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Valerie Espinoza  
Deputy County Clerk, Santa Fe, NM

**SANTA FE**  
**BOARD OF COUNTY COMMISSIONERS**  
**SPECIAL STUDY SESSION ON**  
**AFFORDABLE HOUSING**

**September 19, 2007**

Virginia Vigil, Chair  
Jack Sullivan, Vice Chair  
Paul Campos  
Harry Montoya  
Michael Anaya [excused]

SFC CLERK RECORDED 11/09/2007

**SANTA FE COUNTY**  
**SPECIAL STUDY SESSION**  
**BOARD OF COUNTY COMMISSIONERS**

**September 19, 2007**

This special meeting of the Santa Fe Board of County Commissioners was called to order at approximately 1:40 p.m. by Chair Virginia Vigil, 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 Virginia Vigil, Chair  
Commissioner Jack Sullivan, Vice Chairman  
Commissioner Paul Campos  
Commissioner Harry Montoya

**Members Absent:**

Commissioner Mike Anaya

**Approval of the Agenda**

CHAIR VIGIL: Are there any additions or changes that any of the Commissioners would like to include?

COMMISSIONER MONTOYA: Madam Chair, maybe just a brief discussion on our budget.

CHAIR VIGIL: Okay. And we really don't even need to be in session on that, do we?

COMMISSIONER MONTOYA: Oh, okay.

CHAIR VIGIL: The only thing I would include in this is the opportunity for the public to have any comment so perhaps under item 3, before item 4 we could make public comment item 4 and then we could go into current issues. That's how I would recommend it. Is that all right with the remainder of the Commissioners?

## Introduction

CHAIR VIGIL: I will let our affordable housing director start the program.

DUNCAN SILL (Affordable Housing Director): Thank you, Madam Chair, Commissioners. Welcome everybody and welcome everyone in the audience. I want to thank everybody for being here and hopefully I will be able to keep everyone awake. I do have a confession, I'm really not from this planet. I just want to say up front that this particular study session is meant to address several key issues that we're facing right now and the majority of the discussion, it's going to involve an analysis on how will set up the affordable housing fund. And part of the reason for that is that it is related to everything else that we're dealing with the ordinance and regulations and some of the work that we're involved in right now with growth management.

So with that said I want to give just a brief report on the current activities in the County right now. In the first part of the contents of your packet you'll see there is a schedule or summary of the affordable housing unit activities throughout out the county, broken down by the different projects right now. As of today we have 437 units obligated to be created under this particular program, of which 167 were constructed and are occupied by eligible affordable housing residents throughout the county.

We have several more projects that are pending approval, either final plat or through other types of development processes, and that would add an additional 370 units. So basically we have an obligation of over 800 units right now here in the county just under this program alone that would generate affordable housing units for the residents of this particular county. Obviously, you guys are welcome to pipe in at any point.

The next thing I want to bring to your attention very briefly, and again, emphasize briefly is that we can probably look at market trends and housing needs in much greater detail and take a lot more time with this. But there are several things that are reverberating themes that we have to consider that have been true and have been part of the challenges that we've faced in the last few years here. And basically, the most noticeable thing again is the widening gap between housing prices and the level of income that people are earning, especially the moderate to low income folks here. I've highlighted some key components here based on median housing prices. You can see back in late 2003 the median housing price of the central area in Santa Fe was \$260,000, versus at the end of this quarter in Santa Fe County alone we're looking at an area median housing price of \$519,000. And put that in perspective with the area median income of this particular region back in that same period of 2003/2004, for a household of four, the area median income was \$61,600. And just very recently, we're looking at a household income for a family of four of \$66,000. So in fact income is stagnant and remained flat while housing prices have outpaced an average family's ability to really make ends meet. Combined with all the adjustments to the cost of living – there are other – obviously, economic factors that we need to consider in looking at market trends and housing needs.

I've included some labor statistics in here as well, just to put it into context of our

region's growth in terms of civilian work force. The aging population is something that I know everyone is aware of but paying attention to it and putting meanings and applicability in the context of how we manage growth and how we manage and try to promote housing opportunities are very opportune issues right now. In that regard if you look at this the part of this market trend under market factors, looking at the population increase in Santa Fe County, the projection alone under the age group between 55 and 64 years old, I highlighted that in the chart. If you notice within the county there's a 52 percent increase between the year 2000 and 2006 for that particular age group.

There's also the potential of that particular age group, as they age too to stay in the workforce. Obviously I haven't put in the data, the analysis to figure out what that impact really is but the potential is there's not only an impact of the workforce and economic development, there potentially might be, that age group could contribute to a housing squeeze, meaning that there is a limited number of housing units within a region and that particular age group is aging and their income is actually not increasing. Their demand on housing will probably impact housing opportunities in the region, and that's something that again, we need to pay attention to. That's happening elsewhere in the country as well.

So with that said, again, the highlight of this is that income level has remained flat and as a matter of fact recent study that the City of Santa Fe commissioned for the housing assessment indicated there was actually a decrease in the percentage of households in this particular area, in the city proper earning 80 percent plus AMI. So that's really an indication to me of again, a widening gap of the distribution of income. So to make a long story short again, other market factors that we need to probably start to pay attention to, other regulations in the region. As some of you know right now the governor is requesting that the CID move ahead with a green building code adoption, and how that may impact development projects is yet to be known and that's in the middle of discussion right now. And that may have an impact on the cost of construction, the availability of resources in this particular region as well.

There are regulations right now because of the mortgage industry, the latest episodes of challenges. There might be some regulatory changes including things that would respond to the tightening market and the availability of credit, not just this region but on the state level and the national level. And that may in fact have some impact on housing opportunities in this area.

I want to highlight, as a lot of you are aware of and we've had a lot of different conversations and discussions about this, energy cost is a very, very real challenge right now and this is something that we have to address in looking at housing opportunities and the promotion of the maintenance of occupancy over time for the residents of this particular region. And of course other things, like how we deal with infrastructure improvements within a particular community – part of the growth management strategies – I know the policy makers have done a good job in getting a lot of these things on the table. Water planning, utilities planning – all those things at the end of the day affect housing opportunities and again, it's consideration. So with that said, that's just a brief

snapshot of what's happening on the local level and the greater macro-level. I want to open it up if anyone has anything to add to this, anything that we should be paying attention to before we jump ahead to the next section.

CHAIR VIGIL: Go ahead.

#### **Affordable Housing Fund**

- A. Purpose and primary objectives of the affordable housing fund**
- B. Usages of funds and priority needs**
- C. Adoption of affordable housing fund ordinance and setting up the affordable housing fund**
- D. Resources and funding development**
- E. Board of County Commissioners direction(s)**

MR. SILL: Okay, we'll dive right into the affordable housing fund section.

COMMISSIONER SULLIVAN: Madam Chair.

CHAIR VIGIL: Commissioner Sullivan.

COMMISSIONER SULLIVAN: On your list of projects, isn't the Gillentine project – doesn't that also have affordable housing?

MR. SILL: I'm not familiar with that project. Jack, are you familiar with it?

COMMISSIONER SULLIVAN: It's off Dinosaur Trail. It has County water.

MR. SILL: I have to confess, I'm not familiar with that project and I will look into that.

COMMISSIONER SULLIVAN: Take a look at it.

CHAIR VIGIL: Have we approved it?

COMMISSIONER SULLIVAN: Yes. It's under construction. It's a small one; it's under ten units.

MR. SILL: Okay. Well, on with the affordable housing fund. Again, this is sort of the meat and potatoes of this particular study session because, one, we have to figure a way how to really move ahead with the distribution of resources that we have currently and to also find a way to track and develop additional resources in a short period of time so we can meet community needs and provide these benefits. I've set this particular portion up into kind of a question and answer format. I felt that by asking a question – well, actually I have it set up into five different questions. By asking these sort of major questions we will be able to identify the particular needs and the way that funds ought to be used.

So the five questions are: What is the affordable housing fund? Number 1, How can the fund be used? Number 3, How is the money in the fund distributed? And then Who and what income levels would the fund serve? And then finally, What needs to be done to actually set up the affordable housing fund?

The next page in the packet highlights two major categories within the contents of

this particular portion. The way that I've developed this content is that we'll go from general concepts to more details at the end and hopefully at the end the details would make sense with your comments and suggestions and we could set the priorities at the end of that. Again, with the purpose of the affordable housing fund is that the Affordable Housing Ordinance, 2006-02, stated that we needed to adopt a separate ordinance to this particular affordable housing fund for the purpose of receiving revenue and resources as well as allocating these particular resources. So those are the timely objectives of this.

Also, this would allow us to restrict and provide accountability on a heightened level so that we are offering the particular benefits that are useful and appropriate for different projects in the community.

The second major component in this is obviously setting up the fund and if you kind of slip over the content and just look at the charts on the next page it will help clarify the actual steps for establishing this fund. Again, on the top of that pyramid we have the purpose of the fund, then we have the structure of the fund, which is setting it up with guidelines and the governance. And then the third level of it really is a parallel level of looking at resources and how resources would be distributed. How resources would be distributed is basically the most difficult part to delineate and we need to really look at that in the context of what some of our priority housing needs are within this region.

Some of the components that would allow us to have that discussion and have those parts can be – I don't like using the term compartmentalized but they are not mutually exclusive; they're interrelated parts that have to do with benefits that offer to – for the purpose of socio-economic community development purposes, that's one of the major categories. The second major category includes things like energy efficiency, water conservation and other community building initiatives within this region. And the third major component has to do with land use development patterns, growth management, and the way that we deal with incentives that are offered to development throughout this community. And that's something that we have to consider as part of our resources. Dodi.

DODI SALAZAR (Housing Department): Duncan, you talk about the fund itself and then expending the funds, but you don't talk specifically about where the money's going to come from. Can you talk a little bit about that?

MR. SILL: Yes, and that's the level that we're going to get to. Again, we're going to go from a conceptual level to a more detailed application very shortly, so bear with me. We'll get to that very soon.

MS. SALAZAR: Thank you.

MR. SILL: The next part of it is basically a more detailed discussion of some of the general concepts that I just mentioned. What is the affordable housing fund? There is a need to set it up as a restricted enterprise fund within the County right now, and the reason for that, and maybe Teresa could talk to that in regards to accountability and accounting principle, is that an enterprise fund is necessary because the fund potentially can receive donation of land or building and the enterprise has that ability to do that. If we set it up as a special revenue fund – there are guidelines within GAAP and GASB that we

cannot do that. We also have Domingo here and he could probably clarify that too. So Teresa, is that correct?

TERESA MARTINEZ (Finance Director): That's correct.

MR. SILL: Okay. And in regards to doing that too, is that also puts a responsibility on the fund to be somewhat self-sustaining and it does in fact the hope is that it doesn't impact the general fund and actually helps the general fund by doing this. And then of course the fund is set up for the purpose, restricted for the purpose of affordable housing initiatives and benefits of this community. And the actual technicality of it would involve that we adopt this via an ordinance and coupled with that because there are state statutes and state regulations that we also need to adhere to. The MFA actually has a set of rules and regulations that we need to follow and part of the development of this affordable housing fund, part of what we need to do is submit a plan to MFA for their review and approval, concurring with that adoption. So it is in fact another layer of accountability and oversight.

COMMISSIONER MONTOYA: Has that been done?

MR. SILL: I am in the process of preparing – actually I have a copy of the draft guidelines for the plan, so that's – and after that's finalized I am going to go ahead and send that over to them for their review and then currently get it to the policy makers so you can review it as well. I think part of the draft stage is that out of this study session with the suggestions and comments and directions that the policy makers will have here will actually be part of that content of the plan that I'm submitting to MFA. Does that answer your question?

COMMISSIONER MONTOYA: Thank you.

COMMISSIONER SULLIVAN: Madam Chair.

CHAIR VIGIL: Commissioner Sullivan.

COMMISSIONER SULLIVAN: Duncan, why do we need to have MFA involved in this? Do we do that because we want to be eligible for their state funds or is there some other reason?

MR. SILL: That's partly that, and actually, that's a good question. That's the same question that – I think it was last week when Domingo and I went down to address the Legislative Oversight, they asked the same question. Why do local governments and municipalities need to do this? There was an amendment to the Local Government Affordable Housing Act that stated that the MFA would adopt rules and regulations that have to be adhered to by local government and municipalities that actually offer assistance, whether financial or otherwise, to projects or to individuals within the communities. So that's a big piece of it, and then the other part of it too is they are potentially a partner in resource development that would benefit this community.

I think what they're asking, in my opinion is not unreasonable. It's something that we will probably do internally as a control mechanism. Does that address your question?

COMMISSIONER SULLIVAN: Not really. I guess my concern is who controls this. If this is a statute that says that we need to follow certain guidelines in order

to get around the anti-donation clause then that's one issue. But if it's simply to become eligible for their funding then we may want to consider parallel organizations or something that can do that. I'm concerned that we – and we see it in the road programs where we have the state involved at every level and basically they're the final decision on everything. This is a County ordinance on affordable housing and it needs to be managed by the County and we want to do it within reasonable guidelines, obviously. And I'm not familiar with Mortgage Finance Authority's guidelines, and I assume they're reasonable, but I'm concerned that we not assign our affordable housing program to the Mortgage Finance Authority. They do different things. They issue low cost and no cost mortgages. They're a state agency. So myself, I'd like to see a little more background on that.

MR. SILL: I would be happy to provide a summary of the guidelines and sort of the applicability. And as you said, we would definitely not be relegating and relinquishing our authority to manage our own ordinance to this particular entity. As a matter of fact MFA is a quasi-government entity. I don't know what the term – I keep hearing governmental instrument. That's what they're referred to. And regardless of whether or not Santa Fe County actually ever applies for funding from the MFA, these are reasonable guidelines that are promulgated out there that we have to at least pay some attention to. I think it is reasonable to review it and look at it in that aspect. It does create an additional level and layer of bureaucracy as well as a burden on the staff, but I think that's where we are. And I'll be happy to summarize those guidelines and get it over to you guys.

CHAIR VIGIL: Duncan, it seems to me that so far what we can do or perhaps what you are asking is for us to give you direction as to whether or not an enterprise fund should be created, yes or no, thumbs up, thumbs down. And once it is created, where that funding should go, whether it should go to down payment assistance loans, EAH, low interest loans, acquisition of water rights, revolving loans for infrastructure improvements and financing. Are you looking for us to prioritize this? Are you looking for us to give you some guidance with regard to identifying a particular way these funds could be used? And if so, do we have more information on who's doing what with regard to these?

MR. SILL: I think the direction, the recommendation of the Board at this time is to give the staff enough details to establish the general contents of the ordinance. That will involve setting some of these components up. We don't have to get to the specific program, per se, because I think that should be subject to a more thorough analysis with the numbers to back it up, the number of people that would actually benefit from these specific projects or programs. The components that I'm recommending in here obviously the fund – if it's an enterprise fund it's going to be housed in the treasury here in the County and then we need to talk about setting up the internal control. Right now, the Affordable Housing Ordinance says that the affordable housing administrator manages the fund. But there's no specific guidelines and I hope that through this ordinance that we identify some preliminary criteria of how the fund should be managed by the affordable



housing administrator so that there is a mechanism for internal control and accountability so that when we're subject to an audit we will be able to address and justify all the expenditures and distribution of this fund.

So the major components in here, as mentioned by Commissioner Vigil, to go back to what I was pointing to before, if we want to go and actually skip several pages ahead to this chart towards the end of this section.

COMMISSIONER MONTOYA: Madam Chair, I actually have some questions on page 2.

CHAIR VIGIL: Let's go back to page 2.

COMMISSIONER MONTOYA: Of 13. On the third bullet, funds may be made available to developers - bla bla bla - for what? Is my question.

MR. SILL: You're on page 2, right?

COMMISSIONER MONTOYA: Third bullet.

MR. SILL: In terms of making funds available to developers, we might be looking at - other entities throughout the nation have set up lower interest, revolving loan funds that would allow developers to tap into those funds for infrastructure improvements, for improving energy efficiency, water conservation and particular, specific projects like that. So those would be typical. And that's something that we'll be able to delineate and prioritize whether or not we want to go ahead and support those types of projects for the benefit of a particular project or a region.

COMMISSIONER MONTOYA: So it would be applicable to everyone that's mentioned there.

MR. SILL: Yes. Anybody who's providing affordable housing.

COMMISSIONER MONTOYA: So the idea is low interest rate funds for those.

MR. SILL: That's an option and low interest revolving loan funds, it's a preferred way to set up the assistance at this point, especially because there's not a lot of availability of existing funds and we want to make sure that the fund will be sustainable and by issuing a loan the County would be able to recapture those funds over a short period of time. So that is a possible type of program that would offer a benefit.

COMMISSIONER MONTOYA: And then the next bullet, in terms of the percentages there, shouldn't the percentages reflect what the needs are?

MR. SILL: Yes. Yes. They definitely should and that's how we could prioritize particular programs within the funding mechanism and the components.

COMMISSIONER MONTOYA: So the workforce and economic development, we're talking about what?

MR. SILL: I think I have, just on the example, if you look at page 10, that diagram. You're looking at about 35 percent of the program component going towards the benefit of socio-economic and community development efforts. That would be primarily the workforce component that you were asking about.

COMMISSIONER MONTOYA: Thirty-five percent.

MR. SILL: So that means, for example, out of the million dollars, \$350,000 can be designated for the purpose of direct or indirect benefit for workforce housing that has an impact on this community.

COMMISSIONER MONTOYA: And then could you just explain a little more on the incentives piece?

MR. SILL: Sure. The Affordable Housing Ordinance, as it states right now, there are a few categories for incentives that are offered to development and projects that provide and meet the requirements of affordable housing. They include density bonuses, water rights transfer waivers, developers' fees waivers, lot reductions, for example. And there are other incentives that we have alluded to in the ordinance that may include things like donation of building, donation of land, or other infrastructure improvement costs. So efforts that would allow those incentives to be taken advantage of or be partnered with for the benefit of a particular project or a region is something that we might want to consider. And buying water rights might be one of those things.

I know that during my annual review I think it was Commissioner Sullivan who suggested that we look into the possibility of applying for the acquisition of water rights for affordable housing. As we look at our growth management strategies and these particular approaches, that might be appropriate.

COMMISSIONER MONTOYA: So on your chart on page 10 you're suggesting that growth management and land use and incentives comprise 25 percent.

MR. SILL: At this point, right. Again, these are just suggested percentages. They probably should be - my suggestion would be that on an annual basis, as we look at the budget of the affordable housing funding, that at the same time we look at prioritizing the percentages and the expenditure that should be allocated to these particular categories. So again, we want to have some flexibility in here to make sure that we are meeting community needs.

COMMISSIONER MONTOYA: Okay. Thank you. Thank you, Madam Chair.

MR. SILL: So I think while we are on the chart on page 10, maybe it's good to stay on that and look at the other components and maybe have some discussion and suggestions whether or not we think that within the socio-economic component or support of the fund that we should allocate resources to offer benefits for workforce housing purposes. That could include things like even internally, on an organizational level, looking at the establishment of an Employer Assistance Housing program that would deal directly with our essential workforce. That translates into, for example, in other communities into retention of employees into better performance and it does have an impact on the bottom line of an organization. So that's one eligible program that we could look to set up. I know that we have essential workforce within our fire and other emergency response and public safety departments right now that have a lot of staff that's living outside of the area.

CHAIR VIGIL: Duncan, is that something that we would have to establish

internally, or that we could contract with the Housing Trust?

MR. SILL: WE could certainly establish that internally and we can have a partnership. Fannie Mae is actually set up to help organizations to do this and offer their potentially funding that could seed it.

CHAIR VIGIL: I guess the next question I would have with regard to that, would there be any barriers, such as the Housing Trust, they have waiting lists and they probably abide by their waiting lists, and if we wanted to look into a specific workforce development area assistance, like corrections officer, sheriff's officers, would we be able to contract with the Housing Trust to be able to identify that workforce development and work specifically towards funding housing for them? Or would that conflict with their prioritization process?

MR. SILL: I don't think it would conflict with community partners in doing that as long as we are very clear about the scope of work and services that we are seeking. If this is a priority and this is where the allocation of resources are designated and restricted for those purposes. I think we could set up specific guidelines to work with that, and obviously if there's a potential for conflict of interest then we need to look again at administering that internally.

CHAIR VIGIL: Okay. Thank you.

MR. SILL: So in regard to workforce, as we discussed earlier there is a component of a gap right now between housing affordability and income and wage levels in the community. So how do we do this with the support of these particular fundings to try to alleviate, try to mediate and balance some of these challenges out there. And that's part of what we need to look at in terms of housing assessments, things that we're trying to bring forward right now through other initiatives. We need to look at it within our growth management. But certainly we know we have some challenges there.

I think with potential credit tightening, one of the things that I could think of off the top of my head is maybe we could have a low interest loan program for down payment assistance. We might want to, even for the very low income have a grant program for those purposes. Or even assist builders in this particular community, such as Habitat or organizations that are building housing units for the very low income to offer some subtle financial assistance to make those projects successful. So I think those are some of the minimal benefits that we could see that's relatively easy to set up, easy to administer, easy to account for, and we do have some resources that I could probably do that right now.

COMMISSIONER SULLIVAN: Madam Chair.

CHAIR VIGIL: Commissioner Sullivan.

COMMISSIONER SULLIVAN: Duncan, one thing I don't see in here is actually building affordable housing. We're doing a study now to look at how the County can utilize some of the resources it has in place not to leverage or build affordable housing. I see we have a number of potentially interesting programs here - down payment assistance, low-income loans -

MR. SILL: Commissioner, I'm sorry. I apologize for trying to home in on

this chart but if you flip back to page 9 – I couldn't fit everything into one small box. That's probably why. The first item on there, some of the potential uses to focus on is the creation of new affordable housing units and that would be a particular category that we could certainly consider. And that would have a direct socio-economic impact and community development component of that.

COMMISSIONER SULLIVAN: I think, like anything, there's a balance of all those things. I think developer incentive are particular good where there's a minimum level of Code compliance and then if the developer proposes a level beyond that, either energy efficiency or eligibility or something that goes beyond that – I don't mean in terms of amenities, which helps sell the lots, but I mean in terms of affordability for the buyer. Then that is a good place. But I just didn't see the building houses there in your third tier of boxes. But that's part of your thinking on page 9 there?

MR. SILL: Yes, exactly. I think, again, looking at this chart, these are just representations of concepts. The actual delineation of program priorities, the specific program areas and projects orientation can be outlined as part of our process to adopt the ordinance, because we'll be able to identify more of the priority needs at this point. But I wanted to fill this out here just as conceptual categories. And obviously, building and having the availability of affordable housing units is right up there, especially for our workforce.

COMMISSIONER MONTOYA: Madam Chair.

CHAIR VIGIL: Commissioner Montoya.

COMMISSIONER MONTOYA: I would just kind of go along the lines of Commissioner Sullivan. Maybe make that a more salient point than it is.

MR. SILL: Okay.

COMMISSIONER MONTOYA: Because I think that's one way that we can create some affordable housing that can remain affordable housing, is if we do it. And that's a part of the study we've asked that that be done as well.

MR. SILL: We will certainly do that. The other major categories, next to the socio-economic benefits are things that involve environmental participation, with energy efficiency on the top of the list. And not just because there's an increase in energy costs right now, but there's also an opportunity that if the County, through these types of efforts will promote a consciousness as a new way of thinking about our quality of life, that we're going to be able to look at sustainability, not just for housing opportunities, but for our workforce, for economic development, for our natural resources, as an integrated approach. And we'll actually yield not only financial benefits but for the health of the community it's vital at this point.

So I wanted to emphasize that and that's why there's a significant amount of money that should be geared towards those efforts. With that said, with that type of structure that's being proposed in the chart in front of you, there's certain procedural considerations that we need to take right now with moving the affordable housing fund ordinance forward. One, as I stated before is that we need to establish the contents of a plan to be

submitted to MFA for review and also for our internal analysis and edification and to look at the appropriateness of these particular areas, and further delineate at that point the priorities programs that we see would be beneficial to the community efforts right now, and that's where we're actually going to put in the dollar amounts and the percentages and prioritize. Building affordable housing units within the central area of the county is priority number one, then it will be identified. Then after that I think we could have agreement on that then we could move on with the actual drafting of the ordinance and then move ahead with publishing title and summary and then the following public hearings to get public opinions.

And I'm looking at maybe a 90-day time period for this so I'm open to suggestions as to how to get this particular process moving.

CHAIR VIGIL: Did you want some feedback on that before you go into current issues?

MR. SILL: Yes.

CHAIR VIGIL: Before you do, I just want to ask our County Manager if he has to add, and our Finance Director if there's anything she has to add. Roman, would you start?

MR. ABEYTA: I don't have anything, Madam Chair.

MS. MARTINEZ: Madam Chair, I've been working with Duncan on this quite a bit so everything that's been presented I'm in tune with and actually put forward.

CHAIR VIGIL: Okay, while you're responding, and then I'll go to Commissioner Montoya. Let me just ask one question before I lose it. The part of the discussion we've had here is whether or not an affordable housing trust should be created and whether or not it would be housed under the Treasurer's office or not. What does that mean? I'm not real clear about that. I can see a benefit with regard to whether or not that fund could be invested, but can it not be invested if it's housed under Finance?

MS. MARTINEZ: I think, Madam Chair, what we should do is I recommend that we give it its own fund and it have its own bank account so that it's segregated and accountability is there. And we've had this discussion in the Investment Committee meeting and the Treasurer is onboard with that as well. So I think it will be fund that we simply set up either – depending on where the better rates are – either at the investment pool or with the offers that are out there. But I think investments are definitely geared for this fund.

COMMISSIONER MONTOYA: An enterprise fund?

MS. MARTINEZ: It would be an enterprise fund. Yes, sir.

COMMISSIONER MONTOYA: That was actually my question. So as an enterprise fund, and not with the County Treasurer's office?

MS. MARTINEZ: I think the funding – it's kind of a dual impact. The accountability of it would fall under the Finance Department but we could work with the Treasurer for the maintenance of the fund, because he would do the actual investments and working with Duncan as well.

CHAIR VIGIL: Okay. Any feedback?

COMMISSIONER MONTOYA: Madam Chair, in terms of page 7, number 4, I would suggest that the Housing Board be that entity that oversees the affordable housing fund.

CHAIR VIGIL: So you would recommend the creation of an affordable housing advisory board.

COMMISSIONER MONTOYA: Excuse me?

CHAIR VIGIL: Or you want the BCC, or the Housing Board?

COMMISSIONER MONTOYA: The Housing Authority Board.

CHAIR VIGIL: Okay.

COMMISSIONER MONTOYA: That's just a suggestion. To oversee the affordable housing fund.

COMMISSIONER SULLIVAN: The Commission plus two members.

CHAIR VIGIL: It's six of us now.

COMMISSIONER MONTOYA: Seven. Rather than establish or start a new one.

MR. SILL: And it's also not an absolute necessity that we have an advisory board for this fund either. So that's the other option.

CHAIR VIGIL: I think I agree with Commissioner Montoya and I'm not sure whether or not we need an advisory board at this point. We're still very new to this process and this program. As I look at some of the recommendations, they're quite ambitious. It seems like we could take a broad, sweeping sort of direction on this or we could give you baby steps. I'm more ready to go with baby steps. But I think where we are with the Housing Authority, the Board of County Commission Housing Authority, we have two members there that are from the community also. We are able to create a focus for housing. Currently it's been for our own housing authority, but there's absolutely no reason why that couldn't be broadened to include what to do with the affordable housing trust fund, because we actually have, through that process actually contracted, through Suby's firm, a project or a direction with affordable housing. So I think in reality we're already acting – the Housing Authority is acting and taking action towards affordable housing initiatives. So I think that's a perfect way to continue that. And in particular for me, it allows me the opportunity to create a focus for that. Commissioner Sullivan or Commissioner Campos, do you have any comments on whether the affordable housing board should be an advisory board for the affordable housing trust, is what we're discussing. Or do you think we should have an affordable housing trust or not?

COMMISSIONER SULLIVAN: Don't know yet. Don't know enough about what it would do yet. It's certainly a viable option.

COMMISSIONER MONTOYA: I think initially it's certainly the way to proceed anyway. At some point if it's determined and some point on down the line that you need a separate board or committee then the Commission can decide at that time that they need a separate board or committee because this program's grown too big for the

Housing Authority Board.

MR. SILL: I don't know. Our County Attorney's here - if he has an opinion concerning the setup.

CHAIR VIGIL: Okay, you're on the spot again, Steve. I don't know if your legal opinion is required. This seems to be more policy.

MS. SALAZAR: Can I say something?

CHAIR VIGIL: Yes, Dodi.

MS. SALAZAR: Well, I think there are two very distinct program and I think that there's going to be a lot of - right now the Housing Authority Board only deals with Housing Authority specific things. So we would have to have some real clear guidelines and direction on how to move forward. It's hard to say at this point in time if that would work out or not, because it's two different things. Even though we're both dealing with affordable housing they are two totally different programs which are going to be funded quite differently. So I just wanted to make that clarity.

CHAIR VIGIL: I think I understand that. I was real clear about understanding that. I know we deal with HUD and that's really specific and we have to go with their guidelines, but we do have the same ends and the same goals with regard to this. I'm just going to put my two cents in before we put Commissioner Sullivan to sleep. The idea of an enterprise fund is critical, I think for affordable housing trusts. Not only would it allow us to identify where the funds are that come with in-lieu-of payments or however we receive funds for this, but it also allows us to track how those funds are invested, how those funds will be dispersed and whether or not we gain any specific interest for them, rather than meshing them into interest-gathering overnight pools. I think if we sent those funds to the overnight pool we'll be able to have a better tracking system of them.

We don't have that many funds right now, so it's hard, I think for us to say, oh, let's do a revolving loan program or something like that. I think that's something that can be decided more in the future. I think right now, if we create the trust and the fund and be able to put it within our system where we can track it really well we'll have a better opportunity to know where we are with regard this fund. And that's really my two cents worth.

MS. SALAZAR: Duncan, are there already funds that you have set aside to start up the fund?

MR. SILL: There is \$1.6 million.

COMMISSIONER MONTOYA: Madam Chair, I agree with you.

CHAIR VIGIL: Thank you, Commissioner Montoya. We are two in agreement and two unsure.

MR. ABEYTA: Madam Chair, I think we're at the point as far as staff goes, we've started compiling what we think the components of the affordable housing fund is so the direction we're requesting is do we proceed then with starting to put together an ordinance, and if the direction is yes, then how do you want us to present the components of that ordinance to you? Do you want to have a series of hearings or do you

want to just go through the normal public hearing process? There's a lot to this fund and there's a lot of discussion and decisions that are going to have to be made. Maybe we put together a work plan for you to consider as to how we put it all together.

Today we've provided you with the general idea and information and now we just need to know if we can proceed with creating, adding the detail to the fund.

CHAIR VIGIL: Commissioner Campos.

COMMISSIONER CAMPOS: Mr. Abeyta, I'm concerned about resources. We have \$1.6 million. Really, that's not a lot of money when you think about what has been discussed for today. So how do you continue to fund this to make it an effective source. And then we have a lot of competing demands for resources and you can't really discuss one piece of the big resource picture. So to me, why move forward unless we're going to have some real funds to do some real things and then how does this affect our ability to do other things? Right now, today, I just don't feel strongly about moving forward on an ordinance without knowing more about the resources.

MR. ABEYTA: Madam Chair, Commissioner Campos, our concern is we only have \$1,6 million today, but as we continue to have developments come in and give you these second soft mortgages this fund is going to grow. I don't know if it's going to grow within the next year or two but I also don't want to be in the position where we all of a sudden we have \$5, \$6 million in this fund or \$10 million and we don't have a plan or a program as to how to spend that money.

MR. SILL: We currently have about \$10.5 million worth of assets that are in the form of second mortgages. Roman's right. If some of these things are liquidated we can potentially within the next 24 months – because even during last fiscal year through a couple of the approved projects, right now, we have on our books \$500,000 of cash in lieu of fees that we're supposed to be collecting that potentially can be a little bit more than that this upcoming year and if we have liquidations of second mortgages this fund can realistically have \$5 million in it by the end of fiscal year 2009.

MR. ABEYTA: And Madam Chair, Commissioner Campos, as far as the big picture and where it fits in and priorities, it is a priority. When you adopted the ordinance you made it a priority, so we have to, as far as I'm concerned it's part of what we've got to do because we have the ordinance and we're issuing these second mortgages and I would rather get ahead of that and be prepared so if the money does, if these things do liquidate then we're ready for it. So maybe what we do is we put together kind of a work plan or a work program for you to consider and we take it a little slower as far as developing the ordinance. But I don't want to just put it off to the side. We have an ordinance and I think the decision as far as priority was made when we adopted that ordinance. Maybe we didn't do as good a job letting the Commission know that this is what it means by adopting this ordinance, but again, it's a priority and I'd rather continue to work on it and plan towards it. Maybe we need to take it a little slower and do it little bits at a time like Commissioner Vigil suggested.

So maybe that's what we do is we develop a work plan and we just continue to



chop away at it a little at a time so that over maybe a two-year period we do have a fund that's set up. And as we do that we monitor the fund and if we start seeing growth then maybe we speed it up a little bit.

CHAIR VIGIL: Commissioner Sullivan.

COMMISSIONER SULLIVAN: Madam Chair, I think that this affordable housing fund is a key component of our Affordable Housing Ordinance. I think that we need to continue to give it priority. The question is do we make it all things to all people at once or do we establish it as a pilot as we build the corpus of the fund however we're going to set it up and then we start with a program or two programs or some components of low interest rate loans or interim financing loans or down payment mortgage assistance. Specify one or two things that we're going to focus on and see how that works before we get into everything.

I think as part of the progress in deciding what those pilot things would be I'd like to see what some other jurisdictions do. We did this with when we were talking about regional water, about how we were going to approach our regional water situation, we brought in an entity from Colorado. We brought another one in from Florida, and we had a frank discussion about how they did it and what components they found were successful and profitable and easy to manage and which ones were problematic. So I think that would be useful as a work session too. I wouldn't suggest slowing things down; I would just suggest focusing – set the corpus and then set the focus, which I think is what you're trying to do because you're trying to get us focused down on the things that we're particularly interested in.

I'm interested in all of this so I'd want to hear from some other programs where they say if you want to start this out, start here, because that's the most bang for the buck, and then we can move on to other components of it. I think it's an important concept in the ordinance or it has been an important concept in the ordinance and we want to put it together.

CHAIR VIGIL: I agree. I think I'm hearing more of a consensus with regard to creating the affordable housing trust so that's pretty definitive. I actually don't think that we need to get more specific that with what staff has recommended, and that's a 10 percent distribution for administration and operations, 35 percent for workforce, 30 percent for environmental green building and 25 percent for growth management and land use and incentives. It seems to me that those are general enough for us to identify any specific programs that we might be able to look at through other jurisdictions or through where we find a prioritization exists through our contract. So I think we could move forward with an ordinance identifying that. I think it's appropriately recommended. Commissioner Sullivan.

COMMISSIONER SULLIVAN: Madam Chair, I would caution against that for this reason. I would set that up in the ordinance as possibilities but to set firm percentages now when we really don't know then we've committed ourselves to doing 35 percent in this category and 25 percent in this category. I think we can put those as targets

or as permissive targets, but I think we need to take one of those blue boxes on page 10 and one of those items and focus on it. The ones at the bottom. Purple. I'm corrected. They're not blue; they're purple. I'll yield to Commissioner Campos on the color. I think we can't do all of those things. I don't think we can say from day one that we're going to do 35 percent in one and 30 in the other and 25 percent in the other. I think after we get a lot more information than we have here today we can box out two or three, maybe, or one or two of those things. We want to set the ordinance up broad enough that we can do all of those things. So we have that skeletal ordinance there that enables us to do that but in terms of actual administering it, let's not get ahead of ourselves, particularly if we have only \$1.6 million. We can't be all things to all people here with \$1.6 million. As the County Manager says, in two years if we have \$5 million we suddenly get to be a lot more complex than we are now.

CHAIR VIGIL: And I would just respond I didn't intend for it to be definitive. I intended it to be more permissive, as you said, or guideline type. Commissioner Montoya.

COMMISSIONER MONTOYA: Just a point of clarification. Commissioner Sullivan, you said you wanted to hear a little bit more from other programs like this. You mean county programs or city programs? I guess government programs is my question. Or Homewise or something, maybe not like this but similar.

COMMISSIONER SULLIVAN: I'd be interested in seeing a jurisdictional approach. Not necessarily Homewise or Santa Fe Housing Trust or whatever because we kind of know what those entities do and they all do good things. I'm thinking more of how a governmental entity tackles it. Do they farm it all out? We don't seem to be going in the farm-it-all-out direction. We seem to be going in the in-house administration direction. Commissioner Campos' question is is that going to cost us a lot of money? Is it going to cost a lot of time? Is it going to take away from other important programs that we have going? And those questions need to be answered.

So I'd like to see some other - I don't know whether Bernalillo County has a similar program. I don't know whether Maricopa County has a similar program.

MR. SILL: I'm sorry. I do have some of this background material that I didn't include in the packet for the sake of simplicity. For this discussion at this point. But I'm going to have this forthcoming and summarized. I do have four different counties here throughout the nation that have adopted similar programs and how they're administering it. I think that would be the information that you are seeking.

CHAIR VIGIL: In the interests and to underscore your request, Commissioner Sullivan, I'm going to go ahead and move the discussion to comment and I'll start with Suby and then it will be open to anyone from the public who would like to make any statements with regard to the discussions that we've had so far.

## Public Comment

CHAIR VIGIL: Suby.

SUBY BOWDEN: Thank you very much, Madam Chair. My name is Suby Bowden. Our team has been contracted with Santa Fe County to assist you all in answering a lot of the questions that you all have posed today. When the RFP was originally released for developing an affordable housing program for rental housing through the Santa Fe County Housing Authority, during the response by our team and the interview with the RFP staff, we decided to expand the scope of that contract. The contract now will include a broader study of housing needs in Santa Fe County that will be both rental and home ownership. We've already begun working with Duncan and Jack and your Finance Director and administrators and many of your staff. We're currently about six weeks into a data collection phase that will produce the following products by mid-November. We'll come back to you with just the sort of thing that Duncan's already begun and we'll expand further into other jurisdictions and how they're handling the strategic planning for affordable and workforce housing.

We will be looking at financial sources and bringing you quite a broad study of financial sources and they're scheduling and their scope and dollar value, how frequently they give, what sorts of requirements the County would need in order to apply for those funds. We'll be working with MFA. MFA is right now currently in a one-year study to produce a website that shows what the state provides in terms of funding sources. Our contract will extend beyond the state. It will look at what other states are doing and what other communities in the United States are doing to motivate affordable and workforce housing.

We'll also be working with Jack and Duncan and the Commissioners to look at all the developments that are currently in place and in the pipeline. Ones that are being discussed and being considered but aren't yet under contract with the County to produce development. We'll be looking at political and management aspects and of course we will be working closely with your Finance Director and with you as Commissioners to collect this initial information.

So by mid-November we will be coming back to the Commissioners publicly and presenting the information we've collected to date. We will then be moving forward into a strategic planning phase. We'll go from mid-November to March, again, working very closely with the County, the public, Commissioners, to determine – once we've collected this information, one of our intents is to move forward home ownership programs and rental programs. Part of why we recommended tying these together that's very fundamental is where in the past funding sources were either for public housing and rental or they were for homeownership programs. We're seeing at the MFA and at the national level, at many non-profit levels now, they're requesting for those to be mixed. They no longer want to sort of ghetto-ize low income housing separately from market and workforce housing, and so a lot of the funding sources are now really mixing those two

and they're asking that developments have both rental and homeownership programs. So it's part of why we came back expanding the contract because we think as we start to talk to you more and Duncan and Jack and Dodi talk to you more about these funding sources you're going to find that they do start crossing quite a bit these days and will do so more and more in the future than they have in the past.

So part of the strategic plan will be looking, working very closely with you all and getting guidance from you as to where do we take the plan for the County in the future, and that will come to you finally in March for public hearings. And then out of that you've asked us to come forward with a selection of a particular prioritization of sites to actually develop an affordable housing project for the County. We will be coming back with prioritization of sites in each political district. We also will be working closely with Dodi, Jack and Duncan to have them follow your growth management areas that Duncan and Jack have already been working so much on. And then we'll of course ask you all to make the hard political decision of picking one of those out of all the districts. We will then from March to July come back to you with a feasibility study for a particular site for the County to either do a public or a public/private, or maybe even solely a private development that has incentive programs for that development.

CHAIR VIGIL: Thank you. Are there any questions for Suby? Seeing none, is there anyone else in the public that would like to address the Commission? Please come forward.

COMMISSIONER MONTOYA: Madam Chair, not a question for Suby but maybe for staff. In terms of part of what Suby mentioned she's going in terms of looking at developments, current and future, it had been suggested by Commissioner Sullivan that we do some water management planning. Is this information going to potentially assist in doing that sort of thing as well?

MR. SILL: Commissioner Montoya, it will. This is going to all be put into context with the bigger growth management perspective in regards to not just on the level of availability but in terms of infrastructure planning, infrastructure financing that staff is working on right now that would actually place us in a better position for long-term viability. So that's a crucial part of the information collection at this stage.

COMMISSIONER MONTOYA: Okay. Thank you.

CHAIR VIGIL: Ms. Vazquez, please.

ROSANNA VAZQUEZ: I believe that Commissioner Campos and Commissioner Sullivan are correct in that you can't put, right now, a plan that includes every single program that might work for Santa Fe County because to do that would require you to put an enterprise fund together and have it funded fully in order to be able to develop these programs. But I think you can take a short step, because that's a long-term goal. I think you can take a short step. And that short step is create an ordinance that would allow you to one, use some of the existing money, or all of it, that you've got on affordable housing for infrastructure. The Affordable Housing Ordinance that was passed previously allowed the County the ability to pass an enabling ordinance to provide

assistance for affordable units for infrastructure.

We've been trying to work with staff with regard to moving forward with that ordinance. But that's a suggestion that you could do short term. You could create an ordinance that would allow the use of that, create that partnership with the private developers to move forward on affordable housing while you go forward and set up your enterprise fund and create all the different programs – the rental programs and the loan programs, that are set forth in Duncan's material. But it would allow you the ability to go forward now and do something concrete now to assist in affordable housing.

The second point that I had – it's more of a question is I'm not clear through the discussions whether the ordinance that Duncan is talking about is only going to create the trust or is it going to create a program for use of monies. I wasn't sure what that was and if I could get that question answered I'd appreciate it.

CHAIR VIGIL: I would just tell you that my understanding of how the discussion has gone is that I think there's a consensus that a trust has to be created but there isn't a consensus as to what needs to be done with that money.

MS. VAZQUEZ: So would the ordinance create the trust?

CHAIR VIGIL: Yes.

MS. VAZQUEZ: Okay.

CHAIR VIGIL: Can I ask you a question, when you refer to infrastructure, can you get more specific? Are you looking at water lines? Are you talking about roads? Are you talking about community centers? What are you talking about?

MS. VAZQUEZ: Madam Chair, when we were going through the Affordable Housing Ordinance and working with the County very closely with the Affordable Housing Ordinance, there was discussion as to an infrastructure credit. And that infrastructure credit was talked about in terms of a maximum of \$10,000 per unit. And I believe there was some public discussion with regards to that. In that conversation, what was considered was the \$10,000 would be used as an offset for creation of basic infrastructure – the pipelines, the roads – to help offset the loss of the affordable housing unit.

Now, that was never spelled out and it could be expanded. It could be expanded to take a look at green features, which the ordinance right now calls for if you put green features into your affordable units, all of your affordable units, then you are eligible for every incentive to be applied to every level of your affordable housing up to 120 percent. But you could combine those two. You could combine the infrastructure credit and use putting in green technology as an incentive to get the \$10,000 credit. You could create that as your short-term goal and look at the enterprise fund, look at all of these studies that are going to be put together as a long-term goal.

The other question I have, and I may have misunderstood, but I thought that part of the discussion on this affordable housing was going to be to look at the questions that were arising out of the ordinance itself.

CHAIR VIGIL: That comes next.

MS. VAZQUEZ: Oh, that's next? Oh, well then would you like me to wait on that?

COMMISSIONER CAMPOS: Madam Chair, next today or -

CHAIR VIGIL: It's versatile.

COMMISSIONER SULLIVAN: Madam Chair, let's finish the comments here, right, because we've got to get going.

MS. VAZQUEZ: The only question that I had with regard to the ordinance was I think there is that language that says that if you do some green building technology you are allowed to obtain incentives through the 120 percent range. I think that section needs work. It's not very detailed and what's happened as a result of it is when we, on a case by case basis we're asked to look at it, I think it would be a really good idea if we could somehow codify or put together some sort of idea as to what we mean by green building, because there's extremes.

So I think that's one thing in the ordinance that we should probably work on. The second point I have is the water section of the ordinance, the water rights section of the ordinance - I think we need to work on. It's very unclear in that ordinance whether the County is obligated to provide water rights to everybody, or water to everybody that does affordable housing. And I believe that's caused a tremendous amount of problems with many of my clients, but I think that language should be cleared up as well.

CHAIR VIGIL: Thank you. Is there anyone else that would like to make a comment this far? Mr. Pino. Does anyone else want to make comments? Would you raise your hand? Is that you, Mike? Would you sit up here? Anyone who wants to make a comment, please sit up here so that we'll know how we can allocate time here. Welcome, Mr. Pino.

ISAAC PINO: Thank you, Madam Chair, Commissioners, staff. The point that I want to make is this. I heard a lot of discussion about creating funds and trusts and studies being done and all that. From the builder's point of view your affordable houses are already being built. Every single affordable house through the 1,116 entitled houses in Rancho Viejo are closed. There are 167 people now living in affordable houses either through the original credit for the first two villages or in ones we built. So when I hear talk about we need this data and that study, I'm thinking, man, we're done the road already. Houses are going up. People are being qualified. People are on waiting lists. We have 30 people on a waiting list for La Entrada and we won't open sales in La Entrada till January.

So when - there's a lot of work to be done within the scope of what is being described to you this afternoon by staff but at the same time we'd like to see a focus on the infrastructure ordinance. What form is it going to take? Is it going to happen or is it not? \$1.6 million is not a lot of money. We all know that. There may be no possibility of the County Commission or the County ever being able to contribute a cash incentive toward infrastructure. But if that's the case we ought to be looking at what can we do in lieu of that. We've wasted 18 months now with nothing having happened on that front and we'd like to see something come because we're on the threshold of starting those sales and

people are going to be expecting to be sold a house. They're going to come with their number in line and say, I was first; I want my house.

When I hear talk about the workforce housing and this and the other, we've got police officers and teachers living all over Rancho Viejo. All over. And we're working to bring more of them in. In La Entrada, we've rebid our entire packets so that we reduced our house building cost by about 30 percent. But there's cause and effect. We've had to go to Albuquerque to get contractors that are willing to give us lower prices because they're dying on the vine over there right now. Some of our Santa Fe contractors don't want to compete price-wise and we won't be able to use them. But our goal is to provide a more affordable house to attract more people because we have ATC open out there, because Rancho Viejo Elementary is coming out there, Santo Nino. Everything for the younger family is starting to come to fruition. Grocery store starts construction next month. Things are coming alive in the College District as originally planned.

But we still have to provide these affordable houses and we still need the enabling legislation, whatever form it takes. I have a gentleman who wants me to practically give him the land necessary to build conduit financed apartments, affordable - I think there are two projects like that in Santa Fe and Santa Fe County now. And I'm willing to talk about giving him the land if there were a possibility of getting some credit on affordable units. But that has not been established yet. And I think it would be a worthwhile discussion because they can come in and turn a project around fairly quickly. The apartment market is one that's sorely lacking in Santa Fe now, thanks to the condo-ing of everything over the last ten years.

There are people that want to live in apartments and there's need for affordable apartments. These types of developers actually go out and do these things around the state. So all I'm asking is for the Commission to consider and we go forward with these assignments or directives that those things be addressed as quickly as possible, just so that we know what we can expect as we're making our plans moving forward. I appreciate the opportunity to give you these comments, Madam Chair. We look forward to continue being a partner in creating affordable housing in communities out in Santa Fe County, and if you can just help us along with the tools we'd be very grateful.

CHAIR VIGIL: Okay. Thank you. Mr. Loftin, welcome.

MIKE LOFTIN: Thank you, Commissioners. Maybe to just go into a little bit of history here, but I won't spend too much time on it. Way back - I don't know when it was. Three years ago, four years ago, the County Commission, the City Council, through the RPA appointed a task force on affordable housing which I chaired and then that morphed into a County task force that just focused on County issues, which is what the ordinance came out of and Dodi was involved in that and Duncan and many of you came to those meetings. We had a lot of discussions and the ordinance was the result of that.

By the way, that RPA thing was not a needs assessment or this in-depth study but did come up with a really good recommendation on things that can be done on affordable housing. I do have the concern - one of my favorite movies is Groundhog Day but I don't

want to live in Groundhog Day. I don't want to just keep going over studies. There's a lot of work out there that's good that we should dust off and look at to see if there's anything we can grab out of it that's still relevant. That might be a good place to start.

When the County affordable housing task force started it's work one of the issues was what's the proper amount of incentives for developers that help offset the cost of providing affordable housing. And one of the things we struggled with is a typical one all over the country is one that - in our cases it's not all over the country, it's providing water which the County's agreed to do. One is forgiving impact fees and permit fees. One is density bonuses. The second one, the impact fee and the permit fee issue is the permit fees and impact fees in the County are really not that big. It's not that big of an incentive to forgive those and in fact it was a real difficulty to forgive for instance the fire impact fee, because we didn't want to forgive the fire impact fee and run the risk of not having adequate fire protection services in the County. So that one we said, no, we won't do that.

One of the ideas that the task force came up with and we talked to the Commissioners about was this providing direct assistance to help offset the cost of that affordable housing and the number you heard at that time was around \$10,000. The reason that it was talked about for infrastructure was because under state law at the time the only way you could contribute that, for local government to contribute to affordable housing and not violate the anti-donation clause was that it had to be for infrastructure.

Since that time, the constitution has been amended again to give more latitude and the enabling legislation has been passed at the roundhouse that allows a lot more flexibility. So the County has, as long as you approve the plan through the Mortgage Finance Authority, which I don't think is a major undertaking. I don't think that's a big deal to get hung up on is that your hands are pretty free to contribute to affordable housing in that way.

I like this idea that Rosanna mentioned. I know - because Commissioner Campos and Duncan and staff and I and all the rest of the Commission have worked a lot, there have been a lot of meetings on green building and environmentally sound housing. I like that direction. If housing is affordable and you are doing things that are responsible - responsible energy and water wise, there is an additional incentive there and additional financial contribution to that affordable home. And I say that not just because of the green that we think about in the environment, it's also important for the green we think about in people's wallets, is that these things make good financial sense. When you think about affordable housing it's not just the cost of building the house and purchasing the cost, it's also the cost of operating it. I think we can all expect energy costs are going to continue to go up. Water is going to get scarce and more expensive. So the things we do now that encourage homes to be built better so that it conserves water and energy is not just good for the environment, it's good for working class people because it's going to reduce their operating costs.

I get real excited thinking about that, that the County could really be on the forefront of that. We've got cities all over and municipalities and state governments all



over the country talking about what are we going to do, given that the federal government has a really hard time figuring out energy policy. So it's going to the local level. I think this is a chance to get together the energy policy and affordable housing issues together and really kind of pave the way in a new direction. It's good that we set up the trust fund and think it through long term but I think it would be great if we could get some traction. As Commissioner Sullivan said, let's focus on something. Something along those lines I think would be very exciting.

The other thing about that is if you took an initiative like that expanding it into areas would not be hard, right? So when Commissioner Campos and I had the conversation about this a long time ago is if you started with new construction for affordable housing with energy and water conservation, expanding that kind of program into existing homes - because the majority of people still live in existing homes, not new homes. You could easily move that assistance program over to expand it out over to existing homeowners as well, to help them retrofit their homes.

So once you learn how to do this and what are the best technologies, it's a way that you could really grow and I think it would be tremendously popular because I think people really are - from my experience, people are very worried about what's going to happen to their energy bills in the future. One major breakout of war in one part of the world and those energy costs could go up triple and that's what we're seeing now.

So I think that's something that I really encourage you to look at: Is there a way to merge together affordable housing and energy and water conservation and take that kind of initiative.

CHAIR VIGIL: Thank you, Mr. Loftin.

### **Current Issues of County Affordable Housing Ordinance and Regulations**

MR. SILL: Thank you, Madam Chair. The comments that we just heard recently, actually part of the current issues that I identify in this brief two-sheet schedule here - the first item I want to bring to the Commission's attention is in regards to long-term affordability, we have two things going on right now that I want to bring to your attention. One is that the particular affordability period that we have in the ordinance, which currently stands at ten years, might not be appropriate for this particular market place right now and in fact it may also have some inconsistency with the MFA regulations as I checked it recently.

The other thing that I want to bring to your attention is that the appreciation share component of the ordinance it also not keeping pace with the appreciation of the market place. What that means, what that impact is is that if we were to go back and actually exercise our first right of refusal to buy back affordable units in the market is that the appreciation share that we are gaining will not keep pace with the market appreciation. So that would always create a negative cash flow with the fund. So that's something that we

need to probably pay attention to probably through the affordable housing fund activities and initiatives come up with a solution for that as well.

The second thing on here, I think a lot of the comments that we just heard right now have to do with incentives. I briefly summarize the incentives as they stand right now, the applicability for minor and major projects under the ordinance and you could refer to that for your own review. In regards to the incentives for water rights we do have some immediate need to address those issues as well as the regulations for the green building standards. Originally when we drafted the affordable housing regulations there was a section in there that addressed energy efficiency measures and that was taken out at the end for whatever reasons, but I think we could go ahead and refer back to that and also refer to other established guidelines that are in the community right now, with MFA, with the City, with other entities and actually offer some standardized measurement of what we're really asking for.

I think that is a relatively easy thing at this point to accomplish.

COMMISSIONER MONTOYA: Madam Chair.

CHAIR VIGIL: Madam Chair.

COMMISSIONER MONTOYA: On that point, who and how is it monitored that that's done?

MR. SILL: That is on the administrative level internally.

COMMISSIONER MONTOYA: You come to my house and make sure that I put hot water -

MR. SILL: Or work with the builder that there's some sort of certification because with a lot of the Energy Star and a lot of these particular programs that's actually some processes of approval that you would get, and also with the imminent - I shouldn't say imminent - with the proposed CID new building code standards stuff that are coming forward, that would also heighten that level of accountability, so there's certain things that would go through a particular approval process to indicate that they meet those minimum requirements. I think that's another standard that we could refer to over time as well.

But yes, it is administrative. We are dealing with this internally right now.

CHAIR VIGIL: Commissioner Campos.

COMMISSIONER CAMPOS: Mr. Sill, affordable houses have to be Energy Star rated, is that right? Or was that deleted?

MR. SILL: They have to be Energy Star related - that was deleted.

COMMISSIONER CAMPOS: That was deleted.

MR. SILL: That was deleted. That was a whole entire - you remember the original draft or one of the original drafts - Section 10, I think, specifically, had those particular standards in it with those measures in it. And it was only put in there as the minimum requirement at that point we think it was appropriate. We could have expanded on that with other types of components.

So the way that we are reviewing projects right now is that minimally, I am requesting that sort of baseline that we start from. And then also there are certain projects

that are coming forward with design in mind in terms of passive solar, passive ways of approaching energy efficiency. And those are sort of enhanced components that would allow a project to meet those requirements. But those are some of the minimum standards that we are looking at right now.

CHAIR VIGIL: Please continue.

COMMISSIONER MONTOYA: I think, Madam Chair, my recollection is that part of those were deleted because it all of a sudden made an affordable house unaffordable with some of the increased costs in making it green. At least that's my -

COMMISSIONER CAMPOS: I don't remember that we deleted Energy Star. The principal argument was that you can't have affordable housing unless it's affordable bottom line, which includes all your utilities and that was a central argument. I don't remember that it was deleted or that it was proposed for deletion. Maybe it was deleted at some point somehow, but I wasn't aware of that.

MR. SILL: I think on that point it's something that we should bring back on the table for consideration to be adopted as an amendment to the regulations, because that's where it was. I think we need some sort of standard by which we should be able to review and use as a baseline.

The next item on here is an issue that concerns the entire county, including the city, the municipality as well. There has been a change in the approach to real estate property tax assessment and this will likely have a negative financial impact on many of the households in this county. I've been working with Domingo and folks like that, with state officials and legislators to try to come up with some viable solution to this situation. It's likely that this particular discussion is going to happen on a statewide level. Right now, Speaker Lujan has drafted, has actually sent out a letter to the Attorney General's office, asked him for an opinion on some of the legal issues concerning this and shortly after that I think there might be some sort of legislative action to address this particular dilemma.

CHAIR VIGIL: That's not in our ordinance though.

MR. SILL: No. These are current issues. The next thing is an item that concerns the regulations. When we adopted the regulations there were not specific guidelines on how to deal with affordable units that were rental units. This is something, again, that's relatively easy to address because there are other guidelines in the community and in HUD and in other government entities that have similar types of applicability. So I would like to bring this forward as an amendment to the regulations so that we will have specific guidelines that would govern the usage as it applies to the ordinance.

These are potential issues that, for lack of a better term, they might be loopholes in the ordinance that we need to pay attention to. Currently, condominiums are not subject to the ordinance because these particular projects are not subdivision. To continue with addressing potential loopholes too we also need to pay attention to the way that development projects might be coming forward with their proposals. Since 2004, I did a rough count on the number of family transfers in this area outside of the EZ two-mile radius. There were over 430 family transfers, lot splits.

And as you know, there has been an ongoing discussion about that particular topic. There's also other issues concerning lot splits that I know on the policy level has been raised. I think in terms of addressing the applicability of different incentives and different types of requirements, we also need to pay attention to – because we are in the middle of trying to move growth management efforts forward too, that specific areas within this region have differing needs, differing types of applicability for housing. Those are the things that I encourage that we now review and look at the different types of diverse approaches that will be beneficial to each one of these communities. So with that, I'll stand for questions concerning this particular section.

CHAIR VIGIL: Question?

COMMISSIONER MONTOYA: Madam Chair.

CHAIR VIGIL: Commissioner Montoya.

COMMISSIONER MONTOYA: Duncan, can you elaborate on some of the unintended consequences of the lot splits and family transfers?

MR. SILL: Sure. The lot splits that are happening perhaps outside of water service areas and maybe outside of traditional village areas, the more traditional areas might be done for the intent of avoiding the Affordable Housing Ordinance and not putting in infrastructure. Those things have serious consequences on not just development patterns but also on our natural resources and the fabric of the community for that particular area.

CHAIR VIGIL: Let me clarify that further, because I think this was happening in Commissioner Sullivan's district and my district in particular. Our ordinance does not affect development of four residential units or more so what has happened in the northwest quadrant and in some of the Eldorado area – I'm not sure whether it's happening in yours or Commissioner Campos' or Commissioner Anaya's, but it's developing a pattern in the northwest. What is happening is lots are being sold off four lots at a time so that a developer will come forward and build four units and does not have to comply with the Affordable Housing Ordinance.

Now the Subdevelopment Act could come into play if it's the same developer that keeps selling off and developing four lots, but that same developer can sell to another developer and that developer can develop another four lots to where an entire area can be developed with no affordable housing being a part of that development and it's a very difficult thing to bring to the attention of a development or a developer because they are in compliance with our ordinance. I'm not sure – when the issue came to my attention I'm not sure how the best way to deal with that is because if we include developers who are doing four units or more for affordable housing requirements what we're doing is – really what we may be doing is hurting those families who have enough acreage for development for their families. The long-standing historical families who say I want four units for my family. I want to do four family transfers or develop four houses for my family – we might be adversely impacting them.

So I don't know whether the best way to deal with this because it's starting to be developed as a very strong pattern. The best way to deal with this is to affect the Affordable Housing Ordinance and not disclude four-unit developments, or to create an ordinance that

prohibits subdivisions after one subdivision occurs. So it is an issue that we need to discuss because from my perspective it's a loophole that has been create in our ordinance and while it's not so apparent in the areas that are dense – not all your areas are dense. Well, not very many of all of our areas. We all represent a rural component that does bring forward the possibility of future development but do we want to leave it that way or do we want to close up the loophole. It would be difficult I think if we started to look at a pattern being established to even prosecute something like that. I don't even know that we have the authority. I think the state would have to do it.

But it's very difficult to try to stop that from happening because it really does fit within legal parameters. Am I describing that appropriately, Mr. Ross? Or did you hear my description?

[Speaking away from a microphone, Mr. Ross' comments described the need to establish a threshold. Given that there is a 30 percent requirement for affordable housing, divisions of only a few lots are best handled by cash-in-lieu. Serial subdivision have traditionally been a loophole and enforcement is always a problem.]

CHAIR VIGIL: The other issue I guess that I want to bring up is that if we haven't included condominiums it seems to me that they should be. I live in a condominium sub-development, I would call it, and I think condominiums by the nature of the beast are affordable. So to disclude them in an Affordable Housing Ordinance and particularly as I think of those that do exist, like those in Aldea, those are affordable units and that's how Aldea was able to fashion affordable units and that's how housing became available for those that could afford it there. So if we have discluded condominiums in our ordinance I think they need to be included.

I think it's more likely to get a favorable response from condominium developers. Really the trend today is to develop subdivisions that are condominiums. That's what seems to be happening. If you work with condominiums with four units and under then we fall back into this same issue, I would think, as to whether or not the Affordable Housing Ordinance applies. But I have absolutely – and I don't recall hearing any arguments as to why condominium should not be included, or a condominium development should not be included in our affordable housing. Does anyone on the Commission recall why we excluded them? Do we know why we did? Or did we ever discuss them?

MR. SILL: I don't remember a discussion in detail about this particular topic. Again, the major concern is here with condominium projects that are not subdivided. So one parcel of land potentially could have six condominium units or whatever those numbers are. Then they wouldn't have to meet any of the requirements. As construction costs and the availability of land becoming more scarce the likelihood is that we'll probably see more of these types of condominium projects. That is not going to be unique to the city proper. There's a lot of condominium projects that are happening right now in the city as well and we all know what's happening to those prices. They're escalating exponentially. I think the reason why I'm bringing this up is that it's looking at potential development patterns to make these projects comply with the Affordable Housing Ordinance. That's why I have it on here so you guys to

think about and discuss and maybe give staff some direction to do a little bit more analysis and research on it.

CHAIR VIGIL: Any comments? Commissioner Sullivan.

COMMISSIONER SULLIVAN: Madam Chair, just one comment on the family transfer issue. There's probably no one thing that we can do that I can see that is going to totally eliminate that problem of potential serial subdivisions. But one thing that we can do is we can eliminate the County ordinance requirement that enables a family transfer to have half the lot size that any other lot would be allowed, regardless of the fact of what the water situation is, the hydrologic zoning. So that's an incentive for family transfers.

Now, if you eliminate that you would still have family transfers because you have an expedited approval process for family transfers. You don't have to come to the Commission. But you wouldn't have the incentive to do as many of them because you wouldn't have that incentive to double your number of lots, as opposed to what you would get in a normal subdivision. I think that would slow down the number of family transfer. I think there's always going to be legitimate family transfers. I don't think we're targeting those; we're targeting what you say, the ones that are not legitimate. So that's one way I think to slow down the process, to look at that. Because that's a County requirement. It's not a statutory requirement. It's something that we have set in our County Land Use Code for how we deal with family transfers.

So if we didn't make them quite so attractive in terms of doubling the amount of lots you could get on your tract there wouldn't be as many of them.

CHAIR VIGIL: Commissioner Montoya.

COMMISSIONER MONTOYA: Madam Chair, regarding the 15-year affordability period, I think we have discussed that. The period that we have now would be subject to revisiting. I think we just kind of put a number so that we'd have a number. I think if it needs to be adjusted to 15 years I think that's probably a more appropriate period. Then with the appreciation share, what would need to be done in order for it to keep up with the market appreciation?

MR. SILL: Commissioner Montoya, I think we need to look at that in conjunction with the affordability period that you just mentioned and come up with sort of a financial analysis where the break-even point might be, given the recent years of appreciation or anticipated appreciation over a particular period of time. We may or may not see the same type of appreciation in the near future. The likelihood is that we will see some percentage of increase, and what that would mean from just a kind of - to be really simple is that the median housing price in Santa Fe County right now is \$519,000. Even at a minimal two percent increase per year you're looking at a large number that would mean at the same time next year that that house would likely be \$530,000. The appreciation share within similar types of housing units should perhaps keep pace with that level at this point, so that we're not creating a negative cash flow for the affordable housing fund, or the means or subsidies that we're trying to create and support. Does that answer your question? It is going to require some number crunching.

COMMISSIONER MONTROYA: Okay.

CHAIR VIGIL: I think I agree with Commissioner Montoya on the 15 years for affordability, and I would like to see the numbers on keeping up with the market.

COMMISSIONER SULLIVAN: Madam Chair.

CHAIR VIGIL: Commissioner Sullivan.

COMMISSIONER SULLIVAN: On the 15 years affordability, I'm not quite understanding what you're saying. Let's start with the affordability. On the affordability, are you saying increase the costs of what we consider to be an affordable unit? Make those higher? In other words, let's say an affordable two-bedroom unit is \$150,000. And we adjust those every year. Is that what you're talking about?

MR. SILL: No.

COMMISSIONER SULLIVAN: You're not talking about that.

MR. SILL: This has to do with the relationship to the appreciation share, the share of equity as well as the affordable mortgage.

COMMISSIONER SULLIVAN: Okay, well, that's my point.

MR. SILL: It's not the price.

COMMISSIONER SULLIVAN: It's not the price. So correct me if I'm wrong. The way it works is you develop a second mortgage, a soft second, for the difference between the affordable house price and the mortgage value. Okay. So let's say the affordable house is \$150,000 but it's appraised at \$200,000. So when the tenant moves in - so we now have a second mortgage and we now have a mortgage in the benefit of the County of \$50,000. Now, if the individual stays in the house for five years and we end up halving that - in other words half that mortgage goes away and half of that is still there - they get to sell the house for whatever they want. They get to sell the house for \$300,000. They make a profit of \$100,000 plus half of that mortgage of \$125,000. So there was a lot of discussion when we did the Affordable Housing Ordinance saying, oh, people should be allowed to share in the appreciation. Otherwise they won't take care of the houses. It would just be public housing. They should be entitled and able to improve their houses or add carports, do whatever they want. Add landscaping or whatever improvements they want to make to make it a nice place and have some buy-in to the homes. So we could do that.

Now, in the 15 years - we haven't had any affordable homes sold yet.

MR. SILL: Actually, we have. We've had six so far.

COMMISSIONER SULLIVAN: We have had six so far? I take that back then. So are you suggesting that we move it to 15 years and have a different mechanism that would enable the County to recoup some of that difference between the soft mortgage and what the future is? Because we certainly have to do that if you went to 15 years. I lobbied for 10 years and originally we were talking about five years for this period. I said, no, no. You've got to have at least ten years to have the person want to stay in the house. You don't want them turning the house over every five years. You do all this work to get an affordable house and in five years it's off the market. It's not affordable anymore.

So I was a strong proponent of getting it up to ten years and if that's not appropriate, if

15 years is more suited to our community then I think we should think about that. But then, yes, then you are going to have a substantial market gap between the sale price and what your soft second was on the – is that what you're talking about?

MR. SILL: That's what I'm talking about, the potential of negative cash flow.

COMMISSIONER SULLIVAN: Okay, now why would that – it seems like we always come out whole. Why would that result in negative cash flow? That's what I don't understand.

MR. SILL: Well, because if the affordable housing fund of the County is trying to buy back that particular unit, that same unit, within that period. Let's say ten years from now using a very simplified example that originally the purchase price was \$150,000 and now the market is able to absorb a \$400,000 market price, after paying back the second mortgage and all this stuff, there's appreciation, an equity that the homeowner walks away with and that market turns into a market unit. So if inventory stays constant you have the option to purchase back that particular unit.

COMMISSIONER SULLIVAN: Okay. It's if we buy back. But we have to exercise that option within 60 days though. If we don't exercise that option it goes on the market.

MR. SILL: Then we lose that unit to the market.

COMMISSIONER SULLIVAN: We lose the unit but we don't lose any money. We don't lose any money.

MR. SILL: We lose the money if we buy back that unit.

COMMISSIONER SULLIVAN: We lose money if we buy it back. But we have the option in the ordinance, in fact a requirement, we have to notify them if we're going to buy it back within – I think it's 60 days. Maybe it's even 30.

MR. SILL: It's 60 days.

COMMISSIONER SULLIVAN: So we're going to buy it back or we're not going to buy it back and what you're saying is, gee, if the thing's worth \$400,000 now and it was \$150,000 before, we're going to be spending a lot of money buying back affordable housing units. It might be cheaper just to build the new ones than to buy back the old ones.

MR. SILL: Yes, and that's the option that we need to consider at that time. That's sort of the future planning and what I'm suggesting here is that in the event that inventory is limited and we don't have the potential – a very limited opportunity to create new housing units and we have to exercise these particular options to buy back the affordable units for community benefit, then we will experience a negative cash flow.

COMMISSIONER SULLIVAN: The six that were sold – did we buy those back?

MR. SILL: No.

COMMISSIONER SULLIVAN: So we didn't buy them back under the current ordinance and the current ordinance is actually –

MR. SILL: That was under the old Community College District so there was no first right or refusal available for us to exercise.



COMMISSIONER SULLIVAN: Okay. So I would concur, a) with the 15 years. I think that works fine, but in doing that you're very definitely going to have to address the marketability issue or otherwise you're never going to be able to economically buy them back, because the incentive will be there to sell them on the market.

MR. SILL: Exactly.

COMMISSIONER SULLIVAN: Okay, I think I understand now. Thanks, Madam Chair.

CHAIR VIGIL: Anything? Commissioner Campos. Okay. Is there anything else you would like to add on to your presentation?

MR. SILL: No, I think that concludes the presentation. The next steps, basically are things that we already discussed in regards to looking at ways to set up some preliminary framework for the affordable housing fund and then some of these issues that we talked about today with the ordinance and the regulations. Thank you and of course I'll stand for more questions if there are any.

COMMISSIONER CAMPOS: Madam Chair.

CHAIR VIGIL: Commissioner Campos

COMMISSIONER CAMPOS: I think we have to have a short-term goal and this is to look at the issues raised by the current ordinance regulations. We've got to go back to the incentives because you can't have affordability without subsidizing in part some of these homes. Certainly energy has been deleted as an issue which is very disappointing and which is a very negative thing because you're not going to have affordability if you don't deal with water and energy. I think we have to focus on water, energy and some infrastructure. Keep it real simple.

Getting into this big plan, maybe in a year or so - we have so many things on our plate right now I don't want to take our focus from them. I want to keep this real simple. Those are my comments.

CHAIR VIGIL: Any other comments?

COMMISSIONER SULLIVAN: Madam Chair, just one quick one. I think if we focus on infrastructure, the intent of focusing on infrastructure is doing something that gets us more affordable units. So that's how we have to craft the use of what other partnerships could we create with developers through this trust, through providing x-dollars per unit for infrastructure. By doing that it would get us one more affordable unit. When you're building 100 units at one time, or 50, it may be a pretty easy thing to get a couple extra units with some subsidy that would cheaper without us going out and building affordable housing units. So that kind of a partnership might give us more affordable housing units at less cost and give those who are providing the homes an incentive that they need that provides them cash up front which is always hard to get cash before you've got mortgages, before the homes have closed.

It's just a thought. And that's the way I look at incentives is that they work in both directions. But it's a good presentation. I think there's lots of good staff thinking here that certainly helped me focus.

COMMISSIONER MONTOYA: Madam Chair.

CHAIR VIGIL: Commissioner Montoya.

COMMISSIONER MONTOYA: Just regarding the energy issue that was excluded in our current ordinance. And again, my thinking was that in attempting to recall what was discussed it was that if we put in everything that's needed for Energy Star that it would increase the construction costs, thereby passing it on to the consumer. I guess my question would be what are the additional costs that would be going to the construction, the new construction of a home that would add on top of what would be a base price in terms of an affordable unit?

COMMISSIONER CAMPOS: My memory is that it was about \$1800, but I'm not sure and Mr. Pino is here and he did provide some numbers. Because they are building Energy Star homes in Rancho Viejo and he had some numbers - \$3,000? \$3,000 a unit.

COMMISSIONER MONTOYA: And that means windows, insulation, doors.  
\$3,000.

COMMISSIONER CAMPOS: There's also Energy Star that goes to the efficiency of the appliances. Are they water efficient? Are they energy efficient? So if you start talking about what goes inside the house, which I think is important, it adds a little more to the cost too.

COMMISSIONER MONTOYA: Does that include the immediate hot water recirculation.

COMMISSIONER SULLIVAN: That's about \$90.

COMMISSIONER CAMPOS: It's not expensive.

COMMISSIONER MONTOYA: Yes. But if it's going to be \$3,000, right? I think we should consider that we add that to our current ordinance as an incentive, as an offset to help the developer in that construction cost.

CHAIR VIGIL: Any further comments? There's other staff here from the County. Does anyone want to add anything to any of the discussions that they've heard today? Jack Kolkmeier.

JACK KOLKMEYER (Land Use Administrator): Thank you, Madam Chair. These kinds of discussions are really good for us to have occasionally because not only do we have to pull together recent information that we've gotten on recent projects that we've undertaken but we also have to kind of look back into some of the other initiatives that we've taken in the past. In looking at this conversation again today and what Commissioner Sullivan just said about incentives, the whole idea of the Community College District, going back to 1998 when we started that, which was really the first affordable housing initiative that we had was based on the fact that, and I'll make this simple, the developer wants a certain thing. We'll see if we can do that, if we can get what we need as well.

So the affordable housing aspect at that point was 15 percent and that was in exchange for open space, getting things on systems - and what else was involved in that? And density. So the concepts were really kind of right on at that point but in thinking about it and thinking about the conversation now, one of the things that different in trying to apply an ordinance for  $\frac{3}{4}$  of the county as we did with the Affordable Housing Ordinance is we designated the

Community College District as a growth area. By doing that we were able to say we can do these kinds of things here and do these kinds of incentives that we can give to developers to get the affordable housing back in large part because that was mostly undeveloped area or undeveloped property so that larger projects could come in.

Kind of where we're at right now is in trying to say, somebody that comes in now wants to do a four-lot or a five-lot subdivision or a 20-lot subdivision then we get all these loopholes and things come in. It's almost like we maybe need to go back and re-examine some of the principles that we struck on with the Community College District. I don't want to say that everything about the Community College District is all hunky-dory. We have infrastructure, we have financing problems. We have a whole bunch of things going on there. But the difference is that we were able to say this is a growth area and this is where we want to focus on infrastructure because that's going to help us to offset the things that we need from developers to get that density. It still all comes down to cost of land.

Now, I worked on the first affordable housing task force in this whole area in 1982 for the City of Santa Fe and that was the same principle as it is today. How can we rearrange that now again to get to those points that allow us to get the incentives that we need? Family transfers are also out there and a form of affordable housing. That wasn't even in the mix with the ordinance discussion for some time, until we kind of had to put that back in the discussion. So maybe if we fix that up and close some of the loopholes with that, because offsite improvements is also the thing that's not provided with family transfers. And then focus on: Where's the next growth area? Or going back and saying if the growth area is going to be the Community College District and we still have issues with that, maybe we need to fix that and continue to get more affordable housing there.

And as we're doing the growth management strategy, and this is going to come pretty fast, the work we're doing. It's not going to be a ten-year plan as some are concerned about. As you know, we've divided the county into four growth management areas. We're going to come forward with an affordable housing strategy, a water strategy, a road strategy for each of those areas. But I guess I pose the question: isn't it predicated again, to really get affordable housing again, isn't it predicated upon us having designated these growth areas? So that we know what to do with infrastructure, we know how much density can be absorbed. Because if that's the case, that's kind of where we're going, and then that gives us something to really say, okay, then here's the density that those areas can absorb, here's what we need to do for infrastructure. Here's the roads that we need to help provide or the water, the wastewater systems that we need to provide.

So I just wanted to make a couple of concluding remarks from what I've heard because it seems that what made – you look at this list, most of the affordable housing is in the Community College with a few exceptions. So if that was the right way – or maybe not the right way, but if that was the way that gave us some return for the investment that we put up, shouldn't we be looking back at some of those principles again? Thank you.

CHAIR VIGIL: Thank you. I guess this is going to conclude the study session. I do want Commissioner Montoya –

COMMISSIONER MONTROYA: Madam Chair, I just wanted to say that in terms of the timeline that's being discussed, I think Suby outlined certainly a timeline that I think is reasonable and can be accomplished so that we're looking at about a little bit over ten months, probably from this period. I think it won't overburden staff, as Commissioner Campos has mentioned so that this is something that can continue on but isn't going to be on a fast track, if you will, but will be in conjunction with the other work that's being done. I like that timeline.

CHAIR VIGIL: I think the most expedient thing we can do and the consensus I think as we stated is the affordable housing trust. That can be created and that is an administrative sort of procedure that can be done. With regard to where the money goes I think there is enough discussion here to identify that Suby's study needs to come before us and that the Affordable Housing Ordinance does need to be revisited. That we need to look at incentives. We need to look at energy efficiency with regard to it. As Commissioner Sullivan has pointed and I would agree with him, the infrastructure component is necessary to look at it with regard to incentives and so is the social component. I've always looked at the affordable housing issue as an issue between the have and the have-nots and those how have not, we have to create an opportunity for them. I don't know if that's to create better energy for the future and make it really affordable or to create a grant program for down payments which makes it very more likely that affordable units will be made for those people who truly can't afford a house.

I think what Suby will bring forward will help us crystallize those arguments a little better and we'll be able to move forward more on constructing a more concrete ordinance. I'm not sure how we need to move forward with regard to the trust fund, but I think we can, unless there's any objection stated on that. And with that, I would just ask Commissioner Montoya if wants to visit the BARs at all. You had mentioned you want to. I can close the discussion on affordable housing and we can then go in real quickly on this.

COMMISSIONER MONTROYA: Madam Chair, just if there was anything that we should be alerted to in terms of where we're at on this.

MR. ABEYTA: Madam Chair, it just came out today. We're meeting internally tomorrow to discuss it and then we're going to have a larger presentation to the Board on Tuesday with the major funds in the County. So we'll look for that and we'll be sure to point those out.

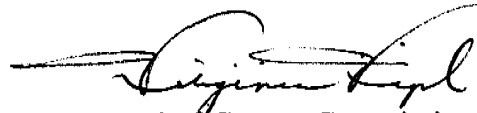
COMMISSIONER MONTROYA: Okay. the recommendations are what we need.

MR. ABEYTA: Yes. You got it.

**Adjournment**

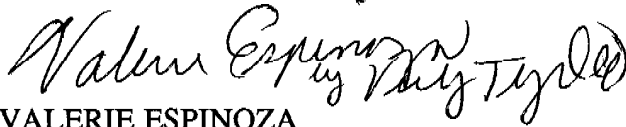
Chair Vigil declared this meeting adjourned at 4:05 p.m.

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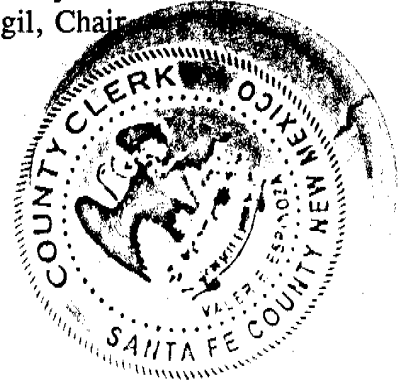


Board of County Commissioners  
Virginia Vigil, Chair

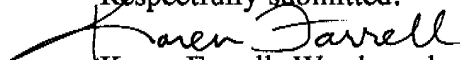
ATTEST TO:



VALERIE ESPINOZA  
SANTA FE COUNTY CLERK



Respectfully submitted:



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COMMISSIONER MONTOYA: A hybrid.

CHAIR VIGIL: What other funds do we have that are similar to this enterprise fund?

MS. MARTINEZ: Our water, our jail, and the RPA is actually covered.

CHAIR VIGIL: So those are all models. Okay. Any further questions for Teresa? So Duncan, you're looking for some discussion and direction on this.

MR. SILL: Yes. Maybe before we do this just very briefly too. I know that Dodi asked where some of the availability of funding is coming from. There are various sources right now. We have some return revenues in fees. We have affordable mortgages that will come due over a period of time. We have fee-in-lieu that we collect from potential projects and things like that, and then obviously part of my responsibility and this program's responsibility will be to look for additional funds on the state and federal and private level to really look at the sustainability and the growth of this fund. With that said, yes, Madam Chair, the discussion and the direction will be welcome.

CHAIR VIGIL: Duncan, can you distinguish for me what you're asking of us to do here today and what we currently have under contract for affordable housing with Suby?

MR. SILL: Today we are looking at the establishment of the affordable housing fund via an ordinance so that the designation of key components that would offer programs that would benefit this particular community. What Suby Bowden is doing right now working with County staff is to look at prioritizing objectives for housing opportunities through housing assessments and trends that are within this community. Those things go hand in hand and it will be useful information as we move along with the growth management process as well. So those are the two distinctions right now at this point.

CHAIR VIGIL: Doesn't it make logical sense that the only thing we can act on today or give you guidance towards taking action would be the establishment of an affordable housing fund and without having that particular study and the benefit that that would bring, we wouldn't know what to do with the funds, right?

MR. SILL: You wouldn't know what to do with the fund in general concept, but the specific priorities should be better supported by that data. That would mean that when we're talking about benefit for workforce housing, what does that mean? That's specific, the data and the information, we'd be able to address. I think at this point, in terms of establishing the components of the affordable housing fund we could suggest things as the affordable housing fund will offer primarily program initiatives in these particular areas, workforce housing being one of them. Energy efficiency being another component. Incentive supports being another component. That's the type of level that we're dealing with today and I think the details will be supported at a later date.

CHAIR VIGIL: Okay.

MR. SILL: I think we just need suggestions and elections in regard to the general concept of what we're talking about today.