SANTA FE COUNTY

BOARD OF COUNTY COMMISSIONERS

SPECIAL WORK SESSION

April 29, 2010

Harry Montoya, Chair – District 1
Kathy Holian – District 4
Liz Stefanics – District 5
Michael Anaya – District 3

Excused:
Virginia Vigil – District 2

SANTA FE COUNTY

SPECIAL MEETING

BOARD OF COUNTY COMMISSIONERS

April 29, 2010

This special work session of the Santa Fe Board of County Commissioners was convened at approximately 10:17 a.m. in the Santa Fe County Commission Chambers, Santa Fe, New Mexico.

Roll was called and indicated the presence of a quorum as follows:

Members Present:
Commissioner Mike Anaya
Commissioner Kathy Holian
Commissioner Liz Stefanics

Members absent:
Commissioner, Harry Montoya, Chair
Commissioner Virginia Vigil, Vice Chair

Staff Present:
Darlene Vigil, Affordable Housing Administrator
Joseph Gutierrez, Community Services Director
Roman Abeyta, County Manager
Steve Ross, County Attorney
Rita Maes, Constituent Liaison

Others Present:
Lois Sury, Santa Fe Board of Realtors
Mike Loftin, Homewise
Philip Goodwin, Santa Fe Board of Realtors

In the absence of the chair and vice chair, Commissioner Anaya was elected to serving as acting chair.

III. APPROVAL OF THE AGENDA

The agenda was unanimously approved upon motion by Commissioner Holian and second by Commissioner Stefanics.

IV. REVIEW PROPOSED REGULATIONS AND ORDINANCE CHANGES

DARLENE VIGIL (Affordable Housing Administrator): Mr. Chair, Commissioners, I would like to begin with just an overview that's in your packet of the affordable housing program. In August 2002 Santa Fe County imposed the inclusionary zoning to allow for a 15 percent affordable housing requirement for the developers in the Community College District. February 2006, Ordinance 2006-02 we had some changes. We were requiring 16 percent affordable imposed for the division of parcels between five but no more than 24 parcels. Thirty percent affordable housing requirement for the division of property into 25 or more parcels.

What I'd like to do is share with you some of those results. We have a total of 193 homes that have been built and sold.

COMMISSIONER STEFANICS: Excuse me, Mr. Chair. Those are affordable houses?

MS. VIGIL: These are all just affordable homes. The total amount of silent liens in favor of Santa Fe County is $14,167,405. That's through today. The amount of liens that have been paid back to Santa Fe County is a total of $422,314. These funds have been deposited into the affordable housing fund. In August 2009 the City of Santa Fe and the County of Santa Fe adopted a joint resolution to allow for an evaluation of the Santa Fe City HOMES program and the Santa Fe County affordable housing program. We took a look at what the regulations were, their ordinances, and tried to see if there was anything we could align ourselves with.

Thus far the City of Santa Fe is moving forward after May 10th with a couple of changes that do mirror the County of Santa Fe. The City is moving forward to adopt four income ranges as we have, and the City is also moving forward to provide a $10,000 developer subsidy.

What I'm proposing today – I've also given you a chart so you could take a look at the production over the years of the 193 homes again that are all affordable by year, and I've also broken down what subdivisions have participated with the affordable housing ordinance. Any questions?

COMMISSIONER ANAYA: Is there any questions of Darlene? I know we've all met with Darlene. I just met with her and she gave me a briefing on this and I was happy with all the changes.

COMMISSIONER STEFANICS: Mr. Chair, I was too, but let me move back to the agenda. We have a very small audience but do we want to make sure that there's a space for public comment, in case there's any public comment after we review all of this? But I concur with you. I just have one or two questions for her later on but I concur with a lot of what we met and studied individually.

COMMISSIONER ANAYA: Do you want to go back and amend the agenda to put comments from the public?

COMMISSIONER STEFANICS: Yes, Mr. Chair.

COMMISSIONER ANAYA: Right after –

COMMISSIONER STEFANICS: After the Review Proposed Regulations.

COMMISSIONER HOLIAN: And the seconder is fine with that.

COMMISSIONER ANAYA: Okay, so we're going to put comments from the public if there's any.

The motion passed by unanimous [3-0] voice vote.

COMMISSIONER ANAYA: Okay. Is there any comments on what has been proposed so far? Nothing? Darlene, go ahead.

MS. VIGIL: Yes. If you would like to review the recommended changes to the regulations, the first subject is the maximum target prices. Per the ordinance, the affordable housing administrator should be taking a look at these home target prices on an annual basis. I have taken a look at these and I also have taken a look at what the City has been proposing as well. And the last time that these target prices were adjusted was four years ago when the ordinance went into play. The only difference was the interest rate. We're supposed to be taking a look at area median income and the interest rate to make sure that those families could in fact qualify for those target prices.

In 2006 the interest rate that was used was six percent. At the present time we've taken a survey of the interest rates for the last 12 months in the projection for this year. The City of Santa Fe and the County, I'm proposing would take a look at Freddie Mac's primary mortgage product surveys and that interest rate would now be at 5.04 percent. If in fact we would adjust the target prices to match the City's at 5.04 we would be looking at the prices that are on the next page. They are affected by the – they go into play with the studio, a one-bedroom, a two-bedroom, three-bedroom and a four-bedroom. So the assumptions down at the bottom of that page have the interest rate at 5.04, with a down payment of three percent, which is typical for a first-time homebuyer on a 30-year term with the area median income as presented.

COMMISSIONER STEFANICS: Mr. Chair.

COMMISSIONER ANAYA: Go ahead.

COMMISSIONER STEFANICS: I have a question on this one and I had brought it up to Darlene in our individual meetings. Is there some way that we could put the language that we can write this so as the market changes, the interest rates change, the banks, the federal home loan bank, the federal rate, FDIC, everything, changes is there some way to write the language that could fluctuate based upon something. Like for example, when we sign leases for rents, etc. usually it's no more than a CPI increase. But I'm wondering if in the world of buying homes we have some kind of language we could put in here so we don't have to come in every year and adjust this. Because a year from now five percent might not be the right percentage to be working with.

MS. VIGIL: Yes, Mr. Chair and Commissioner Stefanics, I did take a look at that. With the secondary mortgage rates at this point in time you are looking at several different regions and Freddie Mac seems to be the most comprehensive and the most universal within the mortgage industry at this point. So we could tie it definitely to the Freddie Mac survey and just take a look at it. We could change the ordinance to read that we would leave you that every six months if you prefer.

COMMISSIONER STEFANICS: Well, I'm just concerned, Steve and Roman, that if we were going to amend the ordinance that we put language in that can be adjusted. And Steve, I don't know if we need to have a set interest in the ordinance.

STEVE ROSS (County Attorney): Mr. Chair, Commissioner Stefanics, I'm looking at the sheets here. Is this the recommendation for the 5.04 interest rate? Because if so that's a recommended change to the regulations as opposed to the ordinance itself. So those regulations are a little bit easier to deal with than the ordinance, obviously. Certainly some sort of reasonable index could be arrived at to establish in there. One percent over Freddie Mac or whatever.

COMMISSIONER STEFANICS: Well, that's a great point. I guess, Darlene, you need to clarify what are regulation changes you're looking at and what are ordinance changes that you're looking at.

MS. VIGIL: Certainly, Mr. Chair and Commissioner. Everything that we're looking at right now are regulation changes.

COMMISSIONER STEFANICS: Only regulations.

MS. VIGIL: Only regulations. At the end we only have one ordinance change and that is at the very bottom. But the sheet that we're looking at right now are regulations.

COMMISSIONER STEFANICS: Okay. Well then I'm not as concerned about setting the interest rates. Thank you.

COMMISSIONER ANAYA: Okay. Any other comments? Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. On the 33 percent maximum housing expense ratio, that means the mortgage payment plus other fixed payments?

MS. VIGIL: Mr. Chair, Commissioner Holian, absolutely. We've accounted for private mortgage insurance, property tax and hazard insurance.

COMMISSIONER HOLIAN: Does it also include car payments and things like that?

MS. VIGIL: Mr. Chair, Commissioner Holian, no it does not. It is only the housing ratio. So it just affects the housing ratio.

COMMISSIONER HOLIAN: I'm wondering, should we have something in there that takes into account the other fixed payments that people are obligated for.

MS. VIGIL: Mr. Chair, Commissioner Holian, mortgage lending typically has the two ratios. The housing ratio would affect primarily their mortgage payment to their income, but their total debt to income ratio is inclusive of any revolving charge cards, vehicles, etc. So that is a separate ratio. But that is something that a bank would definitely regulate when approving that mortgage loan. But the housing ratio is what will tie that mortgage or sales price to that individual area median income.

COMMISSIONER HOLIAN: So do we look at the other ratio as well when we're making loans?

MS. VIGIL: Mr. Chair, Commissioner Holian, absolutely. Absolutely. And their credit worthiness.

COMMISSIONER ANAYA: Okay. Go ahead, Darlene.

MS. VIGIL: The next regulation to be discussed is at the present time we do not have a requirement for homebuyer education, and I would advocate strongly that homebuyer education would be a requirement for someone purchasing a home in the county. Statistics have proven that homebuyer education does help prevent defaults in mortgages.

COMMISSIONER ANAYA: And we've only had two defaults. Three? Two?

MS. VIGIL: Mr. Chair, I believe that we've only had two at the present time. The next regulation up for discussion is allowable options and upgrades. At the present time our regulations allow for a maximum aggregate amount of $2,000 for options and upgrades. At the present time most homebuyers are only including fans, outlets, cable and miscellaneous items. What I am proposing is that we would increase that to $5,000 for more upgrades for that particular homebuyer.

COMMISSIONER ANAYA: Is there set amounts that each developer has for – let's say they wanted another outlet? Is it like $85? Do they have those that we could incorporate something? Because somebody could say, oh, an outlet? That's $5,000. And there's their $5,000. So is there anyway we can regulate? I don't know. Being a contractor I know I could say, oh, yes. An outlet – I wouldn't say it but there were people that would.

COMMISSIONER STEFANICS: Well, on this point, Mr. Chair, in homebuyer education is there any kind of advice or price range sheet that buyers are given to educate them about exactly this point?

MS. VIGIL: Mr. Chair, Commissioner Stefanics, no. That is not part of the homebuyer education process. Not with pricing regarding options and upgrades.

COMMISSIONER STEFANICS: Well, Commissioner Anaya, I think that's a really important point because when somebody walks in my house and says – well, in fact it happened to my neighbor. A boiler went out, single woman, and she was ready to take her entire retirement and pay for it and then somebody came along and said, you need a second opinion. And then she didn't need the boiler. So I think you're absolutely right about people being taken.

COMMISSIONER ANAYA: And do they – this extra $5,000, if this is approved, would be talked about prior to the construction.

MS. VIGIL: Mr. Chair, absolutely. Generally the developers or builders have price sheets for every option and upgrade and they meet one on one with someone from their staff.

COMMISSIONER ANAYA: So I'm sure that they already have outlet, extra - $50, or $100. And it should be, I would think, less expensive during construction than after. We don't want this coming out after.

MS. VIGIL: No, Mr. Chair, absolutely not. And these are generally – these are new construction of homes. And therefore the price sheets are generally out there for every subdivision per se.

COMMISSIONER ANAYA: Every contractor is different.

MS. VIGIL: Correct.

COMMISSIONER ANAYA: So would you – is there some – it would be difficult, I think, every contractor is different. Could we do a price range that they'd have to follow?

MS. VIGIL: Mr. Chair, I'm not sure that we could –

COMMISSIONER ANAYA: Then we'd have to go through the whole thing. It could be a sidewalk, it could be a porch, it could be another window. It could be AC.

MS. VIGIL: Mr. Chair, and typically, having worked with several first-time homebuyers in the past, typically what they're looking for are the rough-in for a swamp cooler, or these added fans, if they can't afford AC and that sort of thing. They're very minimal, and $5,000 absolutely does not – it can be taken up quickly. But generally, with a first time homebuyer home in fact, there typically aren't that many options anyway, with the $5,000 range. With $2,000 they've only been able to meet these minimal upgrades.

COMMISSIONER ANAYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. Well, I don't know exactly how to work this in but I'd like to see some information in there, maybe in the education part, about energy efficiency, especially with regard to these upgrades. I think if people knew that by having a more energy-efficient refrigerator or something like that that it would really make a difference in their bills – I don't know whether we should say that part of that money could go for – or should be allocated for energy efficiency or whether we should just go with the education component to try to bring people up to speed on what their options are.

MS. VIGIL: Mr. Chair, Commissioner Holian, we can definitely do that. I do know that one of the not-for-profits does promote energy-efficient appliances – refrigerators, stoves, etc. But I can definitely speak to the not-for-profits that generally promote homebuyer education.

COMMISSIONER HOLIAN: And to sort of include that in the homebuyer education, about what people's options are. And also maybe to give them an idea of what their utility bills would be once they're actually in the house. Of course it depends on how you live in a house; you can't say exactly, but you could sort of give a range at least.

MS. VIGIL: Mr. Chair, Commissioner Holian, I'll definitely address that.

COMMISSIONER ANAYA: And if you could, in that education part, I think that's probably where it should be is maybe have somebody talk to the developers and come up with some kind of a range, if they wanted an extra outlet. Let's say somebody doesn't know anything about it, and there's a lot that don't, and they're going in there blind, and give them some kind of idea. This outlet, this extra outlet that would be put in would cost $100 or $50, so don't let them tell you that it's going to cost $2,000. And that could be part of the education and then that way when they go in, and this would be prior. Education would be prior to this, correct?

MS. VIGIL: Mr. Chair, yes.

COMMISSIONER ANAYA: Then they could say, well, that's not what they told us at the education thing. So you need to re-evaluate that.

MS. VIGIL: Mr. Chair, I'll definitely address that.

COMMISSIONER ANAYA: Okay. Go ahead.

MS. VIGIL: Thank you. The next items for discussion are asset limitations. At the present time we view liquid assets – if a homebuyer comes in with assets exceeding $25,000 we will impute anything over that $25,000 by 20 percent. The reason we do this is if in fact they do have that, that 20 percent is applied and added to their income to determine whether or not they are going to move up in the income ranges, and therefore it would affect the home price that they would be purchasing. At the present time we impute anyone across the board. The recommendation is that we impute at 20 percent for a buyer that is aged 64 or younger. However, if the buyer is 65 years and older then we would only impute at 10 percent.

Generally, these homebuyers at 65 and older are generally living off of those assets. And again, we typically don't impute any assets – again these are only liquid assets that we impute. We generally leave all retirement accounts or any assets that would require a penalty for early withdrawal.

COMMISSIONER ANAYA: Okay. Any comments? All right.

MS. VIGIL: The last recommended change to the regulations are eligibility certifications. At the present time the County will certify a homebuyer. That buyer is eligible to purchase a certain target price home, and it's valid for up to six months. My recommendation is at present, if for some reason construction is delayed and that homebuyer is entitled to an increase in their salary, by say two, three or five percent, at the present time, if in fact that raise would take them into the next income range we would not allow them to purchase the home that they were initially eligible for. What I am proposing is that if we could allow for an extension, so to speak, or a variance of up to five percent of that income, that it may be increased, but the homebuyer would have to close within the next 90 days. So this gives them, if there are construction delays they can receive a raise, they can still purchase the home they were initially eligible for.

COMMISSIONER ANAYA: Any questions?

COMMISSIONER STEFANICS: Yes. Mr. Chair, that five percent could technically take them over the allowable eligibility.

MS. VIGIL: Mr. Chair, Commissioner Stefanics, absolutely.

COMMISSIONER STEFANICS: Well, I don't know that we can do that by federal regulations. I think we would have to check on that before we could say okay to that.

COMMISSIONER ANAYA: But it's not their fault. I understand what you're saying regulation-wise, but it's not their fault that their house isn't ready and it's not their fault that they're doing their job at work and getting a raise. I mean it is their fault; they're doing their job.

COMMISSIONER STEFANICS: Well, I don't mind supporting it as long as it would not be impacted – we blend money. We use some federal funds to support all of these activities, so I just don't want to get crosswise with the federal money and the federal regulations. So as long as Legal is telling you you can do this I would be okay with it.

COMMISSIONER ANAYA: Okay. Any other comments? Do you have any comments, Steve? Wow, that's a first. Okay. Go ahead.

MS. VIGIL: Okay. We're flipping over the sales prices and on to the recommended change for the ordinance, and this subject is shared appreciation. At the present time we share an appreciation up to the first ten years of homeownership for that particular buyer, and it's adjusted at 1/10 of a percent. What I'm proposing is that we adjust the percentage of shared appreciation to be based on the County's participation, rather than just a set 1/10 of a percent. And what I've done is I've – on the last page I've given you an example so you can clearly see how that would fall out.

On the far left-hand side of the example of the recommended shared appreciation we have an income range 1 buyer. That's the lowest tier that we sell to. The example shows that the appraisal at initial sale is $250,000. That builder is required to sell that home at 95 percent of the appraised value, therefore the sales price is $237,500. For an income range 1 family that price would be $112,000. The difference between the 95 percent of the appraised value and the maximum target price is $125,500. That is the amount, the $125,500 is the County lien, and it's 53 percent of the actual sales price.

If you go down towards the middle of the chart, five years from now if a resale occurs, and let's say the home has appreciated to $275,000, we subtract the initial sale of the home, which is $237,500. The appreciation is $37,500. The breakdown on the far left-hand side if you keep going down, initially the County participated in 53 percent of the transaction, so the County should be participating in only 53 percent of the appreciation. 53 percent of the appreciation would be $19,875. The County would realize the $19,875 in addition to the principal initial County lien of $125,500. So the County would be due a total of $145,375.

For your purposes, I wanted to show you with an income range 1 person, and then an income range 3. So if you look at the top of that chart for an income range 3 on the far right-hand side, again, the same scenario, same home at $250,000, the sales price is $237,500. However, because this is an income range 3 buyer the home would be sold to them at $180,000. The County lien would be $57,500, which means the County's participation is only 24 percent.

When the sale occurs, five years later again, the market value has appreciated. The value is $275,000, less the initial sale price of the home. The appreciation again is $37,500. The County only shared in 24 percent of the appreciation, so if they only shared in 24 percent of the appreciation they would realize $9,000 in addition to the principal of $57,500. The total due the County is $66,500.

What's going on right now is – I also listed what the homebuyer would be realizing so in the purple it says appreciation due homebuyer for an income range buyer 1 is 47 percent, they would realize $17,625. For an income range 3 buyer they would realize 76 percent of the appreciation, which is $28,500. At the present time what the County has at the very bottom, if it's five years times 1/10 of a percent of the appreciation of $37,500, the County's going to be due $18,750 irregardless of what income range that homebuyer is. So it's not based on participation, it's just a flat, this is what we're collecting within the first ten years.

COMMISSIONER ANAYA: Commissioner Holian.

COMMISSIONER HOLIAN: Thank you, Mr. Chair. Well, I think this is a much better way of doing it. Is this the way the City does it by the way?

MS. VIGIL: Mr. Chair, Commissioner Holian, absolutely. The only difference is, well, what they allow also is they have shared appreciation in perpetuity, which means for ever and ever, obviously. Would the County want to do that? At the present time the County only has a shared appreciation for the first ten years.

COMMISSIONER HOLIAN: Oh. So we're not really extending the ten-year period?

MS. VIGIL: That would be at your discretion.

COMMISSIONER HOLIAN: Well, in my opinion we should extend it for ever and ever, because after all we helped to buy the place in the first place. That's just my own opinion right now. But the other thing I was going to ask is what if the home sells to another affordable homebuyer? Do we have a process for how that works?

MS. VIGIL: Mr. Chair, Commissioner Holian, I did meet with Legal a few weeks back and we're looking at a policy to allow for another buyer to come in and qualify for that particular County lien. So we are working on that policy.

COMMISSIONER HOLIAN: Okay. Great.

COMMISSIONER ANAYA: So, the question before us is the ten year or in perpetuity.

MS. VIGIL: That is correct. Or the participation as well. That was – are you all in agreement with only sharing in the shared appreciation based on the County's participation.

COMMISSIONER HOLIAN: I am.

COMMISSIONER ANAYA: A shared agreement based on the County's participation.

MS. VIGIL: The percentages. Are we good with that.

COMMISSIONER STEFANICS: Mr. Chair, I'd like to hear the pros and cons of the ten year versus perpetuity.

MS. VIGIL: Mr. Chair, Commissioner Stefanics, I think the pros on it, a lot of folks, generally first-time homebuyers will stay in their home for ten years. Generally, the reason why we have these requirements imposed is so that we prevent flipping of the property. In most cases, first-time homebuyers do stay in their home for a full ten years. It's an incentive to stay there and they realize all the appreciation.

The cons on this, on the County side –

COMMISSIONER STEFANICS: Or perpetuity. Ten year versus perpetuity.

MS. VIGIL: Perpetuity. The County would definitely realize much more from the sale of these homes as we advance. Obviously, we have $14 million right now that we're holding in liens that we will be recouping. In addition to that we would be recouping more of a fund to help more homebuyers hopefully in the future if we continue to grow the fund. So we'd realize more –

COMMISSIONER STEFANICS: So we would realize more money, but Darlene, what's the cons for the homebuyer.

MS. VIGIL: The homebuyer? The homebuyers feel as though they're renting a home rather than actually purchasing a home.

COMMISSIONER STEFANICS: And their equity, Mr. Chair. As a first-time homebuyer I would want to know that this is really giving me a leg up, and that this equity is going to become mine and I might stick it out longer than the ten years just so I could get that little pot of money so I could move on. So we would be affecting the homebuyer quite a bit. I realize we would be earning more money. Now, you probably have no way of hypothesizing what amount of money. Because even this $14 million, we wouldn't get it all. We would get maybe – what? Twenty-five percent of it?

MS. VIGIL: Mr. Chair, Commissioner Stefanics, yes, and it's just going to be over time that we realize it. It's indefinite. You don't have a set time frame on that.

COMMISSIONER STEFANICS: But if it is 25 percent of $14 million that is $4 million. That could build a lot more homes.

COMMISSIONER HOLIAN: We do of course get the principle. We get the amount we put in for the second mortgage back no matter what, correct?

MS. VIGIL: Correct.

COMMISSIONER HOLIAN: No matter what time period it's sold in.

MS. VIGIL: Mr. Chair, Commissioner Holian, absolutely. We get the principal back. It's just the shared appreciation that we'd be looking at.

COMMISSIONER STEFANICS: Well, Mr. Chair, I'll be interested to hear if there's any public comments, but I think that the reason we do affordable housing is to also help the homebuyer and if we did that in perpetuity we would in fact be taking away one of the incentives for the homebuyer.

COMMISSIONER HOLIAN: If I might comment, they still would get some of the shared appreciation. In these two examples here, even the –

COMMISSIONER STEFANICS: I understand. But they wouldn't get the full equity after ten years.

COMMISSIONER ANAYA: The full amount.

COMMISSIONER STEFANICS: Right.

COMMISSIONER ANAYA: And I'm leaning towards the ten-year end. So at least they something to look forward to. And I know that we're still getting back what we put in. Any other comments? Are you done, Darlene?

MS. VIGIL: Mr. Chair, absolutely.

COMMISSIONER ANAYA: Steve, did you want to say anything?

MR. ROSS: Maybe I should, Mr. Chair.

COMMISSIONER ANAYA: Roman? Okay. We'll move on to the public comment.

PUBLIC COMMENT

COMMISSIONER ANAYA: Is there anybody in the audience that would like to stand up and say anything? Agree? Disagree? Concerns that we need to know about? If you want to come up.

LOIS SURY: I'm Lois Sury. I'm the 2010 president for the Santa Fe Association of Realtors, and I would like to, Mr. Chair and Commissioners, respond to Commissioner Stefanics' concerns. I think I was privileged enough to work with Councilor – out at Tierra Contents. I also worked on the Nava Ade project. We did a lot of affordable housing in both of those two things. One of the things that you do for people that don't have homes, and I did take the educational part at the Trust, was one of the things that we do in America is we – appreciation is what people do in homes. So taking that incentive away from them is something that was taught in those classes, and that's a part of the value of a home. That's something that all of us in this room who buy even what we call in our industry market rate, that's a part of what we do as Americans.

My husband comes from a country where communism existed, the Czech Republic. You cannot buy a house there unless you have complete cash. There is no such thing as loans until recently, since the wall came down. There are a lot of people there that live with their families, which is something that's very typical. I'm a native New Mexican, I'm a Sanchez, and there are a lot of families in our community that do live that way, but also this is a way to change things. When I worked at Tierra Contenta I have sold homes to people who that appreciation meant something. That was a first-time person in that family for generations to go to college, to have a university experience. Also I helped people who had disease, cancer, so that appreciation helped pay for those hospital bills so they didn't lose that house having to have a medical situation that was beyond their control.

So I would have to speak to the thing that appreciation is very important in our culture in a whole bunch of different ways. So I appreciate what was stated here today. Commissioner Holian, I have an appreciation for what you're saying so we can go into perpetuity, but if we get our principal back and we give people an incentive, that's what I think is most important for people who own homes. That's the reason why we do it.

COMMISSIONER ANAYA: Thank you very much. Is there any other comments?

MIKE LOFTIN: Hi, everybody. Mike Loftin from Homewise. I'd like to thank you all for your action on Tuesday. I thought that was a very wise decision of the Housing Board, so I really appreciate you three especially voting for some common sense here. I thought that was very positive. One thing I want to comment on is on the energy savings thing, one thing on the upgrades – another way to provide an incentive for energy savings is to allow the builder to increase the price a little bit if they do go above and beyond the current City's ordinance. We worked with them to change their ordinance to allow – it's not a lot. Maybe it's like $4,000 or $5,000 per home, but if you do additional energy improvement above and beyond the Code then you're allowed to charge more for them so it's not an upgrade, it's really a standard feature and I think it's a really smart thing to provide an incentive for that kind of thing to happen. Kind of push the boundaries a little bit. So that might be one thing you look at.

On the appreciation share issue, Homewise really agrees with the recommendation to change it to an appreciation share. We think it's a lot fairer system. The current lien in the county is very arbitrary. It's however long you live in it you get a certain percentage of you lose a certain percentage. Well, somebody who bought a home then it was basically a County subsidy of $10,000 has the same penalty there as somebody who got a subsidy of $100,000. So somebody could end up getting as little as $5,000 when they go to resell it in five years, they're paying a $30,000 penalty. It's like a $30,000 penalty on $5,000 worth of assistance. That feels predatory to me. What I like about the City system is it's proportionate to the assistance people got, which seems fair. So somebody who bought – they're still getting appreciation. Homewise, our whole thing around homeownership is it's not just getting an incentive, it's a way to get ahead and expand the middle class and get an asset and grow your wealth. And the appreciation share mortgage does that and in a fair way.

So if somebody spends $150,000 on a house in the open market, they get appreciation on a $150,000 investment. Same thing here. If you paid $150,000 for a house but it's worth $300,000, you're still getting appreciation on your full $150,000 of investment. The difference is that other $150,000 of the $300,000 house, the County's recouping, which means the chances of helping another buyer buy that house in the future, an affordable buyer are high, right? Because the County's subsidy has grown with the housing market, with the real estate market. So that can be passed along to the next buyer, or the money could come back to the County and fund transitional shelters or rental housing or whatever housing needs the County decides is a priority at the time. So its investment is growing with the market proportionate to its investment and so is the homebuyer's. So they have all the incentives that everybody else has. We're not taking anything away from them.

What you are not looking at is a windfall of appreciation. So under the current system, after ten years, somebody who bought that $300,000 and only paid $150,000, they're going to get appreciation on $300,000, not the $150,000, so you get double appreciation. Now the buyer who only got a $10,000 subsidy, if the house is worth $160,000 and paid $150,000 and he got a $10,000 subsidy, then I get that same benefit. So to me it's a much fairer, equitable way to pass appreciation and help people build wealth which I think we all believe in.

And I think it works well. People understand it too. The County way people don't understand. It feels arbitrary, it's confusing, it's really hard to get people to accept it. The City one they get because – oh. I get it. I get appreciation on my investment; that's fair. So I think that's – we'd really encourage you to look at that. And that's it. Thank you.

COMMISSIONER ANAYA: Thank you, Mike.

PHILIP GOODWIN: I'm Philip Goodwin. I'm with the Board of Realtors also, on government affairs, and we've worked a little bit with Darlene on this and we're definitely in agreement with it. We think that the recommendations are well thought out, put together. On the extras, I wanted to address that a little bit. I think that the thought process there is again to create some equity in an affordable house as compared to a market rate house, where somebody's coming in, they don't have the money to do the extras, and they're actually restricted. Here an extra would be a swamp cooler system, $1500, $1800, depending on how expensive it is, or a little portal in the back, or an upgrade on an refrigerator and a stove. Those extras allow that person to make that house their own and I think that's very important psychologically for the buyer that comes and doesn't feel like they're getting a handout, they actually feel like they can create something for themselves. And there's some equity there across the board.

So the extras are really not that much money and all the contractors out there are not taking advantage from the extras standpoint. It's more like the buyers have choices and that's what we're here for is to give those buyers choices.

COMMISSIONER ANAYA: Philip, thank you very much, because that made a lot of sense there, adding an extra window, I can see them sitting down to dinner saying, I think that was a good idea that you put that extra window in and I can see the husband saying, no, because now we're looking at the neighbors. But I agree with what you're saying.

MR. GOODWIN: We've been involved in [inaudible] We really do know the market and we know these folks are normal people that want a little bit. And for what the contractor is producing the house for, they're pretty plain vanilla. To spruce it up a little bit, upgrade a carpet or upgrade tile, I think that's really important.

COMMISSIONER ANAYA: Very important. Very important. I'm glad you brought that up, Philip.

MR. GOODWIN: Thank you.

MS. SURY: To just support what Philip said, it's a sense of pride for them. I can tell you as a real estate professional, when that young kid comes to me and says, which bedroom is going to be mine? It's an incredible statement. And if they can change it and make it theirs, that's what it is. I understand what you're saying. There are those unscrupulous people out there, but for the most part I'd have to say what you see or where you come from, what we do, we don't see that so much. What we see is the American dream.

COMMISSIONER ANAYA: Absolutely. Thank you very much for your comments. Is there anybody else? Rita, did you want to say something? Come on. Say something. What about – we always call it affordable housing and I want to try to get away from that name. These are still workforce housing. I'd like to change the name. Philip.

MR. GOODWIN: We have a consortium of folks working on this, with the County and the City, the Realtors Association, the Homebuilders Association and the Chamber of Commerce. We're all meeting and we're trying to brainstorm. We really do want to move away from "affordable housing" It is affordable housing, but we'd like to put a different spin on it. We are very conscious of that and we've been bantering about with lots of different ideas on how we can relaunch a housing program under a new mantel that allows for somebody not to feel like they're walking into an affordable house but to feel like they're walking into a house or a home within a neighborhood.

So we are working with workforce housing or first-time buyers, or whatever that might turn out to be, but there's a lot of heads working on that one, just to give you an update on that.

COMMISSIONER ANAYA: Thank you. While we're amending the ordinance can we amend the name? It's affordable but I want to call it workforce, because it is workforce.

COMMISSIONER HOLIAN: I have no objection.

COMMISSIONER STEFANICS: Well, Mr. Chair, since there's a group working on this, I'll just throw out another idea. Food stamps changed to SNAP, Supplemental Nutrition Assistance Program. People have no idea what SNAP is, so people using it have a sense of protection now, so that people aren't going, oh, those people are on welfare. It could even be an acronym. It doesn't even have to be workforce, it could just be something else.

COMMISSIONER ANAYA: Okay. So do we want to just work on a name altogether?

MS. VIGIL: Mr. Chair, absolutely, and as Philip Goodwin alluded to, I'm on that task force as well. I can definitely report back to you all.

COMMISSIONER ANAYA: Okay. Great. Any other comments from the audience? Rita, one more change. Okay, we're going to go ahead and close the comments. Darlene, is there any other thing you want to talk about? If not, what's the pleasure of the Board? We're not having a vote, are we? Action, yes.

V. BOARD DIRECTION/RECOMMENDATION

COMMISSIONER STEFANICS: I have a question, Mr. Chair.

COMMISSIONER ANAYA: Go ahead.

COMMISSIONER STEFANICS: I thought we were going to – in the ordinance, and I'm now very clear that we're doing regulations and ordinances. I thought we were going to look at our percentage in this ordinance change. I thought we were going to look at maybe tying it somehow to the economy or tying it to whether or not the homebuilders get the assistance versus non assistance. Did you all look at that?

MR. ABEYTA: Mr. Chair, Commissioner Stefanics, we're looking at that but we're also – since we're so close with our Sustainable Land Development Plan we're hoping that once that gets adopted that will give us a good idea to start looking – give us direction to start looking at the percentages. Because we'd like to tie the percentages to the growth areas.

COMMISSIONER STEFANICS: Okay. So we might in essence be looking at some changes next spring again. Okay. So Mr. Chair, I'm going to separate the question. But I would support all the recommended changes in the regulations, unless somebody has something more to add.

COMMISSIONER ANAYA: Commissioner Holian.

COMMISSIONER HOLIAN: Mr. Chair, should we wait till after the motions to make recommendations for further study.

COMMISSIONER STEFANICS: No, I would do it now. I'll withdraw my motion, if you have something you want to add.

COMMISSIONER HOLIAN: Well, I'm not sure it falls under the regulations or under the ordinance, but I really like the idea that Mr. Loftin brought up, which is to allow people a little bit more that they could borrow, if it was an energy efficient home, so that it would actually lower their utility bills. I know you can't put that in there now but to at least study it and see how we could implement something like that.

COMMISSIONER ANAYA: Okay. I like that. Mike, were you agreeing with the last scenario that we talked about? The percentage, or the ten-year, rather than in perpetuity?

MR. LOFTIN: I think it's important that the County maintain its resources. We're going to have that problem going forward, the next generation too, so I just think it's important that the County's resources [inaudible]

COMMISSIONER ANAYA: Go ahead.

COMMISSIONER HOLIAN: Also, it would bring it into alignment with the City, so we wouldn't have two different rules, one for the City and one for the County. Is that correct?

COMMISSIONER ANAYA: I didn't understand where you were going with that. But I don't agree with you. I think we ought to leave it at the ten year. But I wasn't sure where you were going; that's why I asked. That's okay. I like it cut off at the ten year.

COMMISSIONER STEFANICS: So, Mr. Chair, I want to go back to the regulations. Is there anything to keep us today from adding anything more into the regulations? Regulations are not laws, they are regulations. So we could add something here that's not posted here in a regulation.

MR. ROSS: Mr. Chair, Commissioner Stefanics, we don't even have the regulations in front of us. These are just ideas that Darlene is throwing out. So I would encourage you to throw out any ideas you think you'd like to see in a draft.

COMMISSIONER STEFANICS: Right. That's why I'm saying I think Commissioner Holian's idea should be added into whatever we're going to consider, so if you have some way you want to verbalize it. Not a study but a specific amount.

COMMISSIONER HOLIAN: A specific amount?

COMMISSIONER STEFANICS: Well, if we're talking about adding $5,000 for people to add in something extra, maybe it's a matter of allowing $5,000 extra or $2,500 extra for energy efficient savings additions to the build.

COMMISSIONER HOLIAN: I'd like to ask Mr. Loftin if could comment on what would be a reasonable thing to do.

MR. LOFTIN: I think what the City's ordinance did, what we did there was different amounts for different things. There's a schedule of eligible energy improvements that go above and beyond code, and then you're allowed to charge up to a certain amount for – I think there might be two or three categories of those things. But it's around $4,000 or $5,000 is my memory as an average. But I think it's important that they get the $5,000 too. So I think we could look at that and then say what kinds of things are eligible. Because what you don't want are to be in negotiations all the time, saying, hey, this is extra. So here's the things we're looking for, either you're doing them or you're not.

COMMISSIONER HOLIAN: So maybe, Darlene, we could look at what the City's doing and if we do the same thing, actually that would cut down on confusion anyway. Do you have any objection to that?

COMMISSIONER ANAYA: No. Okay. Commissioner Stefanics.

COMMISSIONER STEFANICS: So it sounds like, Mr. Chair, that we – those present today are supportive of the regulations with that addition. In terms of the ordinance, Mr. Chair, I prefer the ten year. I do believe this is about helping people as well, not just the County. And so that one we just might have to bring for a vote to see if it goes up or down to the full body.

COMMISSIONER HOLIAN: Mr. Chair, I do prefer the in perpetuity, but I will go along with the majority on that. I don't feel that strongly about it one way or the other.

COMMISSIONER ANAYA: Okay. So is that just direction? Do we just need direction, Roman?

MR. ABEYTA: Mr. Chair, yes. I think we have the direction. Now, what we'll do is we'll put a draft of the regulations together and then bring the regulations forward for the Board to adopt.

COMMISSIONER STEFANICS: But Mr. Chair, Roman, what about we need to do ordinance title and general summary.

MR. ABEYTA: Yes. That will be on an upcoming BCC agenda.

COMMISSIONER ANAYA: So are you done with us? All right. Thank you all very much, people in the audience. Thank you for speaking up. You really helped us. Thank you, staff.

VI. ADJOURNMENT

Chairman Anaya declared this meeting adjourned at 11:10 a.m.

Approved by:

Board of County Commissioners
Mike Anaya, Acting Chairman

ATTEST TO:

VALERIE ESPINOZA
SANTA FE COUNTY CLERK

Respectfully submitted:

Karen Farrell, Wordswork
227 E. Palace Avenue
Santa Fe, NM 87501