

MINUTES OF THE
SANTA FE COUNTY COMMISSION:
AFFORDABLE HOUSING MEETING

November 29, 2011

This meeting of the Santa Fe County Commission regarding Affordable Housing was called to order at approximately 11:20 a.m. by Commission Chair Virginia Vigil in the County Legal Conference Room, Santa Fe, New Mexico.

A quorum was present as follows:

Members Present:

Commissioner Virginia Vigil
Commissioner Liz Stefanics, Vice Chair
Commissioner Danny Mayfield
Commissioner Kathy Holian
Commissioner Robert Anaya

Members Excused:

[None]

Staff Present:

Darlene Vigil, Affordable Housing Coordinator
Rachel Brown, Deputy County Attorney
Rosemary Bailey, Affordable Housing Staff
Penny Ellis-Green, Deputy County Manager
Jack Kolkmeier, Growth Management Director
Chris Barela, Constituent Liaison
Robert Griego, Planning Director

Others Present:

Francis Ong, Housing Authority Member
Warren Thompson, Developer
Patrick Thomas, Santa Fe Realtors Association
Tom Lowe, Rancho Viejo

III. APPROVAL OF THE AGENDA

Commissioner Holian moved to approve the agenda. Commissioner Mayfield seconded and the motion passed by unanimous [5-0] voice vote.

SFC CLERK RECORDED 12/05/11 10:23 AM

IV. APPROVAL OF MINUTES: October 25, 2011

Upon motion by Commissioner Mayfield and second by Commissioner Holian, the minutes were unanimously [5-0] approved as submitted.

V. GUEST SPEAKER: Rancho Viejo [Exhibit 1]

Ms. Vigil introduced Warren Thompson and Tom Lowe to speak on Rancho Viejo and the Community College District. She referred to a power point in the packet that will serve as the basis for their presentation.

Mr. Thompson said affordable housing is a critical issue for the development business and he wanted to explain their perspective. He stated he would review potential solutions and explain why they are needed. Developers would like to see the 15 percent level of the past. In La Entrada Subdivision a "big majority", 62 of their homes have been sold to qualified people buying market rate houses in Tiers 3 and 4. Therefore they would like relief from that in requirement in those tiers.

He said they have devised a formula for fees-in-lieu that could provide money for subsidies. Mr. Thompson used a map to show the breakdown of land in Rancho Viejo – 1/3 open space, 1/3 institutional and 1/3 developed. With the requirements for affordable housing only 20 percent of the land has to carry all of the subdivision.

Mr. Thompson explained the return required by investors in capital markets. With affordable housing requirements the yield increases to nearly 40 percent instead of 15 percent. Historically, they have sold 24 affordable units in the Community College District per year. To do that it is necessary to sell 56 market rate homes, a 70/30 ratio. As it stands currently 56 homebuyers have to subsidize the entire affordable housing program. "It's too narrowly focused." Because of the reduced margin the banks won't lend and capital investors won't invest, leading to a lack of housing.

Anticipating the Sustainable Land Development Code, Mr. Thompson said additional costs could come from affordable housing, green standards, possible impact fees plus documentation. Developers need to understand up front what costs will be and need a stable horizon to justify making the investment. "We need to design to the market and not to the affordable housing ordinance."

Mr. Thompson showed a chart with affordable units sold yearly 2003 to 2010. Of the 115 units sold to date 62 of them were market rate homes below the prices in Tiers 3 and 4. Additionally, 67 percent of the homes being sold are under the affordable threshold. They are providing affordable and workforce housing. He said he felt Tier 3 and 4 requirements have been met by market rate homes. The buyers would have qualified under the program but preferred not to have the restrictions.

Regarding Tiers 1 and 2, buyers have difficulty in paying homeowner association fees, sewer bills, utility bills and taxes, in addition to maintenance. He advocated provided funds instead of housing since money is fungible and can be leveraged. At current standards, 12 houses per year in Tiers 1 and 2 there is a shortfall of \$650,000. He spoke in favor of a fee-in-lieu of \$4,050 per lot which would provide the County with the means to buy the housing.

Saying "there's good money in affordable housing," Mr. Thompson indicated Homewise has \$43 million in assets, \$30 million in loans receivable, \$1 million yearly in

interest income.

In summary, Mr. Thompson said the current situation is not viable or sustainable since the burden is placed on too few homeowners and it is impossible to attract capital. Reasonable changes to the ordinance could deliver more affordable housing of different product types.

Commissioner Anaya concurred that reducing the requirement back to 15 percent makes sense. He said the County does give credit for market rate units in Tiers 3 and 4. Ms. Vigil clarified that they are obligated to fulfill all four tiers. Since the homes they have sold have not been under their affordable housing agreement they are not getting credit for them.

Mr. Thompson pointed out that Homewise brings them buyers but advises against going into the program to avoid the restrictions, thus they are not getting credit.

Commissioner Anaya said Tiers 3 and 4 aren't the issue. Mr. Lowe said Tier 3 provides no profit. Commissioner Anaya said he was not willing to walk away from Tiers 3 and 4, however, he was willing to look at the 15 percent and a fee-in-lieu for Tiers 1 and 2. He said the same standards should not be applied to all developments since economies of scale apply.

Commissioner Anaya said the County needs to look at rentals.

Commissioner Stefanics indicated the Commission has started looking at the issues raised. She asked for clarification on which institutional properties were donated. Mr. Thompson delineated the breakdown.

Chair Vigil asked if the fee-in-lieu was already in place. Mr. Thompson said there is something that comes out to \$45,000 per lot.

A discussion ensued about when the fee is paid and on what portion of the sale.

Mr. Lowe noted it is hard to combine non-profit and profit activities, particularly in this market. He reiterated it is almost impossible to work out the costs ahead of time in the current environment and this is where SunCorps had difficulty.

Mr. Thompson indicated that under his plan, \$400,000 would come to the County from La Entrada, and they would be relieved from doing the affordable housing. With the funds the County makes, the Tier 3 and 4 houses that are built by La Entrada could be purchased by the County for Tiers 1 and 2. The money could be directed where needed.

Mr. Lowe stressed the situation is severe and there is a sense of urgency. "It is absolutely devastating." Commissioner Stefanics said there would be no fix within a month, although it is being looked at. She asked what new ideas have come in by way of the focus groups.

Land Use Administrator Jack Kolkmeier pointed out the original 15 percent requirement was based on market conditions at the time, and could even be lower than 15 percent. The focus groups emphasized the geographical and demographic conditions in different parts of the county. There has been a recommendation to focus on SDA-1s, where

infrastructure and services exist. Discussions continue about at what size development should the requirements kick in, and how to solve the problem of serial subdivisions. Mr. Kolkmeier emphasized the need for current housing and financing data prior to making decisions. Incentives also need to be discussed in terms of density and passage through the pipeline more quickly.

Commissioner Stefanics said one possibility was to change the percentage for SDA-1, however, any approach they choose is going to take time.

Commissioner Anaya mentioned the possibility of a moratorium on the affordable housing ordinance until the economy improves. He noted that Rancho Viejo has been the number one producer of affordable housing and they have provided recommendations. He believed things could be done quickly. He asked staff to focus on the suggestions received that make the most sense.

Chair Vigil stated she would introduce a measure to publish title and general summary to amend the current ordinance at the next meeting. Commissioner Anaya asked that the fee-in-lieu on Tiers 1 and 2 be included as well.

Mr. Lowe reminded the Commission of the urgency of the situation.

VI. Affordable Housing Report
b. Happy Roofs

Ms. Vigil said the partnership agreement with Los Amigos is to be signed that day and will go to Legal, Procurement, Finance, and then on to the County Manager. There are 35 applications. Commissioner Holian asked if that would use up all the money allotted and Ms. Vigil said it would.

VI. c. Foreclosure Intervention

Ms. Vigil stated there is an outreach effort to everyone who has participated in the affordable housing program. Four subordination requests have come forward to reduce terms and some modification agreements have gone through. A Turquoise Trail homeowner moved out. The value of the home in 2007 was \$276,000 and they are requesting the County pay off the first mortgage of \$162,000. The purchase agreement is in Legal for review and an appraisal pending. This is in addition to the home mentioned in the Housing Authority meeting.

A database has been established to keep track of all the affordable housing program homes, the down payment assistance, modifications, refinances and foreclosure intervention. Staff will be wrapping that up in the next few months.

VII. MATTERS FROM THE PUBLIC

None were offered.

2011 NOV 29 10:58 AM
SANTA FE COUNTY
CLERK RECORDED

VIII. MATTERS FROM THE BOARD

Chair Vigil noted one of the items to be discussed under the amendments to the ordinance is keeping affordable units affordable.

IX. EXECUTIVE SESSION

There were no issues.

X. ADJOURNMENT

Chair Vigil declared this meeting adjourned at 12:05 p.m.

Approved by:

Board of County Commissioners
Virginia Vigil, Chair



VALERIE ESPINOZA
SANTA FE COUNTY CLERK

Respectfully submitted:

Debbie Doyle, Wordswork

COUNTY OF SANTA FE) AFFORDABLE HOUSING MIN
STATE OF NEW MEXICO) ss PAGES: 5

I Hereby Certify That This Instrument Was Filed for
Record On The 6TH Day Of February, 2012 at 10:07:13 AM
And Was Duly Recorded as Instrument # 1659460
Of The Records Of Santa Fe County

Deputy Witness My Hand And Seal Of Office
Valerie Espinoza
County Clerk, Santa Fe, NM