can only be rebuilt in compliance with the zoning code, an increasing number of codes are exempting affordable housing from this requirement. Often the most affordable housing in a community is located on lots that are too small or narrow for the district where they are located, or in multi-family buildings that have too many units for the district where they are located. If forced to replat with larger lots or to reduce density following a disaster, those affordable units may be lost, and allowing rebuilding with the same number of units as before may be the most efficient way to preserve this these units in the housing stock.

Santa Fe's code does not currently exempt affordable housing from nonconforming structure requirements.

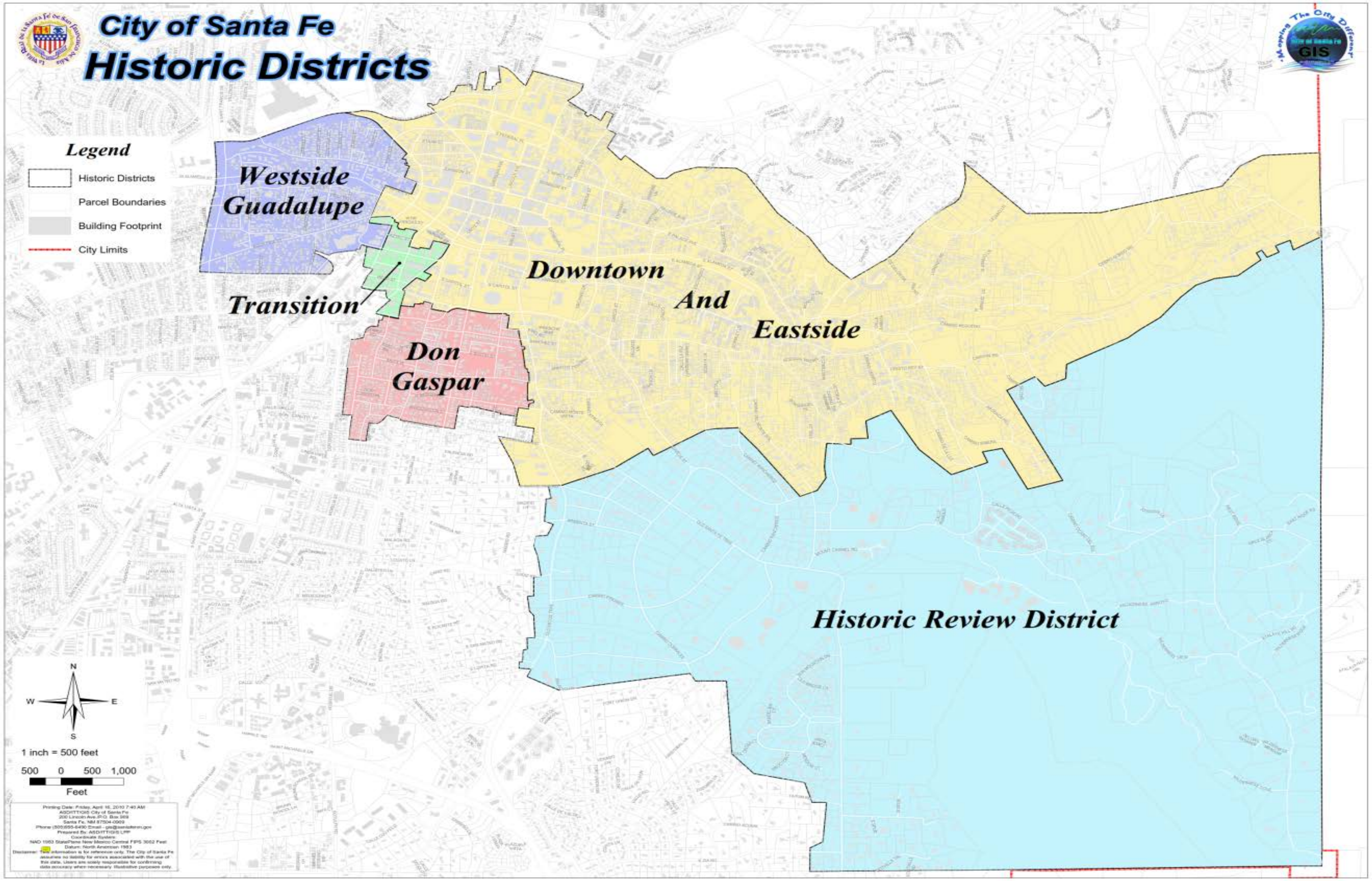
Incentives for affordable development. In order to encourage the development of affordable housing, the code should recognize the difficult economics involved and should offer incentives. Common incentives include smaller lots, increased density in multi-family areas, reduced parking requirements, or waivers or reductions of application fees or development impact fees. Some communities provide additional incentives for housing that is restricted for occupancy at lower percentages of the Area Median Income (AMI). For example, developments restricted for households earning less than 50% of AMI could receive more generous incentives than those for households earning less than 80% of AMI. While zoning and subdivision incentives alone are often not enough to make development for lower levels of AMI economically feasible, they can be part of a broader package of incentives (for example, including financial incentives or land contributions) that make those project feasible. Any incentives offered should be updated as new housing studies are completed and new information about specific affordable housing needs is obtained.

Historic Preservation

The City of Santa Fe has five historic districts that cover approximately 20 percent of the city—about 6,000 buildings. The mission of the Historic Preservation Division is to preserve the character of Santa Fe by effectively administering the Historic Districts and Archaeological Districts ordinances and by educating the public about historic preservation. Figure 16 displays the city's historic districts.

For residents of a historic district, all exterior alterations and ground disturbance require an approval through the Historic Preservation Division, even if a permit is not required. The process and alteration standards can create additional affordability burdens by adding both time and expense to necessary home repairs. The city may want to consider providing assistance to homeowners living in historic districts with necessary repairs either through existing homeowner programs or through a new program designed specifically for such a purpose.

Figure 16.
City of Santa Fe
Historic Districts



Source: City of Santa Fe.

Development Fees and Review Process

Santa Fe collects impact fees on new residential and commercial development. Waivers are granted for homes or rental units that are part of the Santa Fe Homes Program and Housing Opportunity Program homes. For single family homes, the impact fee is determined by the size of the heated living area, ranging from $3,079 for 1,500 square feet or less up to $3,895 for more than 3,000 square feet. Water rights are given to the developer for each affordable housing unit. Fee waivers are generally valued at $8,000. The Land Use Department's building permit fees are based on the building valuation.

Multifamily housing. The site development process for multi-family developments with less than 10,000 square feet of gross floor area involves approval of an administrative development plan by City Development Review Team staff members. This review process adds about two weeks to the normal construction permit review process. The approval process for multi-family developments with over 10,000 square feet of gross floor area, or which involve densities greater than ten dwelling units per acre, involves an early neighborhood notification meeting and a public hearing before the Planning Commission or Board of Adjustment. Those procedures take approximately four months to complete, prior to filing an application for a construction permit.

Rezoning. Increasing density involves an early neighborhood notification meeting and public hearings before the Planning Commission and the Governing Body. Those procedures take approximately five months to complete, prior to filing an application for a construction permit. Applications are rarely denied, and processing fees are waived for affordable housing projects. Other than the time required, these processes are not viewed as constraints. However, the higher cost of land closer in to the city, along with neighborhood opposition to multifamily densities in these areas, are clearly constraints for applicable infill development proposals.

Overlay incentives. Recently, the Governing Body approved the Midtown LINC overlay zone for the St Michael's Drive corridor, one of Santa Fe main thoroughfares. The objective of the overlay district is to spur mixed use redevelopment, to densify existing uses, and to encourage the creation of a more interesting and vibrant street façade. Constructed as a bypass in the early 1960s, St Michael's is currently characterized by strip mall development, car dealerships, and some big box anchor stores. It is six lanes wide in most places, (plus a turning lane), largely bordered by expansive parking lots, engineered to facilitate vehicular speed and as a result is an unpleasant and unsafe pedestrian and bicycling environment.

The LINC establishes standards for "qualifying projects" that meet the City's objectives for redevelopment of the corridor. Those projects are subject to relaxed standards for setbacks, height restrictions, landscaping and parking standards and also qualify for certain fee waivers and/or reductions (construction permit fees, impact fees, water UECs, etc.). Importantly, qualifying projects of a certain size can be approved through administrative review, rather than going through an ENN and hearing at the Planning Commission. The Santa Fe Homes Program requirements are in effect throughout this zone and any fee revenues collected through the ordinance will be reserved for use in the surrounding neighborhoods as a buffer to future gentrification of these areas.

Santa Fe General Plan

Santa Fe's General Plan was last updated in 1999 and provides a comprehensive, long-term plan for the physical development and conservation of Santa Fe. The plan identifies 14 overall themes that represent public concerns and values and that provide a foundation for guiding and implementing policies. Those themes are:

- **Affordable housing.** Actively participate in the creation of affordable housing.
- **Quality of life.** Enhance the quality of life of the community and ensure the availability of community services for residents.
- **Transportation alternatives.** Reduce automobile dependence and dominance.
- **Economic diversity.** Develop and implement a comprehensive strategy to increase job opportunities, diversify the economy, and promote arts and small businesses.
- **Sustainable growth.** Ensure that development is sustainable and that growth, conservation, redevelopment, and natural resource protection are balanced.
- **Regional perspective.** Maintain a regional growth management perspective and work with other private and governmental entities towards that goal.
- **Water.** Undertake comprehensive efforts to conserve water and ensure adequate supplies with growth.
- **Character.** Maintain and respect Santa Fe's unique personality, sense of place, and character.
- **Urban form.** Promote a compact urban form and encourage sensitive/compatible infill development.
- **Community-oriented downtown.** Put community activities back into Downtown.
- **Community-oriented development.** Orient new development to the community; foster public life, vitality, and community spirit.
- **Mixed use.** Provide a mix of land uses in all areas of the city.
- **Review process.** Streamline the planning and development review processes.
- **Implementation.** Ensure consistency between the General Plan, implementing ordinances (including zoning and impact fees), and the Capital Improvements Program (CIP).

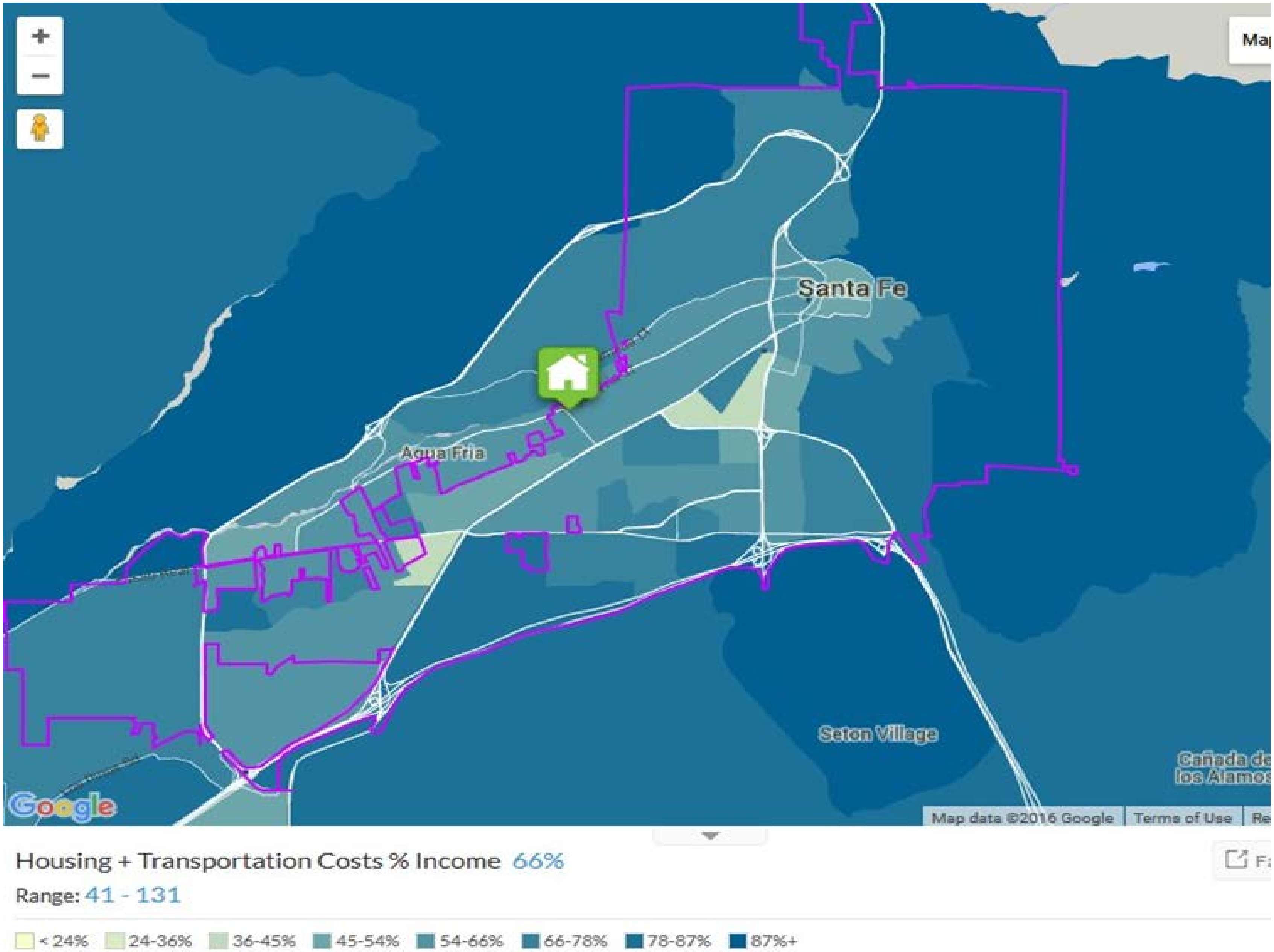
The inclusion of affordable housing as a top theme in the General Plan and in the Land Use chapter of the Plan helps maintain a long-term focus on affordability as a development value.

Other themes, such as urban form, transportation alternatives and mixed use also contribute to affordable principles of development.

Housing and Transportation Affordability

According to the Center for Neighborhood Technology Housing+Transportation Affordability Index, Santa Fe's population on average, per households spends 66 percent of its income on both housing and transportation. As shown by the percentage breaks below the map, households closer to the city center may be located in the lowest income census tracts, but spend less on transportation costs due to the housing stock's proximity to multi-modal options, such as walkability, multiple intersecting bus routes and bike paths. Similarly, housing located farther out from the city center but closer to transit corridors also spends less (24-36%). Housing costs increase in the areas in dark blue due to both rural locations and larger lots, and are almost entirely automobile dependent, pushing both costs further up to between 70 and 87 percent of a household's income.

Figure 17. Housing and Transportation Costs as a % of Income



Source: Center for Neighborhood Technology 2003-2015. Accessed March 2016.

Affordable Housing Policies

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

The city's primary affordable housing policies and programs are discussed on the following pages.

Housing ordinance. The city has a housing ordinance (Chapter XXVI of the City Code) which includes the following regulations:

- Santa Fe Homes Program Ordinance, the city's inclusionary zoning ordinance, which is discussed in greater detail later in this section;

- The Low Priced Dwelling Units Ordinance which defines the qualification requirements for low priced dwellings that may qualify for incentives in various city codes (e.g., affordable housing density bonus);

- The Affordable Housing Trust Fund Ordinance, set up as a repository for development fees generated through the affordable housing program and ensures expenditure of these funds is in accordance with the NM Affordable Housing Act; and

- The Fair Housing Ordinance, which prohibits discrimination in housing based upon race, color, religion, gender, sexual orientation, national origin, familial status, or disability.

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

In the mid-2000s, the city initiated a more stringent inclusionary zoning program, the Santa Fe Homes Program (SFHP) which mandates a 20 percent requirement for any application including annexation, rezoning, subdivision plat and increase in density. Three income tiers are served: 50-65 percent AMI; 65-80 percent AMI; and 80-100 percent AMI, with 10 percent of the total units serving each tier.

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

To date, approximately 100 HOP, 27 SFHP and 397 Low-Priced Dwelling Units have been created.

Tierra Contenta. Consistent with past years, production of affordably-priced homeownership units in Santa Fe occurs primarily in Tierra Contenta, a master-planned community of 1,400 acres. On an annual basis, 30 percent of all residential construction permitted in Santa Fe occurs in Tierra Contenta. The Tierra Contenta Corporation, a nonprofit development entity, provides builder ready tracts of land to both nonprofit and for profit builders. Nearly 2,500 homes have been built since 1995, 45 percent of which are affordable.

Conclusion: Barriers to Affordable Development

The land use policy review did not reveal any severe barriers to affordable development in the land use code, General Plan or housing policies. However the analysis did reveal several things the City of Santa Fe could improve to help foster affordable development:

- Increase the current low density limits for multifamily residential construction in high density residential zones. If that is not possible, provide height bonus as an affordable development incentive;
- Add an intent to comply with state and federal fair housing laws and regulations in the general code purpose statement or in the residential district purpose statement;
- Provide exemptions for affordable housing to nonconforming structure requirements; and
- Provide assistance to homeowners living in historic district with necessary repairs either through existing homeowner programs or through a new program designed specifically for such a purpose.

Housing Development Feasibility Analysis

Analysis of housing development and affordability is predicated by the payment capacity of potential low- and moderate-income buyers or renters. Figure 18 demonstrates the monthly housing payment capacity and sales price affordability at varying area median income levels.

Figure 18.
AMI and Affordability in Santa Fe County - 2016

	2016 AMI			Affordable Rent/mo*	Affordable Sales Price
% of AMI	HH 1 pers	HH 2 pers	HH 3 pers		
<50%	$ 22,650	$ 25,900	$ 29,100	$ 388	$ 118,500
60%	$ 29,400	$ 33,650	$ 37,850	$ 917	$ 154,000
80%	$ 36,200	$ 41,400	$ 46,550	$ 1,035	$ 189,750
100%	$ 45,250	$ 51,750	$ 58,200	$ 1,422	$ 237,000

*includes utilities

Single Family Housing Development. Affordability as a function of area median income is the starting point for analysis of housing development scenarios. The following depicts an analysis of varying densities on one acre of land. The home is assumed to be a 1,000 square foot home and affordability levels are based on the AMI for a 3-person family. The zoning categories were chosen to reflect the range in which the majority of single family neighborhoods are located in Santa Fe.

The scenario illustrates that homebuyer subsidy is needed at all income levels and in every development scenario for those homebuyers at 80% AMI and below. Only the homebuyers at 100% AMI and above can afford the sales price of homes in the medium and higher density subdivisions. No buyers can afford homes in 1DU/acre zoning. It is also important to remember that there remain significant gaps between what people should afford and what they are willing to pay. Also, the capacity to pay rent and mortgage payments is limited by debt, interest rates and credit history.

Figure 19.
Single Family Development Feasibility Analysis

ITEM	Low Density # of Units = 1 DU	Medium Density # of Units = 4 DU	Maximum Density # of Units = 8 DU	Max Density + Land Donation # of Units = 8 DU	Max Density + Land& Cash Donation # of Units = 8 DU
Construction					
Land (per acre)	$120,000	$120,000	$120,000	Donation	Donation
Infrastructure	$25,000	$85,000	$170,000	$170,000	$170,000
Permits	$200	$800	$1,400	$1,400	$1,400
Cost to Build @ $125sf	$125,000	$500,000	$1,000,000	$1,000,000	$1,000,000
Professional Services	$5,000	$20,000	$35,000	$35,000	$35,000
Construction Financing	$4,250	$17,000	$29,750	$29,750	$29,750
Other Soft Costs and Contigency	$7,700	$30,800	$53,900	$53,900	$53,900
Builder Profit and Overhead 10%	$15,150	$53,160	$90,805	$89,505	$77,005
TOTAL Development Cost	**$302,300**	**$826,760**	**$1,500,855**	**$1,379,555**	**$1,367,055**
Cost Per Unit	**$302,300**	**$206,690**	**$214,408**	**$197,079**	**$195,294**
100% AMI Affordability	$222,000	$222,000	$222,000	$222,000	$222,000
100% AMI Subsidy Gap	**($80,300)**	**$15,310**	**$7,592**	**$24,921**	**$26,706**
80% AMI Affordability	$160,000	$160,000	$160,000	$160,000	$160,000
80% AMI Subsidy Gap	**($142,300)**	**($46,690)**	**($54,408)**	**($37,079)**	**($35,294)**
50% AMI Affordability	$80,000	$80,000	$80,000	$80,000	$80,000
50% AMI Subsidy Gap	**($222,300)**	**($126,690)**	**($134,408)**	**($117,079)**	**($115,294)**

Multi-Family Housing Development. Clearly affordable multifamily development is one of the greatest needs for low- and very-low renter households in Santa Fe. The following scenario depicts an affordable rental development scenario at three different density levels. One includes a municipal donation of land and cash resources.

Figure 20.
Multi-Family Development Feasibility Analysis

ITEM	Low Density # of Units = 4	Medium Density # of Units = 8	High Density # of Units = 14	High Density + Donations # of Units = 14
Construction				
Land Cost (per acre)	$200,000	$200,000	$200,000	Donation
Site Prep/Infrastructure	$100,000	$160,000	$300,000	Donation
Permits	$2,000	$4,000	$7,000	$7,000
Exactions	$20,000	$40,000	$70,000	$70,000
Cost to Build	$500,000	$1,000,000	$1,400,000	$1,750,000
Misc. Construction Costs	$12,000	$24,000	$42,000	$42,000
Professional Services/Fees	$4,500	$9,000	$12,000	$12,000
Construction Financing	$2,500	$5,000	$8,750	$8,750
Soft Costs	$1,000	$2,000	$3,500	$3,500
Syndication	$750	$1,500	$2,675	$2,675
Reserves	$3,000	$6,000	$12,000	$12,000
Developer's/Sponsor Cost	$15,000	$30,000	$52,500	$52,500
TOTAL Development Cost	**$860,750**	**$1,481,500**	**$2,110,425**	**$1,960,425**
Cost Per Unit	**$215,188**	**$185,188**	**$150,745**	**$140,030**
Rent (based on carrying cost)*	**$967**	**$833**	**$678**	**$630**
100% AMI Affordable Rent**	$1,422	$1,422	$1,422	$1,422
Affordability Gap	**$455**	**$589**	**$744**	**$792**
80% AMI Affordable Rent**	$1,035	$1,035	$1,035	$1,035
Affordability Gap	**$68**	**$202**	**$357**	**$405**
60% AMI Affordable Rent**	$917	$917	$917	$917
Affordability Gap	**($50)**	**$84**	**$239**	**$287**
30% AMI Affordability**	$388	$388	$388	$388
Affordability Gap	**($579)**	**($445)**	**($290)**	**($242)**

*4.5% interest amortized for 40 years
**2-person household

While this scenario indicates that higher densities reduce per unit carrying cost which could be translated into lower rents, it is highly unlikely in a rental market with 3% vacancy that a property owner wouldn't charge the highest rent that the market will bear. With this in mind, and if rents are adjusted to reflect a weighted average rental rate for 2-bedroom units in Santa Fe[8], the actual affordability scenario reveals that only those renters at 80%AMI and above are reliably able to afford market rents. This scenario also removes the donation option, as the donation would only be made with the requirement that affordability is maximized.

[8] September 2015 Albuquerque/Santa Fe Multifamily Market Survey, CBRE

Figure 21.
Multi-Family Development Feasibility Analysis with Market Rents

	Low Density # of Units = 4	**Medium Density** # of Units = 8	**High Density** # of Units = 14
Cost Per Unit	**$215,188**	**$185,188**	**$150,745**
Rent (based on carrying cost)*	**$967**	**$949**	**$949**
100% AMI Affordable Rent**	$1,422	$1,422	$1,422
Affordability Gap	**$455**	**$589**	**$744**
80% AMI Affordable Rent**	$1,035	$1,035	$1,035
Affordability Gap	**$68**	**$202**	**$357**
60% AMI Affordable Rent**	$917	$917	$917
Affordability Gap	**($50)**	**($32)**	**($32)**
30% AMI Affordability**	$388	$388	$388
Affordability Gap	**($579)**	**($445)**	**($290)**

Analysis of Current Zoning to Support Affordable Housing Development. When the City's current zoning map is analyzed, the amount of land that is zoned at densities to support affordable housing is simply not adequate. In the City of Santa Fe, approximately 27,450 acres are residentially zoned, both undeveloped and developed. Of this total, 78% is zoned at densities of 5 DU/acre and below. As illustrated in the previous discussion, this zoning density cannot support affordable housing without substantial subsidy or reduction in market rate costs. Sixteen percent (16%) of residential zoning can support affordable homeownership, while only 5% of residential zoning can support affordable multi-family zoning. An additional 1% has the potential to support affordable housing, however, affordability is only likely in the Mobile Home Park zoning.

Figure 21.
Analysis of City Zoning Districts

Zoning Category	# of acres	% of Total
RR Rural Residential	107.73	
R1, (PUD) Single- Family 1du/ac.	13640.87	
R2, (DT), (PUD),(AC) Single - Family 2du/ac	1398.28	
R3, (PUD) Single - Family 3du/ac	2055.73	
R4 Single - Family 4du/ac	390.56	
R5, (DT), (PUD), (AC), R6, (PUD) Single - Family 5-6du/ac	3674.85	
RC5, RC5AC Compound 5du/ac	20.25	
Total Residential Zoning @5DU or less	**21,300**	**78%**
R7, (I), (PUD), R8 Single - Family 7-8du/ac	346.58	
RC8, RC8AC Compound 8du/ac	202.44	
R10, (PUD) Multiple - Family 10du/ac	107.31	
PRC, PRRC Planned Community	3647.73	
Total Residential Zoning @7DU or more	**4,300**	**16%**
R21, (PUD) Multiple - Family 21du/ac	440.52	
R21, (PUD) Multiple - Family 21du/ac	872.82	
R29, (PUD),(AC) Multiple - Family 29du/ac	192.58	
Total Multi-family Zoning	**1500**	**5%**
RAC Residential Arts & Crafts	39.49	
MHP Mobile Home Park	316.40	
Other Residential	**350**	**1%**
TOTAL RESIDENTIAL ACRES BY ZONING CATEGORY*	**27,450**	

*These values are rounded to the nearest 50

Given the high demand for rental units and the need for redevelopment that also realizes the City's economic development goals, a consultant was hired in 2014 to evaluate the developable potential of City-owned sites. The assumption is that without a substantial subsidy, most likely in the form of Low Income Housing Tax Credits, developing rental housing in Santa Fe that is affordable to renters earning less than 80% of AMI is not feasible. Further, LIHTC funds provide an opportunity to leverage City resources on a 1:10 ratio and in turn, the City can require that a portion of the units provided in the project are set aside for very-low income renters earning 30% and below and/or transitioning out of homelessness.

SITES ANALYSIS

The Santa Fe Arts + Creativity Feasibility Report[9] looked at 10 sites, both city-owned and privately held, identified through interviews with city staff, real estate professionals, and other local

[9] Prepared for the City of Santa Fe by Creative Santa Fe and New Mexico Inter-Faith Housing, February 2015

affordable housing organizations. Because the LIHTC Qualified Allocation Plan (QAP) heavily favors projects with municipal contribution, as allowed pursuant to the NM Affordable Housing Act, this Plan focuses on the sites owned or under a lease agreement by the City. Criteria to include the site in the analysis hinged on size, location (where affordable housing is needed but not overly concentrated, proximity to transit corridors, retail/commercial areas, and other amenities), access to infrastructure, existing zoning, and ease of site control.

The sites that were considered included:

- The City's Public Works Yard, located on Siler Road - This site is part of 20+ acres of city land that includes current public safety and public works facilities and is the site of the former waste treatment plant. This area is desirable because of the Siler Road street frontage, and the potential for this site to garner extra points for LIHTC award because it may require some environmental remediation. Also it is located in a Qualified Census Tract (QCT) and currently lacks any major affordable housing facilities. It is zoned I2 which requires rezoning before it can be eligible for a LIHTC award. As part of the proposal, the City plans to donate approximately 5 acres of this land towards the Arts+Creativity Center, which would permit up to 70 units, with approval of a proposed zone change to C-2.

- Siringo Road City Complex – This site currently houses city warehouse and office facilities but is generally considered to be functionally obsolete for the City's purposes. The size of the site means that an apartment project would be denser and most likely have to go up in height to accommodate the number of desirable units which may result in higher costs due to the structural demands of taller buildings. Another concern was that Siringo is not a major public transit corridor and surrounding neighborhoods have been highly resistant to apartment proposals. The R-5 zoning of this site allows 23 units on approximately 4.46 acres.

- Santa Fe University of Art and Design (SFUAD), located off St. Michael's Drive – Many parcels on this site are owned by the City along with other institutions (State of NM and Santa Fe Public Schools), with the majority of land leased to the University. Integrating housing into this area is considered crucial for the City's redevelopment efforts of St. Michael's Drive, although its close proximity to the subsidized housing in the Hopewell-Mann neighborhood may lead to a substantial concentration of affordable housing in this neighborhood. The R-5 zoning of this site allows 39 units on 7.9 acres; or 113 units on 22.7 acres. Depending on the acreage in question, it is possible that a zone change to a higher density would be needed to achieve the minimum 60 units for a potential LIHTC project to be competitive.

- Guadalupe/Baca Street Railyards – These sites are desirable given their walkability, proximity to creative spaces, local businesses, public transit, trails, Railrunner Train stops and beneficial Business Capital District (BCD) zoning. However, the developable sites are small and site control is administered by the Santa Fe Railyard Corporation through land leases which limit the number of units. Donating the land at less than market value would put the City in a position of not generating revenue through its current lease agreements.

- Tino Griego/La Farge Library, located between Siringo and St Michael's Drive – Centrally located near both public schools and the SFUAD, the site offers the opportunity for adaptive reuse of existing facilities as well as supporting the City's goals for redeveloping St. Michael's. However, while the City owns the buildings, the land is leased from the Santa Fe Public Schools, as well as being bisected by a major arroyo. Land ownership could be resolved through a land swap with the school district. The existing buildings may have issues of asbestos and lead-based paint which would be cost prohibitive to remediate. The library is situated on a shared parcel with a school totaling 25.42 acres and is all R-5 zoned. It is therefore currently impossible to calculate the dwelling units per acre until surveyed for a potential lot split, should a land swap occur. It could, however be estimated that approximately one-third of the acreage of this parcel would yield 42 units.

Figure 22.
SUMMARY Sites Analysis

Site	Size (acres)	Zoning	Site Control	Location	Considerations
Siler	5	I2	City	Meets development and redevelopment priorities	Site with most favorable combination of attributes
Siringo Complex	2.5	R5	City	Lacks direct access to transit	Size may be limiting; also neighborhood opposition a possible factor
SFUAD	4	R5	City, Other Institutions	Meets development and redevelopment priorities	Potential to overly concentrate affordable units in area
Railyards	1	BCD	City, through Railyard Corp	Meets development and redevelopment priorities	Lease agreement would be expensive and limiting
Tino Griego/ La Farge Library	3	R5	SFPS; City lease	Meets development and redevelopment priorities	Site control is complicated; site has terrain issues and buildings are substandard

Arts + Creativity Center. Based on the sites analysis included in this document, the City is in the process of donating a portion of the Siler Road site to the "Arts + Creativity Center" (A+CC). A+CC is envisioned as a facility that offers both affordable rental housing, as well as commercial and retail space for creative businesses. Integral to the success of this project will be the award of Low Income Housing Tax Credits (LIHTC), made more likely if the City donates the development site. Securing tax credits has the potential to leverage up to $13 million of development financing into the community.

Resolution No. 2014-13 directed City staff to work with Creative Santa Fe to identify building sites appropriate for developing the project. Once a site was identified, (a portion of the City-owned Siler Road complex), Resolution 2015-24 was adopted which clarified the process for staff to determine appropriate criteria for making a land donation, as well as developing a legal mechanism in compliance with the New Mexico Affordable Housing Act or the Local Economic Development Act. On July 29, 2015, the Governing Body approved donating a parcel of land for the project during

Executive Session, contingent on the developer receiving funding through the LIHTC program. Resolution 2016-30 further clarified the intent of the Governing Body to support the New Mexico Interfaith Housing Corporation's application for LIHTC funds, both through the donation of a project site and associated development fee waivers. The objective is for the City to donate 10% of the project costs in order to make the application competitive.

In October of 2016, the Planning Commission voted to rezone this parcel to C-2 from its current industrial zoning classification to allow for the development of the A+CC project on the basis that affordable rental housing is a demonstrated need in Santa Fe and that the project is directly relevant to the City's economic development priorities. Furthermore, because the City's donation is contingent on securing the tax credits, if the project is not successful, the C-2 zoning enhances the value of the City's asset and creates more flexibility in future uses of the parcel.

The Governing Body supported the Planning Commission's action by approving Resolution 2016-94 at its December 14th City Council meeting which amends the City's Future Land Use Map to allow for the project's rezoning. Contingent to the Resolution, the Council also adopted Ordinance 2016-44 which legally amends the City's zoning map.

Soleras Station. Another LIHTC project supported by the Governing Body is Soleras Station, a proposed 87-unit complex developed by the Housing Trust. In addition to providing much-needed affordable housing for low income renters, Soleras Station will be a pilot project for the WELL Build Institute, featuring an emphasis on healthy living environments as well as performing to a LEED certified green building standard.

Located in Las Soleras, a planned community in the southwest sector of Santa Fe, this project was initiated through an alternate compliance to the Santa Fe Homes Program. Pulte Homes proposed to purchase and donate a parcel of land zoned for multi-family housing in lieu of providing affordable homes in its two-phase development. Additionally, the developer agreed to pay for predevelopment costs associated with submitting an application for LIHTC funding. The application was not funded in the 2016 round but will be submitted again in 2017. If funding is not secured, the City will renegotiate the terms of Pulte's alternate compliance.

Housing Needs Analysis

Updates from Section II of the 2013 HNA

This section discusses housing affordability in the Santa Fe market for both ownership and rental properties. A gaps analysis is also included to identify any possible mismatches in housing supply and demand. Housing market data for this section are primarily from the Santa Fe Association of Realtors MLS Statistics (MLS), the American Community Survey (ACS) and the Apartment Association of New Mexico (Apartment Association).

Ownership market. According to the 2014 ACS, the median home value in Santa Fe was $269,900, similar to Santa Fe County ($269,300) but above the state median of $158,400.

Figure 23. Median Home Value, City of Santa Fe, 2000 to 2014

	2000	2011	2014	Change 2000-2014	Change 2011-201
City of Santa Fe	$182,800	$295,000	$269,900	48%	-9%
Santa Fe County	$189,400	$292,300	$269,300	42%	-8%
New Mexico	$108,100	$159,000	$158,400	47%	0%

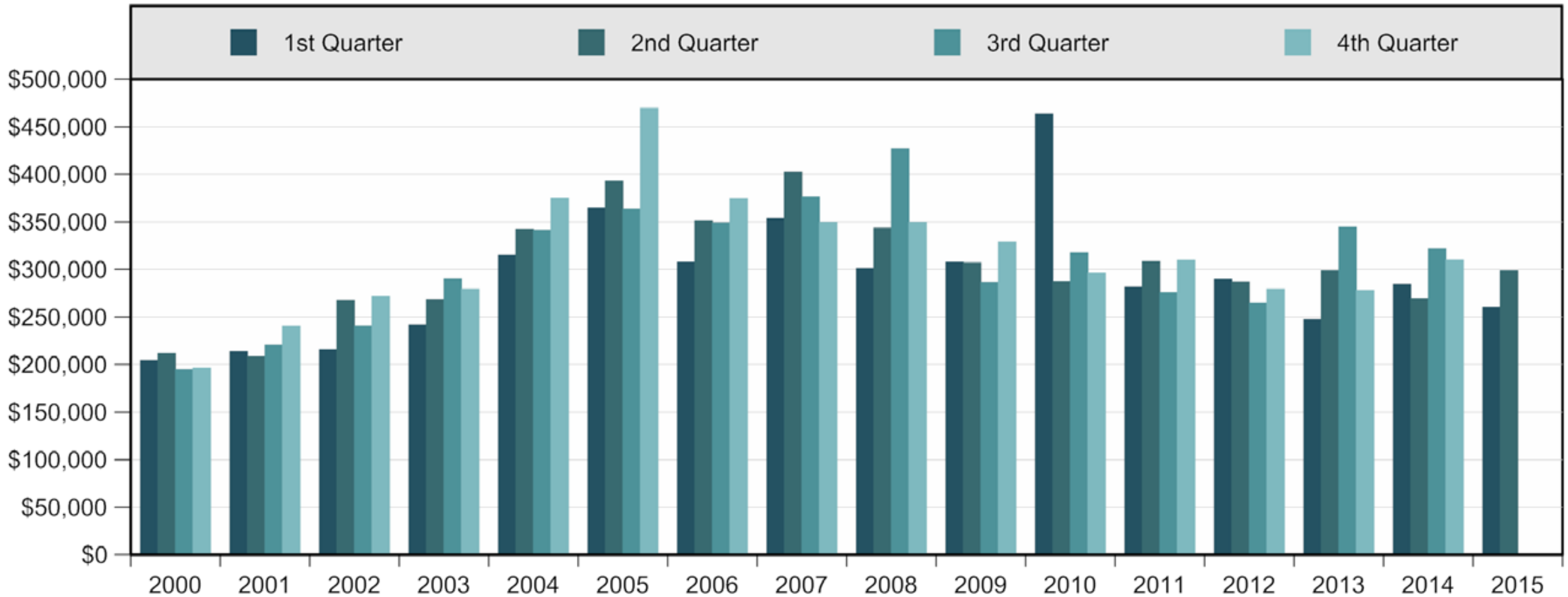
Source: 2000 Census, 2011 ACS and 2014 ACS.

There have been some affordability improvements in Santa Fe's ownership market since 2011as residents benefit from increasing incomes and stable home prices.

As displayed in Figure 23, sale prices of single family homes experienced steep increases in the early 2000s followed by steady declines between 2007 and 2012, excluding a few quarter spikes. Data for 2013 and 2014 (along with the first two quarters of 2015) suggest that home prices are leveling out or even rising slightly.

A similar sale price trend is evident in condo sales in Santa Fe. Figure 24 displays the quarterly median sale price of condos from 2000 through the second quarter of 2015. Since a decline in 2008 and 2009, condo prices seem to have stabilized in recent years.

Figure 24.
Median Sale Price of Single Family Homes, City of Santa Fe, by Quarter 2000 through Q2 2015

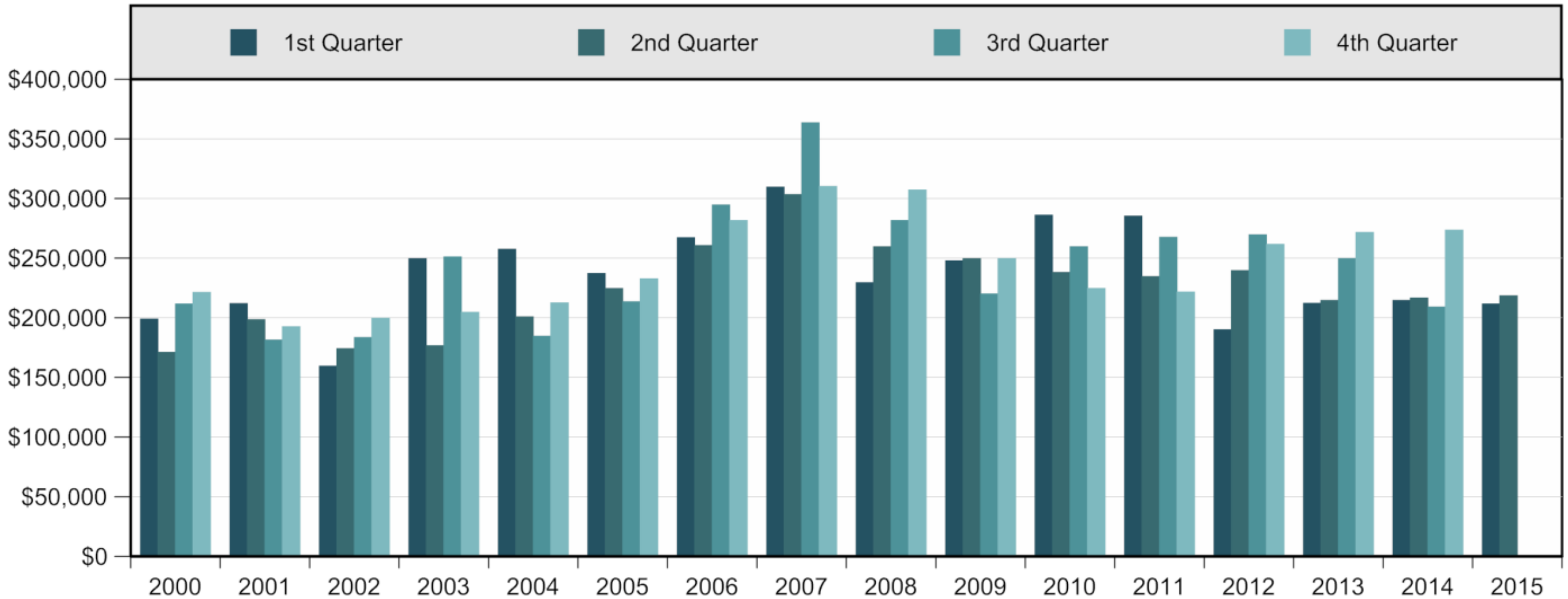


	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1st Quarter	$205,000	$214,500	$216,432	$242,400	$315,950	$365,000	$308,000	$354,125	$301,500	$308,000	$464,000	$282,000	$290,000	$247,975	$285,000	$261,000
2nd Quarter	$212,250	$209,000	$268,119	$269,000	$343,000	$393,440	$352,000	$403,000	$344,000	$307,500	$288,000	$309,000	$287,500	$299,000	$270,000	$299,000
3rd Quarter	$195,350	$221,000	$241,250	$290,500	$341,950	$364,000	$349,500	$376,950	$427,250	$287,000	$318,000	$276,250	$265,000	$345,000	$322,500	
4th Quarter	$197,000	$241,000	$272,000	$280,000	$375,500	$470,000	$375,000	$350,000	$350,000	$329,500	$297,000	$310,250	$280,000	$278,550	$310,500	

Note: Figures for 2006-2015 include sales in the Airport area; previous years do not.
This is an update to Figure II-2 in the 2013 HNA.

Source: 2013 HNA and Santa Fe Association of Realtors.

Figure 25.
Median Sale Price of Condominiums, City of Santa Fe, 2000 through Q2 2015



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1st Quarter	$199,375	$212,450	$159,950	$250,000	$258,000	$237,500	$267,500	$310,000	$229,975	$248,250	$286,500	$285,750	$190,500	$212,500	$215,000	$212,000
2nd Quarter	$171,500	$199,000	$174,650	$177,000	$201,250	$225,000	$261,100	$303,802	$260,000	$250,000	$238,500	$235,000	$240,000	$215,000	$217,000	$219,000
3rd Quarter	$212,000	$181,900	$184,000	$251,500	$185,000	$214,000	$295,000	$364,000	$282,000	$220,500	$260,000	$268,000	$270,000	$250,000	$209,500	
4th Quarter	$221,750	$193,000	$200,000	$205,000	$213,000	$233,137	$282,000	$310,605	$307,500	$250,000	$225,000	$222,000	$262,000	$272,000	$273,950	

Note: Figures for 2006-2015 include sales in the Airport area; previous years do not.
This is an update to Figure II-3 in the 2013 HNA.

Source: 2013 HNA and Santa Fe Association of Realtors.

Figure 26 compares median home values and sale prices with household incomes in 2000, 2011 and 2014. Between 2000 and 2011, residential affordability in the housing market in Santa Fe declined as increases in home prices and values outpaced income gains. However, that trend was reversed between 2011 and 2014 as sale prices and values declined at a higher rate than incomes. Affordability increased most notably for renters who may wish to buy as they experienced the highest income gains, gaining purchasing power in the for-sale market.

Figure 26.
Residential Affordability, City of Santa Fe, 2000 to 2014

	2000	2011	2014	Percent Change 2000-2011	Percent Change 2011-2014
Median Home Value	**$182,800**	**$295,000**	**$269,900**	**61%**	**-9%**
Median Price of Single Family Homes					
1st Quarter	$205,000	$282,000	$285,000	38%	1%
2nd Quarter	$212,250	$309,000	$270,000	46%	-13%
3rd Quarter	$195,350	$276,250	$322,500	41%	17%
4th Quarter	$197,000	$310,250	$310,500	57%	0%
Median Price of Condominiums					
1st Quarter	$199,375	$285,750	$215,000	43%	-25%
2nd Quarter	$171,500	$235,000	$217,000	37%	-8%
3rd Quarter	$212,000	$268,000	$209,500	26%	-22%
4th Quarter	$221,750	$222,000	$273,950	0%	23%
Median Household Income					
Owners	$52,634	$64,690	$62,727	23%	-3%
Renters	$28,177	$29,291	$34,945	4%	19%

Note: This is an update to Figure II-6 in the 2013 HNA.

Source: 2013 HNA and 2014 ACS.

Foreclosure rate. As of February 2016, RealtyTrac estimates that Santa Fe County has a foreclosure rate of 1 in every 1,515 housing units. This is lower than neighboring counties Sandoval (1 in 493) and Bernalillo (1 in 902) but higher than Rio Arriba (1 in 6,498) and San Miguel (1 in 7,756). The State of New Mexico overall has a foreclosure rate of 1 in 1,386 housing units.

Rental market. Between 2000 and 2011, rental affordability in Santa Fe declined as substantially as rents increased. Rental costs over that period did not fluctuate as much as home prices but renter incomes were harder hit by the economic recession than homeowner incomes—the net result is a more significant decline in rental affordability. In recent years, however, renter incomes have been on the rise, outpacing rising rents and resulting in net affordability gains for Santa Fe renters. Even so, many renters still struggle to find affordable units—the gaps analysis reveals a persistent shortage 2,435 rental units priced below $625 per month.

Trends in rents. As shown in Figure 27, median contract rent (that is, rent excluding utilities) increased by 8 percent between 2011 and 2014; however, median income for renters increased by 19 percent over the same period.

Figure 27.
Median Contract Rent, City of Santa Fe, 2000 through 2014

	2000	2007	2010	2011	2014	Percent Change 2011-2014	Percent Change 2000-2014
City of Santa Fe	$644	$800	$767	$804	$872	8%	35%
Santa Fe County	$626	$771	$735	$809	$824	2%	32%
New Mexico	$432	$531	$596	$618	$655	6%	52%

Note: This is an update to Figure II-7 in the 2013 HNA.

Source: 2013 HNA and 2014 ACS.

Figure 28 displays the average rent by unit type in Santa Fe from 2004 to 2015. Average rents in 2015 for all sizes increased substantially over the past year, surpassing the peak rent levels of 2006 and 2007. These trends are consistent with increased rental demand (low rental vacancy rates and declining homeownership) and increasing renter incomes.

Between 2004 and 2015, average rent for 2-bedroom/1-bath units increased the most (24%). Rent for 2-bedroom/2-bath units increased by 19 percent and rent for 1-bedrooms and 3-bedrooms increased by 20 percent between 2004 and 2015.

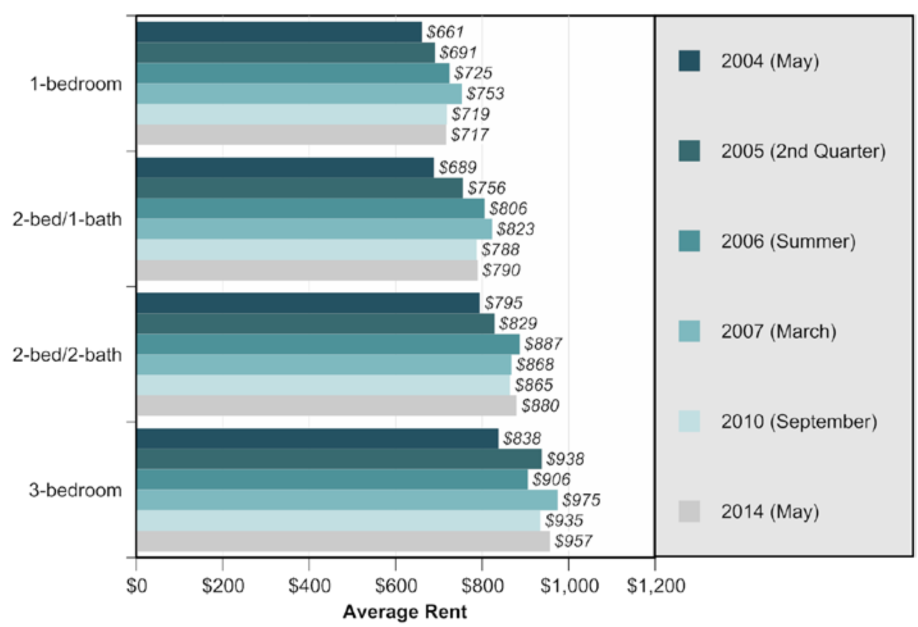
Figure 28.
Average Rent by Unit Type, City of Santa Fe, 2004 through 2014

Note:

This is an update to Figure II-8 in the 2013 HNA.

Source:

2013 HNA and Apartment Association of New Mexico CBRE Apartment Market Survey, May 2014 and September 2015.



Affordability by AMI. Despite some gains in recent years, rental affordability remains a challenge for the 47 percent of renters earning less than 50 percent of Area Median Income

(AMI). As shown in Figure 29, there is a shortage of rental units priced in that affordability range (28% of units compared to 47% of renters.

Figure 29.
AMI Distribution of Rents, City of Santa Fe, 2011 and 2014

Income as a Percent of AMI	2011			2014*		
	Max Affordable Rent	*Distribution of Rents*	*Distribution of Renters*	*Max Affordable Rent*	*Distribution of Rents*	*Distribution of Renters*
0-30% of AMI*	$515	10%	34%	$596	13%	32%
31-50% of AMI	$859	31%	20%	$816	15%	15%
51-60% of AMI	$1,030	16%	7%	$980	25%	8%
61-80% of AMI	$1,374	24%	11%	$1,306	23%	13%
81-100% of AMI	$1,717	9%	8%	$1,633	13%	7%
More than 100% of AMI	$1,718+	10%	19%	$1,634+	11%	25%

Note: Affordable rent for 2011 based on FY2011 HUD AMI of $67,800; affordable rent in 2014 based on FY2014 HUD AMI of $52,800.
*The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the 0-30% AMI and 30-50% AMI income brackets in 2014 are not directly comparable to previous years.

This is an update to Figure ES-2 and Figure II-9 in the 2013 HNA.

Source: 2013 HNA, 2014 American Community Survey (ACS) and BBC Research & Consulting.

Vacancy rates. As displayed in Figure 30, between 2005 and 2007 the residential vacancy rate in Santa Fe hovered around 3 percent. The vacancy rate was higher between 2008 and 2014 before dropping back to 2.5 percent in 2015. This trend indicates a tightening rental market in recent years with 2015 marking a 10-year low in rental vacancies.

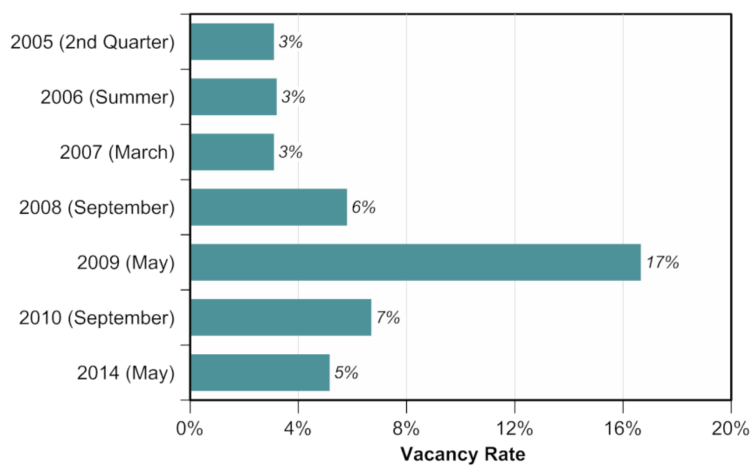
Figure 30.
Vacancy Rates, City of Santa Fe, 2005 through 2014

Note:

This is an update to Figure II-11 in the 2013 HNA.

Source:

2013 HNA and Apartment Association of New Mexico CBRE Apartment Market Survey, May 2014 and September 2015



The Apartment Association Market Survey reports a large spike in the vacancy rate in 2009 (17%) before dropping to 7 percent in 2010. Although there is not a clear cause of the vacancy rate spike, it could be related to renters leaving Santa Fe in the wake of the economic downturn. Another explanation could be second homeowners putting their vacation homes on the long-term rental market.

Figure 31 displays vacancy rates by unit type in 2005, 2007, 2010, 2014 and 2015. In 2005 the vacancy rate was highest for 3-bedroom units but in 2015 3-bedroom units have the lowest vacancy rate (1.7%) indicating very high demand for these larger units. Two-bedroom/2 bath units were also in high demand with a vacancy rate of 2.1 percent.

Figure 31.
Vacancy Rates by Unit Type, City of Santa Fe, 2005 through 2014

Note:

This is an update to Figure II-12 in the 2013 HNA.

Source:

2013 HNA and Apartment Association of New Mexico CBRE Apartment Market Survey, May 2014 and September 2015.

	2005 (2nd Quarter)	2007 (March)	2010 (September)	2014 (May)
Overall	**3.1%**	**3.1%**	**6.7%**	**5.2%**
By Unit Type				
1-bedroom	3.2%	3.7%	5.4%	5.3%
2-bed/1-bath	3.2%	0.0%	6.7%	5.0%
2-bed/2-bath	2.9%	7.5%	7.8%	4.5%
3-bedroom	4.5%	3.2%	6.3%	4.9%

Gaps analysis

The analysis in this section examines housing need across all income levels to identify mismatches in supply and demand for all households in Santa Fe. It reports the results of a modeling effort called a gaps analysis, which compares the demand for and supply of housing by income level. Instead of estimating the type of housing each household in the city would prefer, income is used as a proxy, as income is the most important factor in accessing housing.

Housing is "affordable" if no more than 30 percent of a household's monthly income is needed for rent, mortgage payments (including interest, taxes and insurance) and utilities. When the proportion of household income needed to pay housing costs exceeds 30 percent, a household is considered "cost burdened."

The rental gaps analysis displayed in Figure 32 compares the number of renter households in Santa Fe in 2014, their income levels, the maximum monthly housing payment they could afford, and the number of units in the market that were affordable to them. The "Rental Gap" column shows the difference between the number of renter households and the number of rental units affordable to them. Negative numbers (in parentheses) indicate a shortage of units at the specific income level; positive units indicate an excess of units. The rental gaps analysis shows the following:

- The greatest need in Santa Fe's market is for rental units priced between $375 and $500 per month, serving renters earning between $15,000 and $20,000 per year. In this income range, there is a current shortage of 800 rental units, up from 715 in 2011.
- The rental gap for households earning $20,000 to $25,000 also increased between 2011 and 2014—from 169 to 444. However, the cumulative rental gap, for all households earning less than $25,000 declined from 3,074 in 2011 to 2,435 in 2014.

- The gaps model estimates that as many as 2,435 renters earning $25,000 and less cannot find affordable units and, as such, are cost burdened. Most of these renters earn less than $20,000.

Figure 32.
Rental Market Mismatch, City of Santa Fe, 2014

Income Range	Renters* Number	Renters* Percent	Maximum Affordable Rent, Including Utilities	Rental Units Number	Rental Units Percent	Rental Gap	Difference between Affordable Rent and Median Gross Rent
Less than $5,000	566	4%	$ 125	29	0%	(537)	$ (838)
$5,000 to $9,999	483	4%	$ 250	336	3%	(147)	$ (713)
$10,000 to $14,999	742	6%	$ 375	234	2%	(508)	$ (588)
$15,000 to $19,999	1,218	9%	$ 500	418	3%	(800)	$ (463)
$20,000 to $24,999	1,353	11%	$ 625	909	7%	(444)	$ (338)
$25,000 to $34,999	2,069	16%	$ 875	2,927	22%	858	$ (88)
$35,000 to $49,999	2,108	16%	$ 1,250	4,940	37%	2,832	$ 287
$50,000 to $74,999	1,744	14%	$ 1,875	2,831	21%	1,087	$ 912
$75,000 or more	2,562	20%	$ 1,875+	796	6%	(1,766)	
Total/Low Income Gap (<$25,000/year)	**12,845**	**100%**		**13,421**	**100%**	**(2,435)**	

Percent of AMI	Renters* Number	Renters* Percent	Maximum Affordable Rent, Including Utilities	Rental Units Number	Rental Units Percent	Rental Gap	Difference between Affordable Rent and Median Gross Rent
0-30% of AMI	4,051	32%	$ 596	1,795	13%	(2,256)	$ (367)
31-50% of AMI	1,894	15%	$ 816	1,952	15%	58	$ (147)
51-60% of AMI	1,074	8%	$ 980	3,345	25%	2,272	$ 17
61-80% of AMI	1,677	13%	$ 1,306	3,110	23%	1,434	$ 343
81-100% of AMI	911	7%	$ 1,633	1,769	13%	857	$ 670
101-120% of AMI	822	6%	$ 1,959	883	7%	61	$ 996
More than 120% of AMI	2,417	19%	$ 1,959+	567	4%	(1,851)	
Total/Low Income Gap (30% AMI and less)		**100%**		**13,421**	**100%**	**(2,256)**	

Note: This is an update to Figure II-13 in the 2013 HNA. Median gross rent—rent that includes utilities—was $963 in Santa Fe in 2014.

Source: BBC Research & Consulting.

An analysis of renters' ability to buy relative to the value of Santa Fe homes during select years is shown in Figure 33. The analysis assumes a 5 percent downpayment on a 30 year fixed rate mortgage at market rate for each year. The model also estimates that 30 percent of the monthly mortgage payment is used to pay for taxes and insurance (based on data from the Santa Fe Assessor).

The median home value declined by 8.5 percent between 2011 and 2014, increasing ownership affordability for city residents. In 2014 nearly one-quarter of renters could afford the median value home, up from 14 percent in 2011. This increase in homeownership affordability is also a result of renters' incomes increasing since 2011.

Figure 33.
Renters' Ability to Buy, City of Santa Fe, 1999/2000–2014

	1999/2000	2006	2007	2010	2011	2014
Median Home Value	$182,800	$ 292,600	$ 330,000	$ 301,000	$ 295,000	$ 269,900
Income needed	$45,857	$73,402	$82,784	$75,509	$74,004	$70,010
Approximate percent of renters who can afford	*34%*	*14%*	*12%*	*14%*	*14%*	*23%*

Note: This is an update to Figure ES-1 and Figure II-14 in the 2013 HNA.

Source: BBC Research & Consulting.

Figure 34 provides a more detailed gaps analysis for renters who may wish to purchase a home in 2014. The analysis uses the same assumptions as Figure 32; income is presented by AMI. It should be noted that the analysis is based on all home values, not just homes listed for sale; as such it may underestimate the gap for renters looking to purchase a home.

Figure 34.
Ownership Gaps for Renters Who May Wish to Buy, City of Santa Fe, 2014

Percent of AMI	Renters		Max. Affordable Home Price	Homes by Value (%)	Ownership Gap	Cumulative Gap
	Number	*Percent*				
0-30% of AMI	4,051	32%	$ 92,576	13%	-19%	-19%
31-50% of AMI	1,894	15%	$ 126,734	4%	-11%	-29%
51-60% of AMI	1,074	8%	$ 152,081	2%	-6%	-36%
61-80% of AMI	1,677	13%	$ 202,774	11%	-2%	-38%
81-100% of AMI	911	7%	$ 253,468	16%	9%	-29%
101-120% of AMI	822	6%	$ 304,161	11%	5%	-24%
121-150% of AMI	845	7%	$ 380,202	12%	5%	-18%
More than 150% of AMI	1,572	12%	$ 380,202+	31%	18%	0%

Source: BBC Research & Consulting.

Existing and Projected Housing Needs

Existing housing needs are determined by poverty, cost-burden and special needs households. Figure 35 summarizes poverty, housing problems and special needs populations in both Santa Fe and the state overall. This table is intended to provide context for the analysis of existing and projected housing needs that follows.

Figure 35.
Poverty, Housing Problems and Special Needs Populations, City of Santa Fe, 2014

	City of Santa Fe		New Mexico	
	Number	Percent	Number	Percent
Residents living in poverty	11,938	17%	436,153	21%
Cost-burdened households	11,313	37%	232,697	32%
Renters	6,115	50%	115,284	51%
Owners	5,198	29%	117,413	23%
People who are homeless	323	0.5%	2,629	0.1%
People with a disability	10,359	15%	301,515	15%
Seniors (aged 65 or older)	439	20%	318,086	15%
Female-headed households with children	1,823	6%	59,400	8%
Overcrowded households	1,384	4%	27509	4%
Substandard condition housing units	439	1%	17131	2%

Note: Homeless estimate assumes all county homeless are located in the City of Santa Fe. Substandard condition means incomplete kitchen facilities and/or incomplete plumbing facilities.

Source: 2014 ACS, 2015 Point in Time Count and BBC Research & Consulting.

Affordability (or lack thereof) is a primary indicator of housing need but unit type/size is also an important metric to consider, especially in efforts to address overcrowded households. Vacancy rates are lowest for larger rental units (see Figure 30) indicating high demand for two and three-plus bedroom units. Six hundred renter households in the city are large households (five or more residents) but there are only 588 rental units in the city that have four or more bedrooms.

Rehabilitation. Another measure of housing need is need for substantial rehabilitation. While the substandard condition measure in the previous figure may capture some rehabilitation needs, it may exclude other units that do have functional kitchens and plumbing but are otherwise in a state of substantial disrepair. Fourteen single family substantial, emergency, and energy-efficiency rehab projects were funded with HUD (CDBG) and City (Affordable Housing Trust) funds in 2015 for homeowners. Twelve of these were below 60 percent AMI and two below 80 percent AMI. According to service providers administering repairs, however, the need is much greater. Santa Fe Habitat for Humanity alone reported that thirty households requested assistance in 2015. Close to one-half of those households qualified to receive assistance. Those who did not qualify were due to a lack of homeowners' insurance which is required of a non-profit utilizing volunteers for repairs. The second obstacle is income, which has put some applicants over the threshold for LMI.

Part of the City's method of determining substantial rehabilitation is if more than 50 percent of the existing structure is being modified, which can include, but not be limited to a new roof, expansion of the home footprint or substandard living conditions. HUD's provides a broader definition to rehabilitation of a unit in substandard condition to a “decent, safe, and sanitary level” and “units are in substandard condition when, while they may be structurally sound, they do not provide safe and adequate shelter, and in their present condition endanger the health, safety, or well-being of occupants” (24 CFR 235.1206). Of the city’s 1,238 residential building permits issued in 2015 it is known that six of the single-family residential units being rehabilitated for homeowners below 60 percent AMI met the definition of substandard housing and received substantial rehabilitation.

Existing and projected needs summary. Figure 36 (on the following page) displays existing and projected housing needs for the city. The needs analysis relies primarily on data from 2014 (the most recent available); as such the needs table is labeled as 2014 but does reflect a best estimate of current need.

Existing needs are categorized in two ways:

Figure 36 (on the following page) displays existing and projected housing needs for the city. Existing needs are categorized in two ways:

1. Housing problems, which are based on cost burden, overcrowding, substandard housing conditions and rehabilitation needs of the population overall; and

2. Housing need of special populations, which are based on the incidence of housing problems and/or poverty among special needs groups.

Data are not available on needs of the recently annexed portion of the city. As such, the existing needs including the annex assume that the needs of the recently annexed portion of the city mirror the needs identified within the historic city boundary. It is important to note that the needs are not additive as a single household may appear in more than one category.

Five-year projections apply a compound annual growth rate of 0.61 percent to current housing needs (including annexed area) to project housing needs in five years. That growth rate is based on the non-annexed household growth between 2000 and 2014 in the City of Santa Fe.

Figure 36.
Existing and Projected Housing Needs, City of Santa Fe, 2014

Household Type	Existing Housing Needs: Excluding annex	Existing Housing Needs: Including annex	Housing Needs in 5 Years	Housing Need Description
Housing Problems				
Total cost-burdened	11,313	13,326	13,735	Households spending 30% or more of household income on housing costs
Renters	6,115	7,203	7,424	Renters spending 30% or more of household income on housing costs
Owners	5,198	6,123	6,311	Owners spending 30% or more of household income on housing costs
Total overcrowded	1,384	1,630	1,680	1.01 or more persons per room
Substandard / Needing rehabilitation	439	517	533	Incomplete kitchen/plumbing facilities
Renter and Owner Supply Gaps by AMI				
0-30% AMI rental market gap	2,256	2,657	2,739	Renter gap identifed in gaps analysis (Figure XX)
31-50% AMI ownership market gap	87	102	105	Applies ownership gap percent (Figure 23) to annual sales (800 in Q3 2014-Q2 2015)
51-80% AMI ownership market gap	51	60	62	Applies ownership gap percent (Figure 23) to annual sales (800 in Q3 2014-Q2 2015)
Households with special needs				
Households containing persons with a disability	3,484	4,104	4,230	Households containing a person with a disability and have one or more housing problems
Hearing or vision impairment	1,655	1,950	2,009	Hearing or vision impairment and one or more housing problems
Ambulatory limitation	1,710	2,014	2,076	Ambulatory limitation and one or more housing problems
Cognitive limitation	1,465	1,726	1,779	Cognitive limitation and one or more housing problems
Self-care or independent living limitation	1,440	1,696	1,748	Self-care or independent living limitation and one or more housing problems
Elderly Households	2,074	2,443	2,518	Elderly households (with a least one person 62 years or older) with cost burden greater than 30%
Large families	245	289	297	Large family households with cost burden greater than 30%
Female headed households with children	423	498	513	Female headed households with children and with household income below poverty level
Homeless	323	380	392	Homeless individuals
Limited English proficiency households	323	380	392	Limited English proficiency households with household income below poverty level
At risk of homelessness	5,371	6,327	6,521	Households spending 50% or more of household income on housing costs

Note: Needs are not additive as a single household may appear in more than one category. Five-year projections apply the compound annual growth of households between 2000 and 2014 (0.61%) to current housing needs. "Housing problems" include incomplete kitchen facilities, incomplete plumbing facilities, more than 1 person per room, and cost burden greater than 30%.

This figure did not appear in the 2013 HNA.

Source: 2014 ACS, 2008-2012 Comprehensive Housing Affordability Strategy (CHAS) data, 2009-2013 Santa Fe Consolidated Plan, 2015 Pont in Time County and BBC Research & Consulting

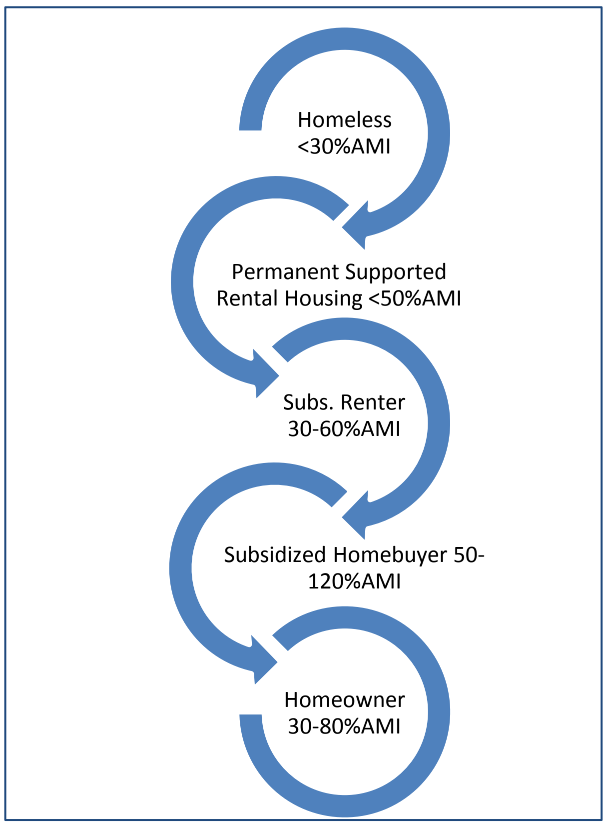
Goals, Policies and Quantifiable Objectives

Having a roof over one's head is one of our essential needs as human beings, as important eating, sleeping, and receiving medical care. Yet, too often, the poor, the disabled, the elderly and even many in the workforce are not able to afford a house that meets their needs. A lack of high quality housing directly affects one's ability to build wealth, participate in civic activities, enjoy leisure time, and most of all, to have a decent and safe place to live. The overall health and vitality of a community suffers directly when its residents aren't housed adequately.

In Santa Fe, as in all communities, opportunities for affordable housing become most limited when the housing market does not offer a full spectrum of housing choices, programs and services. If options aren't available in any particular category, then some residents may get "stuck" and are unable to move into a different housing situation as their needs or financial resources change. In turn, once they are unable to move, the next person needing the type of housing currently occupied is not able to move.

It is important to note that not only are opportunities for "moving up" the spectrum important (renters buying a home or current homeowners moving into a larger home) but that some people, such as seniors, people with special needs or those facing financial hardship, will choose to move "down" into smaller homes or rental homes with associated amenities (as represented by the light arrows). Other residents will move down because they lose their current housing, particularly if they don't have necessary support services.

Fig. 37
Spectrum of Housing Need



In Santa Fe, lack of affordable housing is compounded by the fact that as a tourist destination, the city has attracted people from all over the world to live here, driving up the value of real estate beyond the ability of many locals to afford housing. As noted earlier, the recession helped to level out skyrocketing appreciation, which has made homeownership more affordable for those with moderate incomes. However, those earning low incomes, mostly renters, are even more hard-pressed to attain affordable housing. While renter incomes have increased since 2011, it is unclear whether this is a result of rising wages for renters or an in-migration of higher income renters which effectively have displaced some lower-income renters.

The data analysis provided in Section1 of this report identifies the following top-level needs for affordable housing in the City of Santa Fe:

- Seventeen (17%) percent of Santa Fe's residents live in poverty with 40% of school age children living in poverty.
- As many as 5,300 residents are extremely cost burdened, paying more than 50% of their incomes for their housing costs, making them vulnerable to financial stresses and possibly homelessness.
- The rental gaps analysis indicates shortage of 2,256 units affordable to households earning less than 30 percent of AMI (see Figure 32 on page 49). This need can be met through subsidies to bring the cost of existing units down or through housing production of affordable units. This current gap reflects a decline from 3,074 in 2011.
- Renters' ability to purchase has also improved over the past several years, though there remains a need for down-payment assistance for renters moving into homeownership (see discussion of ownership affordability on pages 42-45). Fewer than half of renters earning between 80 and 120 percent of AMI can afford the median value home in the city.
- Over 400 homes are in substandard condition (incomplete kitchen/plumbing facilities) and are in need of rehabilitation (see Figure 35 on page 51).

The needs identified above are likely to be met by a combination of efforts by non-profits, market offerings and public investments by the City of Santa Fe. Figure 38 outlines the City of Santa Fe's proposed Production Plan for the next five years.

Figure. 38
City of Santa Fe Housing Production Plan – Five Year Production Goals

Type of Housing Need	Existing and Projected Need	Target Market			Intervention Opportunities	Santa Fe Five Year Production Goals	Responsible Entity(s)
		Unit Size/ Bedrooms	Tenure	Income Level			
Homeless	**Existing Need:** 323 households (plus 100+ homeless youth per night)	Various home sizes and bedrooms	Special Needs Renters	0-30% AMI	Emergency Shelter with wrap around services, follow up, and access to PSH	Reserve 50 units in LIHTC projects for people transitioning out of homelessness; support units for youth	Life Link St Elizabeth's Shelter Youth Shelters Salvation Army City of Santa Fe
At risk of Homelessness (50%> cost burden)	**Existing Need (2015):** 6,327 households **Projected Need (2020):** 6,521 households	Various home sizes and bedrooms	Renters/	Less than 80% AMI	Tenant based rental assistance; subsidy for construction of PSH; refinancing, reverse mortgages, foreclosure prevention	Pay 1200 rents per year for chronically homeless (CoC); provide assistance to 400 renters, 150 assisted with reverse mortgage; 20 provided foreclosure assistance	Life Link St Elizabeth's Shelter Housing Trust City of Santa Fe
Very low income renters	**Existing Need (2015):** 2,657 rentals **Projected Need (2020):** 2,739 rentals	Greatest need is for 3-BR units and 2-BR/1-bath units	Renters	Less than 30% AMI	New construction of rental units, preservation of existing subsidized units	Construct 200 units; support rehab of 120 HA units (RAD); rehab existing complex	Santa Fe Civic Housing Authority, Nonprofit LIHTC developers For-profit developers
Low- and Moderate-income home purchase	**Existing Need (2015):** 162 homes **Projected Need (2020):** 167 homes	Greatest need is for 3-BR homes	Renters/ Owners	80-120% AMI	New construction, homebuyer assistance	Construct 100 new homes; Assist 1,000 home purchases through homebuyer training, counseling, downpayment assistance	Homewise Housing Trust Habitat for Humanity For-profit developers
Low-Mod-Income homeowners, including age-in-place	**Existing Need (2015):** 517 homes **Projected Need (2020):** 533 homes	Various home sizes and bedrooms	Owners (focus on elderly)	Less than 120% AMI	Home improvement loans, rehab assistance, age-in-place, energy efficiency improvements, reverse mortgages, foreclosure prevention	100 assisted with home repair grants (elderly); 400 assisted with home improvement/energy efficiency loans; 150 assisted with reverse mortgage; 20 provided foreclosure assistance	Homewise Housing Trust Habitat for Humanity

Note: The needs identified above are likely to be met by a combination of efforts by non-profits, market offerings and public investments by the City of Santa Fe. The city's production goals aim to address a portion of the need based on the city's budget, capacity and goals identified in the city's most recent Consolidated Plan.

The city's current goals to address affordable housing needs identified in the city's most recent Consolidated Plan and in the 2015-2016 CAPER aim to support over 200 households per year, as shown in Figure 39.

Figure 39.
Affordable Housing Goals and Outcomes (Consolidated Plan)

Affordable Housing Goals (ConPlan goals related to Increasing Affordable Housing Opportunities)	Annual Affordable Housing Outcomes	
Reduced rate of households with cost burden and corresponding drop in poverty rates for homeless and those in danger of becoming homeless	**124**	Households receiving rental assistance
Inventory of rental units and vouchers expanded to meet increased demand	**57**	Rapid rehousing vouchers
Increased Homeownership opportunities and support for longterm affordability and accessibility for current homeowners	**31**	Downpayment assistance loa
	14	Home improvement loans
Total households served	**226**	

Source: 2015-2016 City of Santa Fe CAPER.

If these goals are applied to the needs identified above, over the next five years the City of Santa Fe would be able to assist 875 low income renters. The city would also support increased homeownership opportunities with downpayment assistance loans for 150 current renters and would assist over 40 current homeowners with necessary repairs through home improvement loans.

The following goals, quantifiable objectives and recommendations are thus organized to meet the housing needs based on the spectrum discussed above and correlated with the goals identified in the City's Consolidated Plan. The analysis of demographic, economic and housing data provides a basis for determining need by income level and housing type.

Five organizing principles are considered:

- Funding to Support Housing
- Capacity to Provide Housing
- Program Development
- Real Estate Development
- Regulatory Environment

Funding to Support Housing Services

The biggest challenge for the City of Santa Fe over the next five years will be to continue to address the increasing demands of housing needs with limited financial resources. Currently, the City of Santa Fe's model of service delivery is to pass through federal funds to sub-grantees and to use local funds to support administrative contracts with service providers and to provide direct subsidy to renters, homebuyers and homeowners. Specifically, the City uses its General Fund, HUD funds (CDBG and Continuum of Care), and the Affordable Housing Trust Fund (AHTF). The sub-grantees are then able to leverage additional programming and project funds, including LIHTC, HOME, ESG, CDFI, as well as funds allocated through the state's Mortgage Finance Authority.

However, ongoing reductions in funding on all levels means that resources to support services are not increasing and local service providers are grappling with limited capacity to meet emerging needs. Over the last three years, the City's general fund allocation for affordable housing was reduced by 25%. Since the recession, revenues into the AHTF have been erratic, with the balance not being adequate for annual allocations. While the City's CDBG entitlement has remained steady, at approximately $500,000 annually, there is always risk that it will also be diminished through the federal budgeting process.

Therefore, the funding policy recommendation that spans all housing needs is for the City to establish a permanent funding mechanism to support affordable housing that is not dependent on local budgeting processes or federal programs. As the economy recovers, and the City sees an uptick in its bonding capacity, there is an opportunity to provide a substantial amount of capitalization for its local trust fund. The City of Albuquerque provides a nearby example of how this type of bond can be implemented. Other potential sources of funding that are worth examining include dedicating a portion of recurring public revenues, establishing a fee on service transactions (building permits or applications) and/or a fee on real estate transfers. The City may also consider the potential of Tax Increment Financing (TIF) Districts, Public Improvement Districts (PID) and other governmental mechanisms for leveraging future revenue from present day incentives.

Figure. 40
Recommendations for Funding to Support Housing

Consolidated Plan Housing Goal #1	***Reduced rate of households with cost burden; drop in poverty rate; reduced # of households who are homeless or in danger of becoming homeless***
Policy Recommendation(s)	a. Continue support for street outreach and other linkage services for youth, veterans, those with disabilities, and families experiencing homelessness. b. Continue funding for human services, and children and youth programs that focus on expanding educational, life skills, and job training opportunities.
Funding Source(s)	**Local funds** – City of SF Children and Youth, Human Services and Economic Development **MFA Funds** - EHAP, Linkages, RAP **HUD funds** – CDBG, Continuum of Care, HOPWA, Housing Choice
Consolidated Plan Housing Goal #2	***Expanded inventory of rental units and assistance for very low-income renters***
Policy Recommendation(s)	a. Identify and dedicate a funding stream to support a short-term, rental assistance program based on Rapid Rehousing to stabilize those in precarious housing situations. b. Continue supporting the use of federal funds for tenant-based and project-based rental assistance. c. Identify a funding stream to support a landlord/tenant counseling service that is free of charge, bi-lingual, and locally accessible.
Funding Source(s)	**Local funds** – City of SF Affordable Housing Trust Fund, City of SF General Fund (Office of Affordable Housing), Human Services Grant, and Economic Development Fund **MFA Funds** – HOME, LIHTC, NM Housing Trust Fund **HUD (pass through)** - Continuum of Care/Shelter Plus Care for rental assistance **HUD** – CDBG, Public Housing, RAD
Consolidated Plan Housing Goal #3	***Increased homeownership opportunities and support for long term affordability and accessibility for current homeowners***
Policy Recommendation(s)	a. Continue to provide financial support for foreclosure prevention programs. b. Continue allocating city-controlled resources for downpayment assistance, energy efficiency improvements, and home repair. c. Continue supporting administrative contracts with housing providers for homebuyer/owner support services.
Funding Source(s)	**Local Funds** – City of SF Affordable Housing Trust Fund **MFA (via housing providers)** – Mortgage$aver, Mortgage Booster, Helping Hand, Energy$mart **HUD** – CDBG (Foreclosure Assistance Project, Down Payment Assistance, Home Repair Loans, Emergency Repair Grants)

Capacity to Provide Housing

The City's philosophy is to help build the capacity of community-based service providers, rather than to increase the size of its bureaucracy. This has been achieved by providing local funding to support administrative contracts in all areas of nonprofit services – affordable housing, youth programs, human services and economic development. In turn, the provider can rely on City funds to leverage additional private and governmental resources. This further enables the provider to focus their efforts on building capacity and designing programs, ensuring that services are efficient and relevant. As a result, the nonprofit network in Santa Fe is among the strongest in the state of New Mexico. Many pilot programs initiated in Santa Fe have been replicated not only statewide, but across the nation.

Another strength of the City's service delivery model is that a wide diversity of services is provided with little overlap because of the coordination between City departments as well as between the City and local non-profit organizations. This communication and cooperation are key to ensuring that services reach a those in the most need, including homeless families and individuals and those in danger of becoming homeless, veterans, senior citizens, victims of domestic violence, very-low income renters, at risk youth and people with special needs and disabilities. The City also relies on private sector partners who are engaged in partnerships with the nonprofits, in the case of foundations and lending institutions, as well as with the building and real estate industry.

One recommendation that spans all housing needs relative to building capacity is for the City to convene a time-limited task force to drive implementation of this housing plan once it's adopted. Through this process, the task force would identify other solutions to address gaps in the current affordable housing landscape, particularly the lack of affordable rental housing production, with the end goal of providing strategic and actionable policy and program initiatives. Membership would include a mix of City staff, public officials, planners, services providers, the lending and real estate industries and the homebuilder community.

Figure. 41
Recommendations for Increasing Capacity to Provide Housing

Consolidated Plan Housing Goal #1	***Reduced rate of households with cost burden; drop in poverty rate; reduced # of households who are homeless or in danger of becoming homeless***
Policy Recommendation(s)	a. Continue support for the work of nonprofit service providers on an administrative level so that they can use City funds to leverage private and other governmental funds. b. Support efforts of the New Mexico Coalition to End Homelessness through participation in a coordinated services network and linking homeless to appropriate services. c. Participate in coordinated efforts such as the proposed One-Door Homeless campus and/or the Supportive Housing Toolkit.
Funding Source(s)	**Local funds** – City of SF General Funds (Office of Affordable Housing), City of SF Human Services Grant **HUD funds** – CDBG
Consolidated Plan Housing Goal #2	***Expanded inventory of rental units and assistance for very low-income renters***
Policy Recommendation(s)	a. Continue support for the work of nonprofit service providers on an administrative level so that they can use City funds to leverage private and other governmental funds. b. Coordinate the provision of services, including the development of a shared resource database that provides referral information for those seeking services as well as listing information for homes that are for rent or sale.
Funding Source(s)	**Local funds** –City of SF General Funds (Office of Affordable Housing), City of SF Human Services Grant **HUD (pass through)** - Continuum of Care/Shelter Plus Care for rental assistance **HUD** – CDBG
Consolidated Plan Housing Goal #3	***Increased homeownership opportunities and support for long term affordability and accessibility for current homeowners***
Policy Recommendation(s)	a. Continue support for the work of nonprofit service providers on an administrative level so that they can use City funds to leverage private and other governmental funds. b. Coordinate the provision of services, including the development of a shared resource database that provides referral information for those seeking services as well as listing information for homes that are for rent or sale.
Funding Source(s)	**Local funds** –City of SF General Funds (Office of Affordable Housing) **HUD (pass through)** - Continuum of Care/Shelter Plus Care for rental assistance

Program Development

The City supports highly effective homebuyer/owner services, delivered through its nonprofit partners. Funding from the Affordable Housing Trust Fund (AHTF) is administered by the City to support homeownership programs including down payment assistance and home improvement loans. To qualify, households must not exceed 120 percent Area Median Income (AMI). Habitat for Humanity and Homewise are subrecipients for down payment and home improvement funds and the Santa Fe Community Housing Trust receives funding for down payment assistance. Additionally, the City administers funding via the HUD Community Development Block Grant (CDBG) for homebuyer down payment assistance and home improvement assistance specifically for households below 80 percent AMI. Several hundred renters become homeowners on an annual basis through these programs.

However, the needs of very low income renters, especially those who are housed, if precariously, are not well-addressed. Those renters who are not supported through Housing Choice Vouchers or are not residents of a subsidized apartment complex are generally extremely cost-burdened (paying more than 50% of their incomes for housing) which makes them highly vulnerable to the slightest financial stress. If the car breaks down or hours are cut back at work, the housing stability of these renters is immediately jeopardized. Compounding this is Santa Fe's historically high occupancy rates for its existing market rate rental stock and with a very limited number of market rate rentals built over the last ten years, rents have been driven up across the market.

In 2014, the City piloted a locally-funded rental assistance program that was administered by the Life Link, in conjunction with MFA's Linkages program and HUD's Continuum of Care program. The value of the local funds was that the renter did not have to meet stringent qualification guidelines, other than being in danger of homelessness. However, because funds were not available from the Trust Fund in the subsequent funding cycle, the program is currently dormant. Another local support for renters with low incomes would be the reestablishment of free, bilingual landlord/tenant counseling services. The current provider charges a fee that is unaffordable for those most in need of the assistance. This may be remedied with the City providing financial subsidy for the program and/or working with another entity to develop a program.

Figure. 42
Recommendations for Program Development

Consolidated Plan Housing Goal #1	***Reduced rate of households with cost burden; drop in poverty rate; reduced # of households who are homeless or in danger of becoming homeless***
Policy Recommendation(s)	a. Support a coordinated services delivery system to ensure that homeless who seek shelter or housing have access to support services. b. Re-instate tenant-based rental assistance that is short-term without restrictions to keep housed those renters who are in danger of becoming homeless and/or are in arrears with rent and utility payments or need deposit funds to secure immediate housing.
Funding Source(s)	**Local funds** – City of SF General Funds (Office of Affordable Housing), City of SF Affordable Housing Trust Funds, City of SF Human Services Grant **MFA Funds** - EHAP, Linkages, RAP **HUD funds** – CDBG, Continuum of Care, HOPWA, Housing Choice
Consolidated Plan Housing Goal #2	***Expanded inventory of rental units and assistance for very low-income renters***
Policy Recommendation(s)	a. Re-fund landlord/tenant counseling services that are bilingual and free to Santa Fe residents. b. Work with private landowners to create scattered-site rental program using ADUs and guesthouses. c. Identify all existing affordable rentals and develop a preservation plan as needed. d. Design an energy efficiency program to retrofit rental properties owned by low-income landlords and/or large-scale privately-owned rental properties where energy savings are passed on to the low-income renter to reduce utility payments.
Funding Source(s)	**Local funds** – City of SF Affordable Housing Trust Fund, City of SF General Fund (Office of Affordable Housing) **MFA Funds** – HOME, LIHTC, NM Housing Trust Fund **HUD (pass through)** - Continuum of Care/Shelter Plus Care for rental assistance **HUD** – CDBG, Public Housing, RAD

Figure. 42
Recommendations for Program Development (Cont.)

Consolidated Plan Housing Goal #3	***Increased homeownership opportunities and support for long term affordability and accessibility for current homeowners***
Policy Recommendation(s)	a. Continue to support emergency repair grant programs targeted toward very-low income homeowners (less than 50%AMI), including possible use of subsidy to pay for short-term insurance to cover the construction process. b. Continue to support rehabilitation loan programs targeted toward low to moderate income homeowners (50%-80% AMI), which includes home renovations and energy conservation measures including the purchase of new appliances, retrofits, and solar water heaters. c. Design and implement a home repair program specific to income-qualified homeowners living in Santa Fe's historic districts which may include subsidy or an exemption to offset the cost of historic retrofits.
Funding Source(s)	**Local Funds** – City of SF Affordable Housing Trust Fund **MFA (via housing providers)** – Mortgage$aver, Mortgage Booster, Helping Hand, Energy$mart **HUD** – CDBG (Foreclosure Assistance Project, Down Payment Assistance, Home Repair Loans, Emergency Repair Grants)

Real Estate Development

Future production of new units will need to reflect the needs of emerging populations, specifically older, smaller households; the elderly; the self-employed; and special needs groups such as veterans. Market demand for single-family suburban style housing is likely to drop as more households will seek housing that is close to transportation, services and amenities and can be adapted to changing needs to allow “aging in place.” Santa Fe has a high percentage of “1099 Workers” in its population whose housing needs are sometimes combined with their needs for space to conduct entrepreneurial activities. Another emerging priority for the City is to provide economic opportunities for younger workers whose housing needs are not met by the current housing inventory as they seek to be closer to amenities and transit corridors.

While realtors and lenders report that activity is rebounding in the real estate market which indicates positive benefit for the economy as a whole, many cite high land costs and regulatory constraints as reasons not to build in Santa Fe. Until the recession, Tierra Contenta, the master-planned community in the southwest sector of the City, was developing upwards of 200 homes per year, of which 40% were rented or sold at affordable prices. When development stalled, land sales dropped off and the development corporation was not able to install the spine infrastructure needed for the last connection through Phase III. Building the road will open up the capacity to provide over 2,000 more homes, as per the original Master Plan.

Figure. 43
Recommendations for Real Estate Development

Consolidated Plan Housing Goal #1	***Reduced rate of households with cost burden; drop in poverty rate; reduced # of households who are homeless or in danger of becoming homeless***
Policy Recommendation(s)	a. Leverage City-owned resources to support facilities such as the proposed One Door Homeless Campus.
Funding Source(s)	**Local funds** – City of SF General Funds (Office of Affordable Housing), City of SF Affordable Housing Trust Funds, City of Santa Fe (Human Services Grant) **MFA** – RAP, Build it, FDIC, HOME, LIHTC, Primero Investment **HUD funds** – CDBG, Continuum of Care
Consolidated Plan Housing Goal #2	***Expanded inventory of rental units and assistance for very low-income renters***
Policy Recommendation(s)	a. Work with for-profit and non-profit organizations to develop at least one new multi-family, mixed income rental property. b. Support the SFCHA's RAD conversion project to renovate 121 public housing units and build 30 new units. Support the project through fee waivers if they receive the second round of funding for the conversion of 237 public units for seniors. c. Incentivize construction of affordably-priced rental units through donations of city-owned land, fee waivers, regulatory exemptions and other municipal resources. d. Require LIHTC projects that receive City donations to set aside a percentage of units for households earning less than 50% of the AMI.
Funding Source(s)	**Local funds** – City of SF Affordable Housing Trust Fund, City of SF General Fund (Office of Affordable Housing), **MFA** – RAP, Build it, FDIC, HOME, LIHTC, Primero Investment **HUD** – CDBG, HUD 542(c)
Consolidated Plan Housing Goal #3	***Increased homeownership opportunities and support for long term affordability and accessibility for current homeowners***
Policy Recommendation(s)	a. Complete the Paseo del Sol Road extension in Tierra Contenta to open up Phase 3 of the Master Plan for development.
Funding Source(s)	**Local Funds** – City of SF Affordable Housing Trust Fund, City of Santa Fe Capital Improvement (CIP) funds **MFA** – Build it **NMFA** – PPRF **HUD** – CDBG

Regulatory Environment

Santa Fe's regulatory environment is characterized by its long history of implementing an inclusionary zoning program which has resulted in the construction of nearly 1,000 affordable homes. However, other aspects of the land use development code and the Santa Fe Homes Program regulation have unintended consequences and may actually be hindering housing production. Multi-family developers have cited that integrating rental units at subsidized rents makes it impossible to cash flow their operating proformas. Without a viable operating budget, they can't get construction financing and the project is not built.

One regulatory recommendation that is relevant to all housing needs is to add the intent to comply with state and federal fair housing laws and regulations in the general code purpose statement or in the residential district purpose statement of the City's Land Use Code. Another is to exempt affordable housing from nonconforming structure requirements. And finally, the City needs to bring its code into compliance with the revised Rules of the NM Affordable Housing Act, specifically Chapter 26-2.

Figure. 44
Recommendations for Regulatory Environment

Consolidated Plan Housing Goal #1	***Reduced rate of households with cost burden; drop in poverty rate; reduced # of households who are homeless or in danger of becoming homeless***
Policy Recommendation(s)	a. Exempt emergency shelters from nonconforming structure requirements.
Funding Source(s)	**Local funds** – City of SF General Funds (Office of Affordable Housing), City of SF Affordable Housing Trust Funds
Consolidated Plan Housing Goal #2	***Expanded inventory of rental units and assistance for very low-income renters***
Policy Recommendation(s)	a. Modify the Santa Fe Homes Program (SFHP) so that the rental requirement is financially viable from the prospective of a multi-family development proforma. b. Revise the density bonus incentive so that rental projects that exceed the minimum SFHP requirements get a higher bonus than those that offer the minimum. c. Convert existing and support the development of new ADUs into affordable rental stock through the modification of Chapter 14 restrictions (eg. allow greater diversity of placement on the site - on top of garages or other outbuildings-and eliminate architectural consistency standards if under a certain size, allow existing ADUs to be nonconforming uses). d. Increase low-density limits for multi-family residential construction. e. Raise the square footage threshold that triggers a development plan requirement on residential projects from 10,000 square feet to over 30,000 square feet when the proposed project meets redevelopment and mixed use goals.
Funding Source(s)	**Local funds** – City of SF Affordable Housing Trust Fund, City of SF General Fund (Office of Affordable Housing)
Consolidated Plan Housing Goal #3	***Increased homeownership opportunities and support for long term affordability and accessibility for current homeowners***
Policy Recommendation(s)	a. Revise density bonus incentives so that it is tiered to award deeper levels of affordability or higher percentages of affordability in homeownership projects subject to the Santa Fe Homes Program.
Funding Source(s)	**Local funds** – City of SF Affordable Housing Trust Fund, City of SF General Fund (Office of Affordable Housing)