

MINUTES OF THE
SANTA FE COUNTY
HOUSING AUTHORITY SPECIAL MEETING

August 9, 2022

Santa Fe, New Mexico

1. A. This special meeting of the Santa Fe County Housing Authority was called to order by Chair Anna Hamilton at approximately 12:00 p.m. on the above-cited date. The meeting was conducted in a hybrid fashion, in person and on the Webex platform.

B. Roll call indicated a quorum as follows:

Members Present:

Commissioner Anna Hamilton, Chair
Commissioner Anna Hansen
Commissioner Hank Hughes
Community Member Joseph Loewy [Webex]
Commissioner Rudy Garcia
Commissioner Henry Roybal [Webex]

Member(s) Excused:

Resident Member Cathy Hurtado

Others Present:

Greg Shaffer, County Manager
Joseph Montoya, Community Development Director
Jordan Barela, Housing Authority Executive Director
Jeff Young, County Attorney
Roger Prucino, Assistant County Attorney
Paul Olafson, Community Development Projects Manager
Chris Hyer, Economic Development Manager
Jennifer Lopez, Project Moxie [Webex]
Alexander, Dzurec, Autotroph, Architect

C. Approval of Agenda

Commissioner Hansen moved to approve the agenda as published. Mr. Loewy seconded and the motion passed without opposition. [Commissioner Roybal was not present for this action.]

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2. Nueva Acequia Development
A. Nueva Acequia Development Presentation
 [Power point slide presentation]

Mr. Montoya provided a historic overview of the project noting:

- The land was purchased in 2018 at below market rate
- The property is zoned commercial
- Much of the infrastructure is in place
- Acclamations were extended to the Mendoza family/trust for selling the property below market rate on the promise that affordable housing would be provided
- Santa Fe hosted the Innovation in Affordable Housing (IAH) Student Design and Planning Competition where a number of good ideas were gleaned
- A naming project occurred with the residents of Camino de Jacobo and other neighbors
- A land swap was initiated to provide greater developability
- HUD provided guidance that previous proceeds from the County's homeowner sales program could be used
- Very beneficial utility and access agreements have been approved

Principal of Autotroph Design, Architecture and Planning Firm Alexander Dzurec said the firm has a lot of experience in affordable housing. They have completed six low-income housing tax credit projects in New Mexico and currently are working on three multi-family/affordable housing projects in Santa Fe. Referring to this project, Mr. Dzurec offered the following:

- The location is an H-shaped site adjacent to the San Ysidro Plaza
- The building is proposed to be a 127,000 square foot building with 130 units
- The structure steps from single story up to four stories
- The proximity to basic services makes the location ideal
- Historical precedence was considered in the design of stepped massing to take advantage of solar gains and natural ventilation, courtyards and portals
- The façade is rather pixilated – with elements popping out to provide texture, shading and balconies
- Designs from the HUD Innovations programs were incorporated
- An important component of the Nueva Acequia is the joint development of an extension of San Ignacio Road from behind Lowe's to the corner of the site
- The stepping of the building provides good solar exposure and puts the highest part of the structure away from the neighboring property
- The balconies provide visual interest and screening, shade for units below and security
- All residents will have access to the courtyards and shared amenities – edible landscaping, captured roof water and play activities
- The fire access road was identified as only for emergency and maintenance vehicles
- There are two parking lots with excellent access
- The floor plans were reviewed: studios, one-bedroom and two-bedroom units
- There is a series of small roof decks and lounges/laundry facilities for resident access

Mr. Dzurec highlighted that roof water capture will be used to irrigate the landscaping. The building envelope is very efficient and large solar arrays are planned for the roofs and potentially

the carports. The target is for a carbon neutral operation of the facility. Efficient wood framing, good recycled materials and healthy indoor environments are planned.

Mr. Dzurec identified the common spaces and the one primary and three secondary entrances on the ground floor level, as well as four entrances from the courtyard.

In response to Commissioner Garcia, Mr. Dzurec said they are currently in the schematic design phase and are contracted to go through full construction documents and construction phased services, pending the funding on the project. A community room with a kitchen and restroom(s) is planned on the fourth floor with an adjacent roof deck that overlooks the mountains.

Mr. Montoya said the reason three-bedroom options are not included in this development is because demographics and Housing Authority data shows very little demand. In fact, three bedroom units are difficult to fill today.

Mr. Montoya said the project is “net zero” and solar panels are within the design. He noted other amenities include access to a bike path, bike storage areas, and pet accommodations.

Noting that studio units have been needed for years, Mr. Loewy said he was pleased to see they were included in the plans.

Jennifer Lopez from Project Moxie appeared remotely to discuss the funding component of the project. She said she project manages and looks for soft funds and community engagement while Ryan Jones works the financing angles. She provided a high-level view of the approach for the project financing. She said Nueva Acequia is a typical four percent low-income tax credit project. Federal subsidies will be utilized. Very early assumptions project the project at \$35 million. One-third will be tax credit equity. The Housing Authority will add \$4 million for soft funds. Private activity bonds, as required when using four percent tax credits, amount to \$9.9 million. \$800,000 is anticipated from NM MFA. The City of Santa Fe may provide \$2 million. Currently there is a \$5.5 million gap which she characterized as typical at this phase of the project.

Ms. Lopez explained how the four percent low-income tax credit allows for cheaper debt and the equity is derived from a tax credit investor. This combination will allow for lower rent. Once the legal entities are developed, fund raising and identifying resources can move forward. The state is recognizing that they need to provide additional gap funding.

Commissioner Garcia expressed concern about the tax credits that expire after a certain number of years and individuals living in tax credit developed units end up paying fair market rates. Ms. Lopez said the soft funds used for these projects require at least 30 years of affordability. Mr. Montoya said the County is creating regulations that will include a 30-year minimum affordability period.

Mr. Montoya said many sources have been identified to fill the \$5.5 million gap. It is unknown in this preliminary stage what the tax credits will sell for. The County of Santa Fe is putting up predevelopment funds and purchasing of the land and making an effort to get outside sources of

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money to achieve the project. The issuance of the four percent bond will be important for the project and other private developers. He mentioned that Bernalillo regularly uses that financing model. The County will need to bring Camino de Jacobo up to City of Santa Fe standards and the road will be given to the City. County Manager Shaffer added that from initial concept for hard construction costs the County was always viewed as the funder of last resort. The intent was to exhaust all other sources of funds for the hard costs. If those efforts are not adequate and there are gaps that the BCC wants to bridge to advance the project there may be FY23 budgetary resources that could be allocated.

Commissioner Hughes said this is a very important project and the County may need to tap into its budget to ensure the project is funded.

Mr. Montoya said there may be a tax credit enhancement opportunity available which would reduce the gap to \$2.5 million. Commissioner Hansen said the County may want to write the state's congressional delegation to ensure Santa Fe County has access to the tax credits.

County Housing Authority Director Barela discussed the project's predevelopment budget. The predevelopment budget purchases of the land, architectural services, and contract for a financial consultant have been procured. The services of a general contractor for predevelopment and to ensure value engineer component estimates is budgeted. One way to address gap shortfalls is making use of value engineering it to reduce the cost. A contractor with that experience is critical in the pre-development process. A geo-technical report is within the procurement process as well as a market study. Two market studies are necessary components of the tax credit application. An engineer efficiency consultant, temporary fencing and a construction manager have all been included in the budget. The total predevelopment budget is estimated at \$2.1 million.

Mr. Barela presented a number of slides showing a breakdown of the associated predevelopment costs and where the funds come from. Approximately 68 percent of the predevelopment costs are coming from the County general fund and the remaining 32 percent is being leveraged from other funding sources.

B. Overview of Nueva Acequia, LLC, Including Articles of Organization and Operating Agreement

Mr. Montoya said the next phase of Nueva Acequia will be within the private sector. The legal/decision-making mechanisms need to be in place to act quickly. Two separate LLCs will be necessary: operator and developer. No county in New Mexico has used this model nor directly created affordable housing itself. PHAs are created by the State of New Mexico using primarily federal funds to do affordable housing via HUD funds. A current law prohibits PHAs from building new public housing. HUD allows PHAs to go into the private market and use those facilities, i.e., tax credits, to build new public housing. Independent housing authorities, i.e., City of Santa Fe and TorC, create affordable housing through the same systems being proposed.

It is an industry practice to create an LLC for the creation of affordable. An LLC also assists in the management and systems of operations. A relationship with the Santa Fe Community

Housing Trust has been established for the LLC to demonstrate experience and stability for the investment community. The idea is to create a system that can be utilized for many more developments. In fact, the old Public Works shop on Galisteo is under consideration for a small development. He also mentioned that:

- The market study will be undertaken for the LIHTC (Low-Income Housing Tax Credit) application
- The application needs to be submitted before the nine percent tax credit round starts which is far more competitive
- Currently, staff is strategizing about the City approval process
- The Housing Authority will serve as the majority partner for the LLC
- The notion of hiring a contract specialist is being explored

Mr. Montoya said certain assets that are held by Santa Fe County will be transferred to the Housing Authority.

C. Request for Direction to Continue Moving Forward with Nueva Acequia Development

Mr. Montoya said the primary LLC documents have been reviewed by County Legal and Community Development staff.

In terms of approving the LLC, Mr. Shaffer said a lot of information was provided today and the Board can review the information before acting on the LLC documents. With the Board's direction to proceed, staff will schedule another special meeting for the Housing Authority Board to approve the creation of the LLCs.

Commissioner Hansen recognized that this project falls within the Mayor of Santa Fe's objectives to provide affordable housing and she was hopeful the approvals can be provided with ease.

There was Board consensus that this is a very important project and staff was directed to move forward and schedule the special meeting.

3. Matters from the County Attorney

County Attorney Young advised the Board that staff will schedule a special meeting next week.

Mr. Montoya thanked the County Manager for his leadership and Legal staff for their assistance in pulling this project together.

4. Matters from the Board – None were presented.

5. Matters from the Public – None were presented.

