

**Santa Fe
Affordable Housing
Roundtable**

Roundtable Results

The Santa Fe Affordable Housing Roundtable (the Roundtable) was designed to implement the goals of the **Strategic Housing Plan for Santa Fe** which were to build the capacity of nonprofit providers; obtain new sources of low-cost capital; bring more affordable land to market; and assist 700 households over three years. The Roundtable not only met, but also exceeded these goals in its first three years, and since then has assisted over 1,900 families with affordable housing developments or rent subsidies.

Building Capacity of Nonprofit Housing Providers

Perhaps the most important achievement of the Roundtable has been the great increase in capacity of nonprofit housing providers. Without this, the needed products and services would never have been developed.

These are specific examples of the increase in capacity:

- Tierra Contenta Corporation grew from a concept to a three-person organization that is developing an 860-acre tract and is self-sustaining on its land sales.
- The Santa Fe Community Housing Trust sprang from an idea to an organization with seven staff members who help an average of 550 low-income families each year, and also manage new financing programs that help other nonprofits.
- Neighborhood Housing Services of Santa Fe, Inc. expanded from near dormancy to a staff of eight who help nearly 200 families each year with home repairs and new-home ownership, in addition to educating approximately 350 potential home owners.
- The Santa Fe Civic Housing Authority used its expertise and reserve funds to spin off a new nonprofit rental housing corporation, Casas de Buena Ventura, which built 189 tax-credit apartments in Tierra Contenta.
- St. Elizabeth Shelter has evolved from a homeless shelter to an agency that

acquired and developed 17 transitional apartments, where families and runaway youth are becoming financially self-sufficient.

- The Life Link/La Luz has expanded and enhanced its services to provide more work and housing opportunities for the neediest of the population, homeless mentally ill.
- Four local nonprofits that provide various types of emergency shelter created the Transitional Housing Coalition (THC) in early 1992. As an offshoot of the Roundtable the THC addresses special-needs, domestic violence, and housing for runaway youth in Santa Fe.

Obtaining New Sources of Capital

The collaboration of the Roundtable has greatly increased the pool of money available for affordable housing projects and has, in turn, leveraged millions of dollars from private foundations, provided match money for federal grants, and taken projects to a level where they are most competitive for state funding.

Some examples of new sources of capital which were obtained by Roundtable member organizations include:

- HOME Program funds from the now-defunct New Mexico State Housing Authority and now the New Mexico Mortgage Finance Authority. (Santa Fe is not a HOME entitlement city.)
- Community Development Block Grants (CDBG) and city general funds for use by nonprofits.
- Department of Housing and Urban Development (HUD) funds. The City drafted and adopted the Comprehensive Housing Affordability Strategy (CHAS) and the current consolidated plan, which are mandatory to receive HUD monies.
- Public and private grants and financial commitments, including a grant from the PEW Partnership for Civic Change, The Enterprise Foundation, and the McCune Charitable Foundation, which has increased the capacity of the local nonprofits to implement housing programs throughout the city.

Bringing Affordable Land to Market

- Purchased 860-acre Tierra Contenta parcel in 1992 for mixed-income development by a quasi-public nonprofit corporation.
- Created the Santa Fe Community Housing Trust as a staffed organization

that provides, among other services, homes developed on land trusts for long-term affordability.

Assisting Santa Fe Households

New affordable homes built by assisted for-profit developers	366
New affordable homes built by nonprofit developers	255
Existing homes financed with low-cost second mortgages	619
Home rehabs	371
Rentals acquired or built	221
New special-needs housing units (including transitional)	68
Additional shelter beds	30
New home buyers trained	2,906

Developing Major New Housing Programs

The Roundtable exceeded its goals largely because it learned to collaborate. The joint development of new housing programs and projects greatly expanded the number of low- and moderate-income households being assisted in the city.

Affordable Housing Trust Fund is a funding mechanism for the development of affordable housing. The fund is largely made up of donations made by Santa Fe developers. The Trust Fund is administered by the Housing Trust; however, the members of the Roundtable collectively determine how the dollars are to be allocated. The money, matched with other federal and conventional funding, is used exclusively for affordable housing projects in Santa Fe. Had the City accepted the donations, use of the money would be restricted by the state's anti-donation clause. By creating a separate fund, the dollars can be used by nonprofits to cover the costs of their affordable housing projects and to leverage other funding.

Building Permit and Impact Fee Waivers is a City policy that waives up-front construction and associated building permit fees for nonprofit affordable housing developers. When the nonprofit agency has received City approval for its development, the agency provides the City with information about the development, including location, number of units, and the name of the contractor. A building permit is then issued at no cost to the nonprofit developer. Other permits, including site grading, reinspection, and water and sewer tap fees are not waived. Private, or for-profit, developers creating developments in which at least 25% of the units are affordable to low-income households may seek reimbursement of the same fees waived for nonprofit developers. Fees are

reimbursed or waived for the affordable units only once the developer certifies the sales price, size of unit, size of household, and household income meet affordable standards. Private developers pay all fees up front, and upon demonstration of selling the affordable unit to a qualified buyer, fees are reimbursed.

Down-payment Assistance Program provides funds to reduce the principal owed on a mortgage, allowing low- and moderate-income households to become home owners. The program is administered by the Housing Trust and funded by the City through Community Development Block Grant (CDBG) funds matched with other funds. The Housing Trust makes a minimum of 25 grants and loans per year of up to \$6,000 toward the down payment on a home. The Housing Trust is responsible for marketing the program to potential clients as well as soliciting the support of the local financial community.

Fair Housing is a HUD program to ensure equal opportunity and equal treatment for all citizens. The City is responsible for providing outreach, education, and enforcement to ensure that citizens have a clear understanding of the issues and what to do if they are subjected to discrimination. As a part of CDBG funding requirements, the grantee must undergo a fair housing review. In addition, grantees are expected to offer training and education to landlords, real estate professionals, lenders, and other members of the housing industry regarding fair housing rights and responsibilities. Fair housing is also a right established through federal, state, and local laws. The City has an ordinance to protect citizens from discrimination in housing and in the sale of real estate in the city due to race, color, religion, sex, national origin, or ancestry. Fair Housing initiatives are being implemented from the Landlord/Tenant Hotline office.

Fast-track Approval reduces processing time for new developments that will provide affordable housing. Developments built to the City's affordable housing standards (at least 25 % of the new homes will be affordable) are given priority in the development review and permitting processes. Developers must have proven track record for successful completion of projects and evidence of having satisfied the city's performance criteria. In addition, the developer must assume any risk.

First Month's Rent and Damage Deposits was designed and administered by the City's Community Development Division, using HOME Program funds. The program provided the first month's rent and security deposits to homeless clients, as well as funding for new housing for homeless and mentally ill. Over \$81,000 for first month's rent and security deposits was provided to 82 families (239 individuals) from 1995 through 1997. The majority of the recipients were Hispanic, 69%, while 17% were White, 9% Black, and 5% Native American.

In addition, the Santa Fe Community Housing Trust has operated a rent deposit

loan program for the homeless since 1992. Most of the funds for the program come from private grants and repayments of loans.

Home-buyer Education Programs are conducted by three nonprofit housing agencies. Two programs, taught by Santa Fe Community Housing Trust and Neighborhood Housing Services of Santa Fe, Inc., include classes taught over a series of evenings and weekends by representatives from banks, real estate agencies, county government (tax assessors), and construction industries. The curriculum includes classes on personal budgeting and the home-buying process, including how to apply for a loan, the tax benefits of owning a home, foreclosure prevention, and home maintenance. If necessary, clients are referred to credit counseling. These programs have been developed and are taught in accordance with accepted principles of the Federal National Mortgage Association (Fannie Mae), The Enterprise Foundation, and Neighborhood Housing Services of America.

A third program is offered by Santa Fe Habitat for Humanity. This program, in accordance with Habitat for Humanity International principles, includes its particular sweat-equity home building program, as well as budgeting, and home maintenance. Once clients receive certification, mortgage lenders may opt to expedite the home loan process.

HOME Investment Partnerships Program was initiated in 1993 with \$300,000 granted in the first year and \$165,000 awarded in 1994-1995. The New Mexico Mortgage Finance Authority awarded \$450,000 toward building homes for mentally ill and rehabilitating homes for homeless persons in transition. Down-payment assistance, home-owner rehabs, tenant-based rental assistance and the renovation of and new construction of transitional housing has helped the most needy homeless to the working poor move into decent, safe and affordable homes.

Home-owner/Builder Program is a service provided by Neighborhood Housing Services of Santa Fe, Inc., to assist low-income individuals or families (those earning 80% of the area median income) who own land, to build homes at a lower cost. The program encourages the tradition of owner-built homes in Santa Fe. In addition, the program allows for cost savings in housing production by taking land costs out of the financing equation and through the sweat equity of the homebuilder. A licensed general contractor oversees all phases of the construction process. This includes managing on-site construction; drafting site plans; developing elevations and schematics; helping the home-builder obtain necessary permits; advising the home-owner on various cost-containment measures and alternative building techniques; and training the home builder to build his or her home. In addition, the organization maintains a library of resource materials related to home building including construction information, financing, information on kit homes, and referrals to home building workshops.

Home Rehabilitation Program assists with the rehabilitation of owner-occupied homes. Neighborhood Housing Services offers loans to rehabilitate substandard housing units in order to bring the units into compliance with the Uniform Building Code, as well as loans for emergency home repairs where there is an immediate threat to the home-owner's health and safety. NHS receives financial assistance from CDBG funds. These funds are added to a revolving loan fund that the organization maintains specifically for home rehabilitation loans. In addition to this service, NHS provides counseling to prospective loan clients from initial inspection of homes through actual loan financing. NHS is responsible for rehabilitating 10 units per year with \$220,000, as well as 10 emergency rehabs with \$61,300 per year.

Inclusionary Zoning (or Housing Opportunity Program) is an initiative by the Community Development Division to create affordable housing by establishing a mandatory requirement in new market-rate residential developments. The zoning requires that a certain number of the new homes will be set aside for low- to moderate-income households. This serves to economically integrate more Santa Fe neighborhoods. If all the homes in a planned development will be priced above \$202,000 the developer would be required to build a percentage of moderately priced homes. In exchange for building the more affordable homes, the developers would be allowed to build an equal percentage more "high-end" homes (a "density bonus").

Land Trust/Land Lease Program is administered by the Santa Fe Community Housing Trust. In this program, housing services are traded for City-owned land. The Housing Trust then develops and sells homes. The land is not sold, but remains in a trust that is managed by a membership organization consisting of the individual home-owners. In this way, the cost of the land is taken out of the home's price, thereby reducing the overall cost of housing production. In addition, the home buyers sign limited-appreciation contracts to assure long-term affordability.

Landlord/Tenant Hotline provides advice, counseling and mediation services to renters and landlords. Since its inception in 1994, thousands of calls have been made to (505) 983-8447, mostly local, but some as far away as Michigan. Since January 1997 through December 1997, 3,209 calls have been logged, over 76% have been from tenants, and over 88% have come from Santa Fe and the surrounding region. The Hotline is administered by the Albuquerque-based New Mexico Public Interest Education Fund.

Supporting Other Housing Programs

Low-Income Housing Tax Credit Program provides federal income tax credits to individuals or organizations that develop affordable housing through either new construction or acquisition and rehabilitation. The tax credits provide a

dollar-for-dollar reduction in the developer's tax liability for a 10-year period. Nonprofits or public developers can attract investment to an affordable housing project by syndicating, or selling, the tax credit to investors.

Tax credits are allocated to each state according to a formula based on population. In New Mexico, the New Mexico Mortgage Finance Authority (MFA) administers the program. To promote mixed-income housing, the developer will allocate 20% of the units to households earning 50% of the area median income or below; or 40% of the units to households earning 60% of the area median income or below. Rents in the allocated units may not exceed 30% of the household's income. Long-term affordability is assured for at least 15 years. Longer terms may be negotiated between the owner and the state's housing credit agency.

Mortgage Revenue Bond Program provides for mortgages at below market-interest rates to qualified first-time home buyers. The state of New Mexico authorized the City to issue \$30 million in tax-exempt mortgage revenue bonds in \$10 million increments over three years. The bonds will finance 300 to 350 mortgages. Some of the money is reserved for families whose incomes are less than 80% of the area median. Some of the initial bond fees were paid from a HUD Special Purpose Grant awarded to the City. The program is administered by the Santa Fe Community Housing Trust. The Housing Trust certifies that the clients meet eligibility requirements and then works with eight area mortgage lenders to provide the mortgages. Santa Fe is the only city in New Mexico to issue its own mortgage revenue bonds.

Reverse Mortgage Program for the Terminally Ill is another innovative, interest-free loan program offered by the Housing Trust. A person living with HIV or AIDS or any other life-threatening illness may receive money from the equity in his or her home to pay medical bills, first mortgage payments or other expenses. The loan is repaid if the home is sold or placed in another person's name. Besides certifying that the person has a terminal illness, he or she must earn no more than 80% of the area median income.

Shelter Plus Care Rental Assistance is a program funded through a HUD Shelter Plus Care grant. Rental Assistance for Mentally Ill is a program administered by Life Link/La Luz to help mentally ill persons who are homeless. The Housing Trust operates a rental assistance program for people with HIV/AIDS. Up to 20 people receive assistance each year. Clients must be homeless and earn less than 50% of the area median income.

Soft-Second Mortgage Programs are offered by two Santa Fe agencies. Santa Fe Community Housing Trust and Neighborhood Housing Services are contracted by the City of Santa Fe to offer first-time home-buyer assistance programs which provide soft-second mortgages to low-income (80% of median income) and very

low-income (50% of median income) home-buyers. The mortgages assist with the acquisition of newly constructed homes or existing homes. This program is funded through CDBG allocations in the amount of \$100,000. Loans are offered with no interest. The loan is repaid upon the sale of the home.

Tenant-to-Home Owner Programs are part of an effort to help homeless people make the transition to permanent housing. The Santa Fe Community Housing Trust helped St. Elizabeth Shelter develop eight transitional homes for formerly homeless people within the Arroyo Sonrisa subdivision, in addition to the nine units they operate in another part of Santa Fe. The goal of the program is to offer housing to qualified clients for up to two years while helping them to make the transition to home ownership. The program includes family counseling, home-ownership education, and special programs for children. These services are offered in collaboration with other nonprofits. Families have up to two years in the program to save their money, improve their skills, and acquire permanent housing.

Building Homes throughout Santa Fe

Tierra Contenta Corporation: The first phase of Tierra Contenta (165 acres) is partially built out; it will include 568 housing units (at varying degrees of affordability), 189 affordable rental units, and eight transitional housing units. Both for-profit and nonprofit developers built units. The developments in TC built by nonprofits are:

- *Arroyo Sonrisa* Santa Fe Community Housing Trust has developed and sold 35 single-family homes in the six-acre Arroyo Sonrisa neighborhood. All of these homes are part of a land trust- the home is owned, but not the land.
- *Los Portales* Neighborhood Housing Services completed a 40-home neighborhood in the Tierra Contenta subdivision in 1997. The neighborhood offers a mix of two-, three-, and four-bedroom homes ranging from \$70,000 to \$95,000. NHS received a special purpose grant from HUD as well as other assistance that helped reduce the sale price of the homes.
- *Sonrisa Apartments* St. Elizabeth Shelter, through a partnership with Youth Shelters & Family Services, developed these eight units. The units are intended for use as transitional housing for homeless families.
- *Paseo del Sol and Vista Linda Apartments* Casas de Buena Ventura formed a joint venture with experienced for-profit developers for the purpose of building 198 two-, three-, and four-bedroom apartments in the Tierra Contenta subdivision. In this project investors provide funds at below market rate, allowing rents to be set at about 30% below market for new apartments. Casas de Buena Ventura also is developing 32 apartments for

low-income seniors in La Cieneguita. The project is funded through a HUD 202 grant.

La Cieneguita: This 31-acre development will offer 120 affordable homes (88 single-family detached homes and 32 attached condominiums for elderly tenants). Up to 25% of the homes will be sold for \$60,000 to \$75,000 to persons earning less than \$20,000 per year. Santa Fe Community Housing Trust is in the second phase of completing the 88 single-family homes. The Housing Trust used second mortgages and a 99-year lease to lower housing costs. Foundation support helped further offset development costs. The units are sold to families who meet income requirements set by the Housing Trust and who have completed the home buyer education program.

Las Acequias: Las Acequias is a 300-home subdivision, a percentage of which are designated affordable. Neighborhood Housing Services developed its first new home construction project in the Las Acequias subdivision in 1994 with 10 three- and four-bedroom homes. Santa Fe Community Housing Trust completed 14 new affordable homes there. (Two of those homes were built using the land-trust model).

Pueblo Hermosa Condominiums: During 1993, the city of Santa Fe helped the Santa Fe Community Housing Trust purchase 45 condominiums located just blocks from the historic Santa Fe Plaza. The Resolution Trust Corporation, an agency established by Congress to deal with troubled savings and loans, sold the condos to the Housing Trust at below market value. The units were then sold to qualified buyers who earned less than the area median income. The condos are part of a modified land trust.

Casas de Escudero: Santa Fe Habitat for Humanity, a branch of Habitat for Humanity International, built five adobe homes for low-income families in this compound near downtown Santa Fe. The homes are built with volunteer labor, sold at no profit, and the mortgages are interest free. Funding comes from contributions and prior interest-free mortgages.

Transitional Housing for the Homeless: St. Elizabeth Shelter (St. E's) operates 17 transitional housing apartments for homeless families. In addition to the eight units at Tierra Contenta, St. E's operates a nine-unit apartment purchased in 1993. In addition, Youth Shelters & Family Services has plans to build an apartment complex with 10 units for homeless teen mothers and their infants. St. E's also used HOME Program and other funds to purchase and renovate a 31-unit apartment building, Casa Cerrillos, to increase transitional housing in the community.

Transitional Housing for the Homeless and Disabled: Life Link/La Luz de Santa Fe Family Shelter is completing Casa Milagro, a 12-unit residential ranch

for mentally ill adults. In addition, a new La Luz facility, to be completed at the end of 1998, will offer 16 efficiency apartments for persons with special needs, six two-bedroom and two three-bedroom units for families, as well as staff offices, a community kitchen, and counseling and treatment rooms.

Apartments for Individuals with Developmental Disabilities: Challenge New Mexico and Neighborhood Housing Services joined forces in 1995 to convert four group homes into smaller family-style apartments. The apartments provide housing for 25 individuals with developmental disabilities. This special-needs housing project was the first for NHS.

For-profit Affordable Developments

Most for-profit affordable developments include a percentage of below market rate housing which the developer subsidizes through the sale of the higher priced homes.

Tierra Contenta: These developments built by for-profit developers include market-rate and affordable homes:

- *Los Milagros:* 176 single-family units, varying degrees of affordability
- *Tierra Madre:* 86 single-family units, varying degrees of affordability
- *Jaguar Estates:* 28 single-family units, varying degrees of affordability
- *Rancho del Sol:* 197 single-family units, varying degrees of affordability
- *Arroyo Grande:* 35 single-family and 8 multi-family units, varying degrees of affordability

Market-Rate Developments in Other Parts of Santa Fe

Nava Adé: Over 140 acres have been approved for this privately owned mixed-use development in which 35% will be affordable (approximately 180 units). Nave Adé features miles of trails along the Arroyo de los Chamisos, small-scale commercial sites, and neighborhood shopping centers. The developer is taking a cut in profits in order to offer discount prices on the affordable lots.

Villa de Paz: 89 detached and attached condo units on 10 acres; 20 single-family homes are affordable

Kachina Ridge: 88 units on 10 acres; 22 are affordable

Vista del Prado: 38 single-family attached units on 7 acres; 12 are affordable

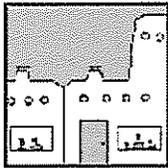
Ridgeview: 28 single-family units on 5.6 acres; 6 are affordable

Vista Montañó: 14 homes, 4 single-family affordable homes

Future Goals for Santa Fe's Affordable Housing Efforts

Though the Roundtable more than met its initial goals for production of affordable housing in Santa Fe, its work is not complete. Future goals of the city's Community Development Division and the Santa Fe Affordable Housing Roundtable are to:

- **Sustain the existing Roundtable programs.**
- **Streamline the city of Santa Fe development approval process.**
- **Establish better design guidelines in the *Santa Fe City Code*.**
- **Enact permanent inclusionary provisions and developer bonuses.**
- **Create permanent sources of subsidy financing.**
- **Extend programs and projects to help Santa Fe's neediest families.**



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