

MINUTES OF THE
SANTA FE COUNTY
HOUSING AUTHORITY

October 27, 2020

Santa Fe, New Mexico

1. A. This regular meeting of the Santa Fe County Housing Authority was called to order by Chair Henry Roybal at approximately 1:00 p.m. on the above-cited date.

In accordance with the Public Health Emergency Order issued by the State of New Mexico, this meeting was conducted on a platform for audio/video meetings.

B. The following members were present:

Members Present:

Commissioner Henry Roybal, Chair
Commissioner Anna Hansen, Vice Chair
Commissioner Rudy Garcia
Commissioner Anna Hamilton
Resident Member Cathy Hurtado
Commissioner Hank Hughes
Community Member Joseph Loewy

Member(s) Excused:

None

County Staff Present:

Joseph Montoya, Housing Director
Jordan Barela, Deputy Director Housing
Katherine Miller, County Manager
Greg Shaffer, County Attorney
Daniel E. Fresquez, Media Coordinator
Tessa Jo Mascarenas, Operations Manager
Yvonne Herrera, Finance Director
Penny Ellis-Green, Land Use Administrator
Olivia Romo, Constituent Services
Lee DePietro, Growth Management Senior Planner

Others Present:

Daniel Werwath, Santa Fe Housing Action Coalition

SFC CLERK RECORDED 03/15/2021

C. Approval of Agenda

Housing Authority Director Montoya requested that the item 3.B, Affordable Housing Work Plan, be heard last under discussion items.

Commissioner Garcia moved to approve the agenda as amended. Commissioner Hamilton seconded and the motion passed by unanimous [5-0] roll call vote. [Mr. Loewy and Ms. Hurtado were not present for this action.]

D. Approval of Minutes: September 29, 2020

Commissioner Hansen moved to approve and Mr. Loewy seconded. The motion passed by unanimous [6-0] roll call vote. [Ms. Hurtado was not present for this vote and arrived shortly thereafter.]

2. Consent Agenda

A. Resolution No. 2020-12HB, A Resolution Requesting a Budget Increase for the Housing Authority's 2020 Capital Fund Program Grant (301) in the Amount of \$468,829

Commissioner Hughes moved to approve the Consent Agenda and Commissioner Hamilton seconded. The motion passed by unanimous [7-0] roll call vote.

3. Discussion/Information/Presentation

A. Discussion regarding Budget Adjustment Request (BAR) for the Camino de Jacobo Housing Project

Director Montoya said this item appears on today's BCC Consent Agenda and was presented now to address any questions. This line item was cut from the previous budget and is being reintroduced to provide architectural and engineering services to address how the Camino de Jacobo project can be financed. The money for this BAR was originally part of the Community Development budget within Growth Management that encompasses both Housing and Economic Development. The request is to move these funds from the Economic Development budget to Housing.

Commissioner Hansen expressed her support for the passage of this BAR to enable the Jacobo Housing Project to move forward.

Mr. Loewy asked whether the students that participated in the HUD design and planning competition would be involved in the design. Director Montoya said there is an architect under contract that has provided preliminary design work for modeling purposes. The student competition did provide ideas that were integrated within the modeling. The Authority has been in communication with HUD and the students.

Commissioner Hughes agreed that this is an important project and he was pleased funding was made available for the pre-development cost and that the 4 percent tax credit was being pursued.

Regarding the federal loan from housing tax credits, Director Montoya pointed out that the 9 percent credit is highly competitive and there is only a 1 in 50 chance of receiving it. The 4 percent tax credits have not been depleted for many years and there's better bonding capacity for that. The difference is that 4 percent doesn't provide the high degree of subsidy required to put together a project. The idea is to build the architectural and financial modeling and then locate other funding sources to fill any gaps. At this point, no one in New Mexico has combined the 4 and 9 percent tax credits. The students suggested combining the two credits using a 4 percent loan in which the County can play a role by issuing a bond, and if a system can be developed and implemented to provide subsidies it should be workable to repeat the process because there are ample 4 percent credits available.

Citing the tremendous need for affordable housing in the community, Chair Roybal said he was pleased this was moving forward.

C. Executive Director's Monthly Report

Director Montoya said the Authority was moving forward with the safety and security grant proposal and emergency Covid-related funds. The state did provide the necessary signature to advance the new voucher program for youth in transition.

E. Capital Fund Program Report

Mr. Barela provided the following information:

- The ICAST energy-rehab project solar component continues to move forward
- Security cameras are still a priority and require additional funding
- A portion of the landscaping project was addressed internally at Jacobo and staff is moving forward with Valle Vista and Santa Cruz
- The reroofing for two duplex units in Valle Vista is moving forward
- The renovation for unit #97 in Santa Cruz is moving forward
- The renovation for unit #105 in Santa Cruz was completed
- The upgrade of electrical panels, a key component for the solar project, is 70 percent completed
- The bathroom remodel for unit #148 in Santa Cruz has been completed
- An application for a safety and security grant will be submitted on November 17th. If awarded, a portion of the funds will be used for Santa Cruz erosion control, trespassing issues, new locks, security doors and the purchase and installation of carbon monoxide detectors for all the units in Santa Cruz. Regular capital funds will be used to purchase and install carbon monoxide detectors in remaining Authority units

Mr. Barela noted that once a project is reported as completed it will not appear on the Board's updates.

Chair Roybal congratulated staff on the completion of projects.

Director Montoya commented that the Santa Cruz office will be finished soon providing staff a presence in the site.

E. Financial Monthly Report

Mr. Barela commented that the financial reports provide the status of the budget. He said at this point there was nothing noteworthy in the Authority's spending through the first few months of the fiscal year. He highlighted that:

- The 2020 unaudited submission for the financial data schedule is due Friday, October 30th as is the annual loss financial report
- HUD published a new notice regarding the CARES Act funding putting public housing and vouchers on the same timeline and extending the expenditure deadline through to December 31, 2021
- HUD is requiring quarterly reporting on all CARES Act funding; however, those guidelines have not been developed

Mr. Barela said the current housing inspector will be retiring soon and that position has been advertised. Candidates were interviewed for the ROSS position last week.

F. Section 8, Vacancy, Inspection, Accounts Receivable, Wait list, Evictions and URP (Utility Reimbursement) Reports

Director Montoya said there was little to add to his reports. There has been an increase to accounts receivable.

B. Affordable Housing Workplan

Lee DePietro, Growth Management Senior Housing Planner, reviewed information that strengthens the need for affordable housing. She highlighted the overall marketplace from a macro level:

- Housing has its own ecosystem and is impacted by the economic market
- There has been a decline in affordable housing both in rental and homeownership in Santa Fe County
- The areas affecting the rental side include rental conversions to condominiums that go back to 2005 that result in the loss of over 550 affordable rental units
- Affordable units were converted to market rate housing and purchased by private investors resulting in a loss of 270 affordable units
- There has been limited housing production over the past decade
- In 2013, the Housing Trust bought the Stage Coach Inn on Cerrillos for low-income housing. Last year they opened Soleras Station – totaling 191 units
- There was significant (32 percent in three years) rise in short-term rentals – over 2,000 units were removed from the rental stock
- There was a strong increase in market rate properties: The new market rate properties – Capitol Flats and Broadstone – are cost prohibitive to the majority of renters in the market

- Rental rates have significantly increased in the last few years
- The vacancy rate is under 3 percent which is very tight in the rental market

The affordability program performance results over the past five years indicate that:

- The inclusionary zoning program has an average of 2.7 homes
- The down payment assistance is tied to the marketplace and the County has provided assistance for seven households annually. That low number is tied to resales and the small production level. The County has established a guideline of up to 120 percent AMI which limits who would qualify to buy a house
- The Happy Roofs program, which has averaged under three homes a year over the past five years, has been fairly consistent and there has been a spike in requests for assistance
- There is one current request for foreclosure prevention out in Turquoise Trail
- Developer assistance has not been provided although there is a budget for that

Director Montoya said the amount of affordable housing production is “dismal.” Policies and programs need to be reformed and require leveraging with federal money or state money to increase the production. The current programs need to be re-formatted, re-engineered, re-packaged, re-systemized and moved out from the County. To administer and operate a program is not cost productive for the County. Leveraging the programs with other funding sources would make better use of federal and state funds. The programs need to be more efficient and effective. He mentioned that the City has been successful by creating external organizations that create new programs to provide more program productivity.

The analysis is based on both the City and County.

Ms. DePietro reviewed households by income and said according to the *New Mexican* the median price for a single-family home exceeds \$500,000. Only 38 percent of Santa Fe households have sufficient income to make that purchase. A traditional 80/20 loan on a \$500,000 home would require a down payment of \$100,000 plus closing costs. The monthly principal and interest would be \$1,535, including insurance and taxes the total payment would be above \$1,800. A traditional loan assumed it is 30 percent of the borrower’s income which would need an annual income of \$75,400. The County median income has insignificantly increased over the last decade and is slightly above \$57,000 – a disconnect between the cost of housing and income.

Currently there is no production of housing between \$300,000 and \$500,000 in the area.

Ms. DePietro noted that from a household income perspective for affordable living:

- Annual income of \$15,000 the rent would need to be \$375; annual income of \$25,000 and below the rent should be \$625 – neither product exists in the County
- Annual income of \$25,000 to \$35,000 the rent would be \$875. It is very difficult to find that rent level
- Annual income of \$35,000 to \$50,000 is \$1,250 also difficult to locate
- New properties are currently leasing a one-bedroom at \$1,455 and a two-bedroom begins at \$1,755. That is exclusive of utilities and is cost prohibitive to many residents. These

are only affordable for people in the \$50,000 to \$75,000 income category and there is a limited pool of those people

Ms. DePietro mentioned a recently renovated apartment complex that raised its rents to \$1,875 from \$1,475.

The data was presented to illustrate the affordable housing problems in the county, whether rental or ownership. There is a high demand for housing at the low household income and the product is not available. Director Montoya emphasized that, this is not a good trend and the traditional system in Santa Fe will not be able to continue.

Director Montoya highlighted the relationship between the median sales prices and the actual cost to construct housing, cost of infrastructure, cost of borrowing money, cost of labor, cost of planning, permitting, etc. BBER is conducting a housing cost analysis as part of the new affordable housing plan. There is a direct relationship between affordability and density. In an operational sense he asked whether the code can be modified to allow for densities in order to produce affordable housing. What type of developer bonuses are in place to assist developers in building affordable housing? Are there sufficient “sticks and carrots” for the developer? Can code refinements provide affordable housing and economic opportunities for residents? Regulatory-wise, what do we want from our land use code? Should it promote affordability? How can staff move quickly in the complicated issues of land use?

Director Montoya noted that the building of infrastructure, providing maintenance and operational costs are not efficiently replaced with 20 units of affordable housing and asked whether the County wanted to create additional debt to do so.

What aspects do we look at when reviewing the land use code and how it relates to encouraging affordable housing development? As a specific on the structural side, the land use code was based on the concept of a single-family home. The land use code cannot be static and there is a need to focus on the number of units to promote affordability.

Director Montoya suggested considering new funding sources/systems to be used for the new programs, developer assistance tools financial and regulatory tools: 1) At the next bonding cycle the BCC will be asked whether or not they want a question of providing for affordable housing infrastructure; 2) regulating short-term rentals and capturing that tax base, and; 3) support legislation to correct the 3 percent property taxes on second homes and apartment complexes which is not achieving its original intent. The relationship between affordability and property taxes needs to be considered.

Director Montoya concluded that affordability will continue to be eroded if the financing and other systems are not in place. The current budget is too small and new sources of money are required.

Commissioner Garcia thanked staff and encouraged them to move forward.

Director Montoya said following the work at Camino Jacobo, staff wants to concentrate on the Galisteo site and incorporate affordable housing in that area. That will require a regulatory environment that supports higher density apartment complexes. Commissioner Garcia recalled that the County has been working on the Galisteo property for over 10 years and he was eager to see something happen.

Commissioner Hansen expressed her support for the direction staff to taking and eliminating the 3 percent break on second homes, etc. She mentioned that the fee-in-lieu does not build affordability.

Director Montoya pointed out that an individual can build a multi-million dollar home and contribute zero to affordable housing. The changes need to be effective and lasting, not just easier to implement.

Mr. Loewy thanked staff and said the presentation was compelling with convincing facts. He said he too supports moving forward. He asked that concrete steps to move forward with the Galisteo site be provided.

Commissioner Hughes asked that staff develop figures for each of the potential sources of revenues for a housing trust fund.

Commissioner Garcia requested a timeframe for the Galisteo project and mentioned his desire to see housing/shelter for those experiencing homelessness.

5. Matters from the County Attorney

None were presented.

6. Matters from the Board

None were presented.

7. Matters from the Public

Daniel Werwath, Santa Fe Housing Action Coalition, commended staff and the Board in spearheading what is a systematic and strategic approach to affordable housing. The data presented by staff clearly indicates that “we are going over the housing affordability waterfall which is hard to claw back from.” Strategic investments that were presented yield important benefits. Investing in affordable housing takes some upfront investments. He said it was important that all the resources and strategic investment be coordinated. The statistic that particularly cause him alarm is that 86 percent of renters in the urbanized area of Santa Fe that earn less than \$50,000 a year were paying unaffordable rents before the pandemic. “Those people are being replaced with people relocating here...we are losing low income families at a rate of 500 families a year in 2017 and 2019 from the urban area and that’s only accelerating.” He commended the County for its leadership.

Chair Roybal thanked Mr. Werwath for his participation and feedback. There were no other speakers.

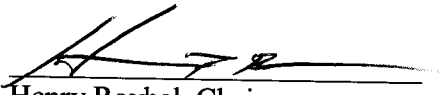
8. Concluding Business
A. Announcements



None were presented.

B. Adjournment

Mr. Loewy moved to adjourn and Commissioner Hamilton seconded. This meeting was declared adjourned at approximately 2:42 p.m.

Approved by:

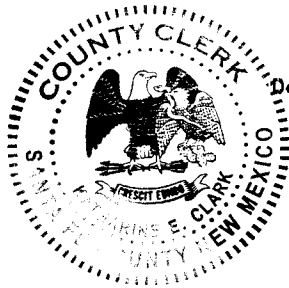

Henry Roybal, Chair
Housing Authority

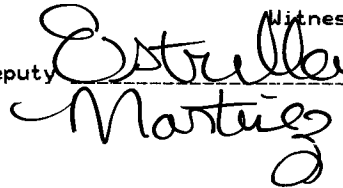

ATTEST TO

~~GERALDINE SALAZAR~~
SANTA FE COUNTY CLERK

COUNTY OF SANTA FE) HOUSING MINUTES
STATE OF NEW MEXICO) ss PAGES: 8
I Hereby Certify That This Instrument Was Filed for
Record On The 15TH Day Of March, 2021 at 10:38:26 AM
And Was Duly Recorded as Instrument # 1946474
Of The Records Of Santa Fe County

Respectfully submitted:

Karen Farrell, Wordswork



Deputy 
Witness My Hand And Seal Of Office
Katharine E. Clark
County Clerk, Santa Fe, New Mexico

SFC CLERK RECORDED 03/15/2021