

SFC CLERK RECORDED 11/05/2012

MINUTES OF THE
SANTA FE COUNTY
BOARD OF COUNTY COMMISSIONERS
AFFORDABLE HOUSING MEETING

August 28, 2012

This meeting of the Santa Fe County Affordable Housing Board was called to order on the above-cited date in the Santa Fe County Legal Conference Room at the County Courthouse at approximately 11:15 a.m. by County Commission Chair Liz Stefanics.

Roll call indicated the presence of a quorum with the following Board members present:

Members Present:

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

Member(s) Excused:

None

County Staff Present:

- Katherine Miller, County Manager
- Rachel Brown, Deputy County Attorney
- Steve Brugger, Affordable Housing Administrator
- Robert Griego, Planning Manager
- Ron Pacheco, Interim Housing Authority Director
- Teresa Martinez, Finance Director
- Chris Barela, Constituent Services
- Rosemary Bailey, Affordable Housing Staff



Others Present:

- Warren Thompson, Rancho Viejo
- Dennis Thompson, Rancho Viejo
- Bobby Lee Trujillo, La Pradera
- Alexis Girard, La Pradera
- John McCarthy, La Pradera
- Karl Sommer, La Pradera
- Francis Ong, Housing Authority Board member

COUNTY OF SANTA FE)
STATE OF NEW MEXICO) ss

AFFORDABLE HOUSING
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I Hereby Certify That This Instrument Was Filed for Record On The 6TH Day Of November, 2012 at 02:18:33 And Was Duly Recorded as Instrument # **1686916** Of The Records Of Santa Fe County

Deputy Marcello Paltzas Witness My Hand And Seal Of Valerie Espinosa County Clerk, Santa Fe

III. Approval of Agenda

Commissioner Holian moved to approve the agenda and Commissioner Anaya seconded. The motion carried by unanimous 4-0 voice vote. [Commissioner Vigil was not present for this action but arrived shortly thereafter.]

IV. Approval of Minutes: July 31, 2012

Mr. Brugger offered the following corrections:

VII A, Program Report, first paragraph, line four and the remainder of the paragraph should read:

“There are some potential ways to lower the effective price. One would be to take back a note if the buyer is short. A second option would be take the amount paid by the ~~buyer~~ Housing Authority and put that into the affordable housing fund and use that money to subsidize the next transaction and use a substitute note and mortgage...”

VII B, first sentence should read:

“Mr. Brugger said this idea has been ~~bruted~~ broached with Rancho Viejo.

Commissioner Holian moved approval as amended. Her motion was seconded by Chair Stefanics and the minutes of the July 31, 2012 meeting were unanimously [5-0] approved.

V. Introductions

Those present introduced themselves.

VI. Santa Fe County Resolution No. 2012-94, Rescinding Resolution No. 2011-82 and Adopting New Affordable Housing Roof Repair or Replacement and Renovation Regulations for the Happy Roofs Program

Mr. Brugger said the revised regulations which strengthen the administrative process for the Happy Roofs project were reviewed and approved by the Mortgage Finance Authority. He asked the Board to approve the resolution adopting the regulations. He offered an update on the roofing project identifying the district the properties were located within.

Joseph Stevens from the Central New Mexico Housing Corporation will be assisting the County in the weatherization work and applicable outreach.

Commissioner Holian moved to approve the resolution. Her motion was seconded by Commissioner Vigil.

There was no one present wishing to speak regarding this resolution.

The resolution passed by unanimous [5-0] voice vote.

Commissioner Vigil moved to approve the regulations as presented. Commissioner Holian seconded. [This motion was deemed moot.]

Commissioner Mayfield asked what process was used to select individuals. Mr. Brugger said it was done in conjunction with the weatherization contract inspection process. Staff will prioritize applicants based on household income, assets available and status as elderly, disabled or veteran.

Mr. Brugger said after five years the loan for the weatherization work becomes a grant. Before that time if the property is sold it will be subject to a lien and the County would recoup the principle amount of the lien.

Ms. Brown pointed out that the resolution both repealed the prior regulations and adopted the new regulations.

VII. Program Report:

C. **Proposed Amendments to Ordinances No.2012-1 and 2006-02 and Resolution No. 2010-189 to Provide for Alternate Means of Compliance for Provision of Affordable Housing**

Starting with item C, Mr. Brugger reminded the Board that there has been discussion regarding the need to provide alternate means of compliance with the provisions of affordable housing along with revisions to regulations included in Resolution 2010-189.

Mr. Brugger said the manner in which the current alternate means of compliance is written makes it prohibitive for a developer to either donate land or provide cash in lieu of providing the required product. Depending upon the income range being served there is a varying loss incurred. The greatest loss occurs within the Income Range 1 product with County staff ascertaining that Income Ranges 3 and 4 are break-in or almost market rate with a surplus generated. He acknowledged that results vary by developer and project.

Mr. Brugger presented a proposal concept [*Exhibit 1*] that provides the developer an option to reduce an affordable housing obligation for Income Ranges 3 or 4 through provision of land or cash to be used to service Income Ranges 1 and 2. The original idea was that the sale of market rate would cover the deficit; however, with the change in the market the ability to cover the deficit has diminished. Staff also proposes changes to the evaluation criteria by which an alternate means of compliance are measured which would recognize the objective to encourage the production of affordable housing. Staff feels their proposal will help developers move forward with an alternate means of compliance.

Mr. Brugger said staff was looking for a fair way to provide alternate means of compliance. He reviewed sample calculations conducted for La Entrada that could reduce the requirement of homes.

Commissioner Anaya asked whether the developers subject to the affordable housing regulations and associated ordinances were given an opportunity to review staff's proposal. Mr. Brugger said the alternate means of compliance were not forwarded. However, the staff reports for La Pradera and Rancho Viejo were.

Commissioner Anaya said the affected entities should have an opportunity to address the Board today with additional time to develop feedback in writing for County review. Chair Stefanics agreed and said she wanted the community and people within the real estate industry

to provide input on this proposal.

John McCarthy, La Pradera, said the development has completed 54 affordable units with 25 of the units under the County program. The balance of the units were done in conjunction with the Community Housing Trust. Mr. McCarthy said La Pradera brings cash to the table to effect sales of homes within the County's four income tiers.

Regarding the staff report that Mr. Brugger forwarded, Mr. McCarthy said La Pradera wants credit for units that are built from this point forward and do not want a retroactive clause. He went on to say that the program La Pradera has with the Housing Trust meets the spirit of the County's affordable housing ordinance. He remarked that Ordinance 2006-02 lacked a mission statement; rather, the entire document addresses administering, collecting the second lien, and protecting sustainability of the affordable housing program. La Pradera has controls that meet those goals and desires to continue their workable program with the Housing Trust.

Mr. McCarthy appreciated that Commissioner Anaya wants to hold off action until the affected parties have an opportunity to review Mr. Brugger's well-drafted report. He said they were agreement with many of Mr. Brugger's points and want to make sure the interpretation of Ordinance 2012-1, paragraph four and the County lien issue is considered in light of the cash that La Pradera brings to the table for the delivery of affordable homes.

Karl Sommer, counsel for La Pradera, said the proposal was a good step in the right direction. He appreciated the Board's long-term commitment to serving those in need in the community. The current economic environment is preventing developers from building and many people in the construction industry are out of work. He said the Board may need to revise its objectives until the economics change. He suggested promoting more building at two top tiers which will still serve the needs of the community's most needy.

Mr. Sommer said with the dramatic drop in the market rate, it is the two top tiers of the affordable housing program that are stronger sellers – meaning the market is serving this income base. He said it may be a mistake under the alternative means to try and match term for term the County's affordable housing requirements with alternative means. He pointed out that the Housing Trust a private 501(c)(3) takes the lien back not the County. La Pradera's alternative means depend on this Board's ability to accept that a lien in a private entity meets the objective as outlined by the County.

Warren Thompson, Rancho Viejo, agreed with Mr. Sommer and Mr. McCarthy that more flexibility was needed. Referring to income groups, he said they quit building in Tier 4 because they did not receive credit for it. Tier 4 is actually market rate. Mr. Thompson said the revisions did not address the 30 percent affordable housing requirement Rancho Viejo is subjected to. Rancho Viejo should be with the other developers at 15 percent while this discussion takes place. The affordable agreement with Rancho Viejo needs to be fixed, stated Mr. Thompson.

Commissioner Anaya said he champions an ordinance that is not negotiated per entity but that encompasses reasonable provisions that work across the board. He said he wanted rental units included as a means of offsetting the requirements.

Commissioner Holian asked for an analysis of the community needs in the different

income levels. She agreed with Commissioner Anaya's observations about rentals. She questioned whether individuals in the first income tier were able to handle the cost of homeownership and the County may be helping them more by promoting rental units.

Chair Stefanics agreed the ordinance provisions should be equitable across the board for all developers and side agreements should not be made. She mentioned the wait list the County's Housing Authority has and that seniors are looking to downsize as evidence for supporting rental units.

Mr. Brugger requested that the feedback from the developers be provided in writing. The developers requested two weeks to respond in writing.

Mr. Sommer commented that La Pradera has an approved master plan amendment that they want to record and offered to accept a note on the plat that filing does not obviate the Board's ability to apply for compliance of the amendment.

Chair Stefanics asked Ms. Brown to discuss the ramifications of Mr. Sommer's request with the County Attorney. Mr. Sommer offered to meet with Ms. Brown, Mr. Ross and Mr. Brugger to discuss whether a note on the plat was an appropriate remedy.

Chair Stefanics said the Board would like a further report on this item in October after staff has received input from the community, real estate industry and developers.

- A. **Business Points for Amended and Restated Affordable Housing Agreement for La Entrada**
- B. **Business Points for Fourth Amended Affordable Housing Agreement for La Pradera**

These two items were deferred.

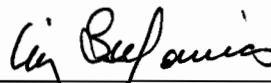
VIII. Matters from the Board

None were offered.

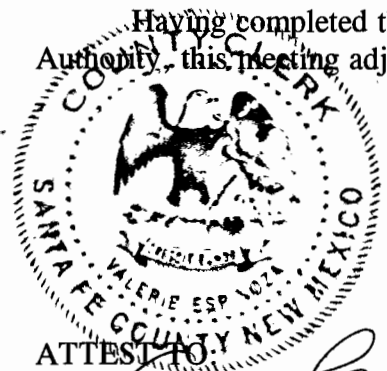
IX. Adjournment

Having completed the agenda and with no further business to come before the Authority, this meeting adjourned at approximately 12:10 p.m.

Approved by:



Liz Stefanics, Commission Chair



ATTEST TO:
Valerie Espinoza
VALERIE ESPINOZA

COUNTY CLERK

Respectfully submitted,

Karen Farrell, Wordswork

SFC CLERK RECORDED 11/08/2012