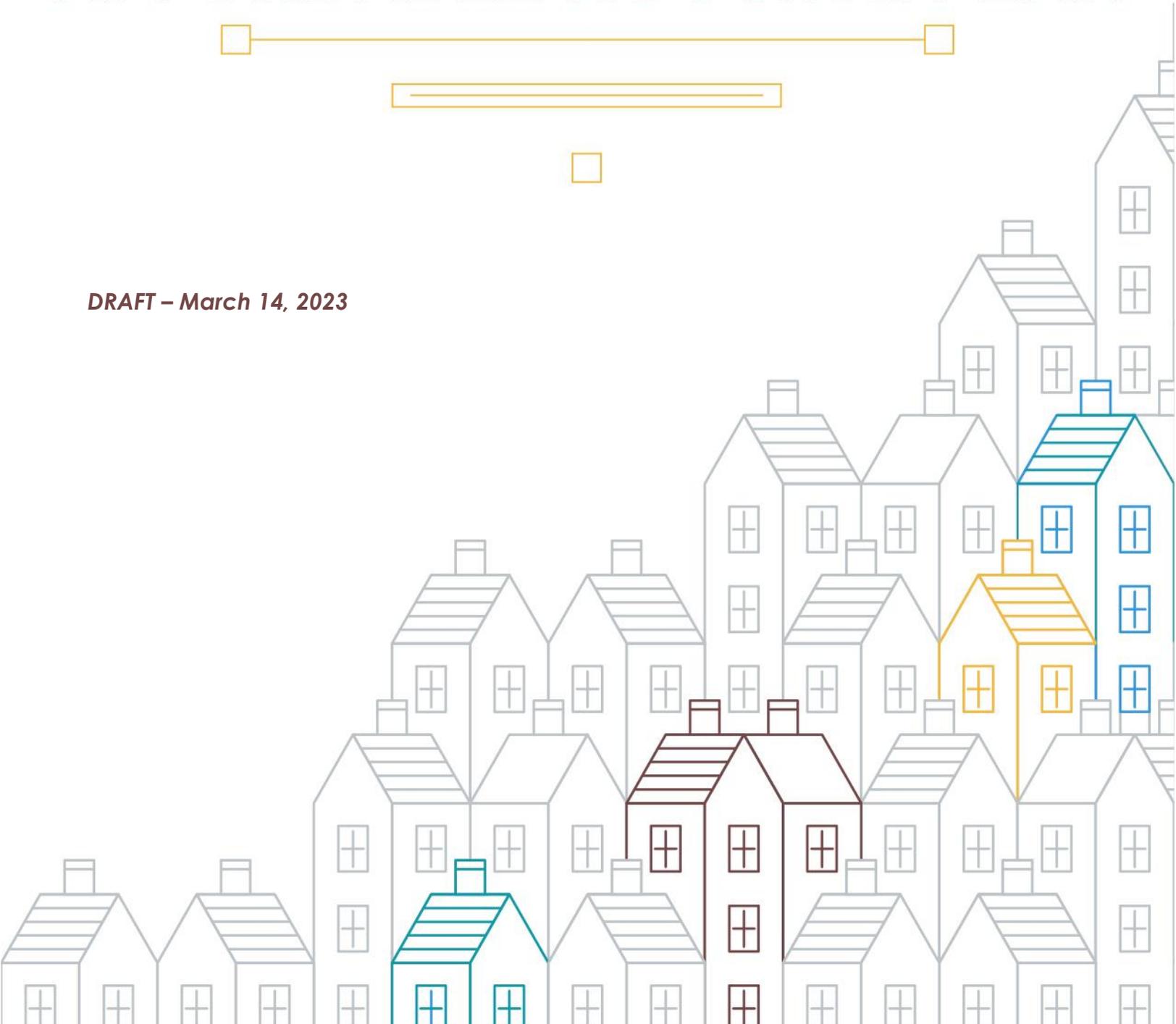




AFFORDABLE HOUSING PLAN



DRAFT – March 14, 2023



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EXECUTIVE SUMMARY

Background

The Santa Fe County Affordable Housing Plan documents a wide-ranging and multi-faceted housing crisis contributing to economic and social uncertainty due to housing-price escalations, a lack of housing supply, restrictive housing policies, and a lack of supportive programs. The County utilizes a successful variety of affordable housing programs and policies, however more programs are necessary to satisfy existing needs and systematic change is necessary to decrease the amount of support needed. This plan recommends a series of new and expanded programs and policy changes designed to increase housing services, encourage long-term accessible and affordable housing, and improve sustainable land use practices.

Purpose

The principal purpose of this plan is to establish compliance with the New Mexico Affordable Housing Act by demonstrating a need for affordable housing services and justification for financial support. This plan is the result of a public involvement process and analysis of data and best practices. The views expressed herein are those of the authors and are intended to offer policy options and guidance to the County. However, the recommendations contained in this plan do not mandate the implementation or alteration of policies or programs by the County. The implementation or alteration of Santa Fe County policies related the recommendations made in this plan to support affordable housing initiatives may be adopted by future resolutions of the Board of County Commissioners of Santa Fe County. The plan will be adopted in conjunction with Ordinance No. _____ to establish the County's Housing Assistance Grant/Loan Programs to permit the County to provide public, financial support for affordable housing initiatives. Ordinance No. _____ does not amend or supersede the Sustainable Land Development Code (SLDC), but this plan does offer recommendations on regulatory changes to the SLDC that would further promote the creation of affordable housing in the County.

Methodology

This plan analyzes data from the Santa Fe County Housing Data Report (2021) drafted by the University of New Mexico Bureau of Business and Economic Research, American Community Survey data (2019, 2020,

Executive Summary

and 2021; 1-year & 5-year), Decennial Census data (2020), and data available through City, County, and local sources (see Data Sources & Analysis, pg. 17). This plan also relies heavily on local knowledge and experiences. County Staff and an advisory committee of local experts worked throughout the entire process to craft and direct content. Additional contributions were provided by housing service providers and housing developers who shared stories of success and failure in trying to provide additional housing options in Santa Fe County.

Organization of the Plan

The **Executive Summary** summarizes the scope of Santa Fe County's affordable housing crisis and the contents of the Plan.

Chapter 1, **Community Profile**, provides analysis into County demographics, specifically identifying households with special housing needs including homelessness, those with mobility disabilities, and seniors.

Chapter 2, **Housing Profile and Analysis**, looks at housing occupancy, affordability and existing costs for owners and renters, trends in the housing market, and the cost of various types of residential development.

Chapter 3, **Housing Needs Assessment**, looks both at the need for additional housing units (housing shortage) and the need for specific types of housing assistance or amenities based on different demographics, and population estimates performed in the County.

Chapter 4, **Land Use & Policy Review**, identifies Santa Fe County land use regulations and policies which can be modified to facilitate the construction of affordable housing. The chapter also suggests two general strategies to enhance the creation of more affordable housing in the County.

Finally, Chapter 5, **Goals, Policies, & Objectives**, describes new projects and strategies to address affordable housing needs and reduce structural challenges for new affordable development. The chapter also recommends quantitative targets for the construction and rehabilitation of housing units.

Recommendations

The plan has three main recommendations for Santa Fe County:

1. **Incentivize Affordable Housing** by modifying existing structural challenges for development and providing financial incentives which encourage and enable the development of housing affordable to low- and moderate-income households.
2. Remedy barriers preventing the adequate supply housing through the passage of **Pro-Housing Land Use Policies** which address long-term, comprehensive, housing affordability and market health.
3. **Expand, Strengthen and Fund Housing Assistance Programs** which directly assist families and individuals in need. This includes County support for non-profit partners who operate shelters, provide housing support services, or who rehabilitate housing units. This also includes County-administered programs like the creation of a Housing Trust Fund, Down Payment Assistance, Foreclosure Assistance, Home Buying Financing Assistance, Housing Choice Vouchers, Family Self Sufficiency and Renter Assistance Programs, Inclusionary Zoning, a County-created Third-Party Development entity, and the use of County and publicly owned land to develop affordable housing.



Key Findings & Concepts

Santa Fe County is experiencing a housing crisis which profoundly impacts its livability, economy, and culture. The Santa Fe County Affordable Housing Plan (the Plan) permits the County to administer and support affordable housing services and affordable housing development. The Plan provides an analysis of important community data, calculates various types of housing needs, identifies barriers to the development of affordable housing, and recommends strategies and programs to increase housing affordability. Although the Plan only applies to the unincorporated areas of Santa Fe County, data analysis includes incorporated municipalities such as the City of Santa Fe and portions of Espanola and Edgewood.

Housing Crisis

The Santa Fe housing crisis is wide-ranging and multi-faceted. Several hundred families, or households, lack stable and secure homes and more than twenty thousand families struggle to afford their existing housing. This results in about a third of County residents at risk of being displaced due to unaffordable or inaccessible housing. Data reviewed for this plan shows that, every year, approximately ten thousand Santa Fe residents migrate out of Santa Fe County and either find new jobs and communities elsewhere or join the tens of thousands of commuters who work in Santa Fe but live outside of the community.

Available data suggests that Santa Fe County housing is becoming increasingly unaffordable for families with average incomes, especially those with less saved wealth; and that current tools and efforts, while helpful, have not adequately addressed the fundamental factors causing the housing crisis.

Two different but closely connected trends are noticeable in this crisis:

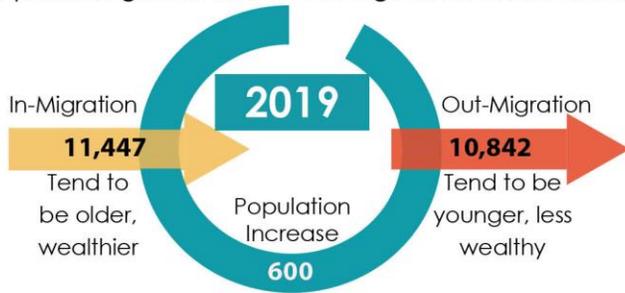
1. Housing prices have been rising rapidly and at rates much faster than the growth of household incomes, leading to a disparity in which low-, moderate-, and even higher-income households are increasingly unable to afford to live in Santa Fe County.
2. The existing quantity, or supply, of housing is low relative to demand – making it increasingly difficult for families to find adequate housing, even when they can afford it. The result further increases the cost of housing but also results in a more exclusive and competitive market that shuts out young families and County natives—including those who work in the community.

Figure 1 Summary Findings & Recommendations

SANTA FE COUNTY AFFORDABLE HOUSING PLAN - PRINCIPAL FINDINGS

COMMUNITY CHANGES

Lots of new people moving in & existing people moving out (~5-9% of population leaving annually) but low overall population growth due to shortage of available housing.



HOUSING PRICES

Santa Fe County Median Single-Family Housing Sales Prices
(Excludes City of Santa Fe)



Median Single-Family Housing Sales Price:
\$691,803 (2021)
\$789,395 (Q2 2022)

Average Rent:
\$1,528 (2021)

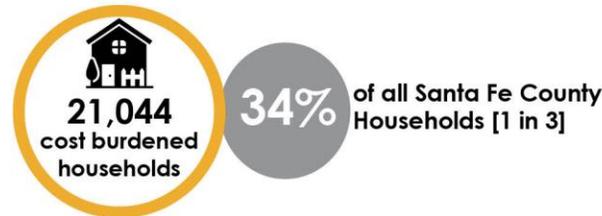
2016 - 2021 Trends:

Income NOT Keeping up with Rising Housing Costs



AFFORDABLE HOUSING CRISIS

\$ only 10% of households have incomes that can afford a median priced single-family home
Assuming a minimal down payment for Santa Fe County Residents



34% of all Santa Fe County Households [1 in 3]

6,232 subsidized or affordable rental units needed (at prices less than \$1400 per month)

HOUSING SHORTAGE



>17,000 ADDITIONAL HOUSING UNITS

Needed between **2022** and **2025** to accommodate existing employees and residents

PRIMARY RECOMMENDATIONS

HOUSING PROGRAMS & SERVICES

- Housing Trust Fund
- Rehab Program
- Down Payment Assistance
- Inclusionary Zoning
- Foreclosure Prevention
- Public Development Entity
- County Land Disposition
- Loan Program
- Rental Assistance
- Developer Incentives
- Financing Assistance
- Public Housing
- Housing Choice Vouchers

HOUSING SUPPLY STRATEGIES

Suggested Minimum Affordable Housing Densities:

Housing for Purchase: 10 du/acre
Housing for Rent: 14 - 20 du/acre

Land Use Strategy #1 - Incentivize Affordable Housing

- Allow Affordable Density by-right
- Remove Housing Barriers
- Streamline Approvals
- Allow Development Flexibility
- Expand Inclusionary Zoning

Land Use Strategy #2 - Equity & Affordability Code Updates

- Remove Systemic/Exclusionary Barriers to Affordable Housing
- Reduce Redundant Procedures
- Improve Consistency & Clarity

Escalating Housing Prices

The price of housing has been increasing rapidly in Santa Fe County. Between 2016 and 2021, the median annual income rose by only 16 percent yet average rental rates increased by an unprecedented 58 percent and average single-family home purchase prices increased by 61 percent. Average monthly rental rates have nearly doubled since 2012 and, in the past year, the price for single-family homes rose nearly 14 percent (2021-2022). This creates an ever-widening gap between the price of housing affordable for median-income households and the market price of available housing (See Figure 2 **Error! Reference source not found.**).

Figure 2 Median Single-Family Sales Prices versus Affordability (Santa Fe County, Excludes City of Santa Fe)



Source: Santa Fe Association of Realtors (2022); Santa Fe County (2022)

Families looking to purchase a home in Santa Fe County quickly confront the reality that an average single-family home is unaffordable for 90 percent of households (unless they have several hundred thousand dollars to put towards a down payment). A typical three-person household is estimated to make about \$73,000 per year, can afford a monthly mortgage payment of about \$1,800 (30% of gross income), and can likely afford a mortgage of about \$275,000 (see Table 5, "Affordability Calculations," page 32).

The average (median) single-family home in Santa Fe County is \$790,000 as of 2022 (excluding the City of Santa Fe). To provide an example demonstrating the disparity in housing accessibility, consider the fact that an average or median income household has an annual income of approximately \$72,600 and should

Executive Summary

have a monthly mortgage payment of \$1,800 or less and a total mortgage of about \$275,000 or less¹. If the average household wanted to purchase an average home (\$790,000) and wanted a relatively affordable monthly mortgage payment, they would need a down payment of about \$515,000² to cover the gap between the purchase price of the home (\$790,000) and the mortgage they can afford (275,000)³. Even for higher-income households making \$145,000 annually, a down payment of approximately \$240,000 would be needed to achieve an affordable mortgage.

To afford the average single-family home and with a 3% – 20% down payment, a family should probably have an income of between \$175,000 and \$200,000.

Unless a family has a large down payment to shrink the total mortgage, the high cost of home prices likely excludes service workers, professionals, and almost all Santa Fe County employees. In fact, only about 10% of households in Santa Fe County have incomes which can afford the average single-family home with a standard down payment (3-20% down). This disparity of access to housing for County residents is concerning for employers of all types as wages are often insufficient to keep employees who lack affordable, long-term housing in Santa Fe.

There are various factors contributing to escalated housing prices, many of which are difficult, if not impossible, for local governments to remedy. Santa Fe County has become attractive for wealthier, out-of-state migrants and as a vacation destination, which serves to drive up the cost of housing. Labor and construction materials have been getting more difficult to find and more expensive to source over the past several years. Wages for working families have been relatively flat compared to a rising cost of living. The distribution of wealth between the haves and the have-nots is growing. COVID and inflation have further exacerbated the problem. These forces are generally part of larger, macro-economic trends impacting the housing market and local governments tend to be fairly limited in their ability to directly mitigate market volatility and rising prices. Public, or non-market housing can be an effective strategy to insulate housing prices from volatile economic forces but is often intensive, limited in scale, and unpopular.

Two significant factors inflating housing costs that are firmly within the scope of local government are the regulation of housing supply and the barriers, or cost of compliance, imposed by local policies and regulations (e.g., zoning). Adequate supply satisfies the otherwise unmet demand for housing and housing services, is a relief for housing service providers, and moderates price escalation. The evaluation of land use barriers results in additional housing supply, lower minimum development costs, and can achieve more efficient, affordable housing units.

Lack of Adequate Housing Supply

¹ Housing costs are recommended to be no more than 30 percent of a family's gross income (see Table 5).

² Average down payments in New Mexico are in the range of \$20,000 to \$30,000.

³ Down Payment = Purchase Price – Mortgage



The lack of sufficient housing supply is a significant factor that escalates housing prices. A basic economic principle is that markets with high demand and low supply will result in higher costs for the same item. In the Santa Fe housing market, which has high demand and low supply, households with more financial resources out-compete households with less financial resources. Further, when the surplus of housing is non-existent (representing an exclusive and limited market) users struggling to secure access can lead to bidding wars that then create rapid price escalations. This competition drives the market price of existing housing upwards and encourages housing developers to produce more expensive, or luxury housing units rather than more affordable or moderately priced units.

This plan (and previous studies) has identified that Santa Fe County lacks sufficient housing supply. Many families are excluded from the community - not only because of the high cost of housing, but also due to a lack of housing availability. The supply of single-family homes for sale has been dwindling since 2009 and the rental market ran out of effective capacity around 2014 or 2015. Though the City of Santa Fe has recently begun permitting more multi-family residential units, there are not enough units being permitted through the County or the City to keep up with existing demands and population growth.

The lack of supply means that, even for families who can afford the high cost of housing, it is like a giant game of musical chairs to see who can stay and who must leave.

Supply and affordability are correlated, but consider a few instances about how a lack of housing affects the community - aside from higher prices:

- **Special Housing Needs and Preferences:** For families with special needs or preferences (e.g., ADA-access, larger family sizes, proximity to transit), the lack of supply results in many less opportunities to find housing adequate for the household. Even for families with satisfactory financial resources, the right type of housing might not be available due to the lack of housing options.
- **"Risky" Tenants:** Housing can be particularly challenging for families perceived as being "risky" tenants or those with less employment stability (e.g., students, newly hired employees, tenants with children or pets, professional artists). With high demand and limited supply, property managers can be pickier about who they choose to lease to and how they screen applicants. It is possible that more stringent screening can negatively impact certain demographics or affect the creative, eclectic, and unique composition of Santa Fe County.
- **Rental Assistance:** Both non-profit organizations and the Santa Fe County Housing Trust provide families with rental assistance that allows them to afford market-rate rental units. Due to the growing lack of housing supply, however, some families are sometimes unable to find housing – even with financial assistance. This both negatively impacts individuals who qualify for rental assistance and also limits the effectiveness in which housing service providers can help those in need.

Whether we consider long-time families that have been in Santa Fe for generations, the essential workers that keep the economy churning, committed community actors, or even professionals trying to work in Santa Fe County schools and businesses, the fact is that there is not enough available housing to support the rich community and economy of Santa Fe County.

Both renters and homebuyers are faced with escalating prices which can make remaining in Santa Fe County financially prohibitive. As of 2018, it was estimated that more than 24,000 commuters live outside of – and commute into – Santa Fe County (US Census Bureau LEHD, 2018). A commuter survey conducted by the City of Santa Fe in 2013 showed that most individuals who commute into Santa Fe and who were previous residents, moved out of the area because housing was too expensive, wasn't available, or wasn't adequate for their needs. This plan estimates that Santa Fe County (including incorporated areas) is short by more than 17,000 housing units. This estimate is calculated based on the unmet demand from in-commuters and existing residents⁴, and conservatively excludes speculative or projected economic growth related to, for instance, the expansion of Los Alamos National Laboratories (see page 51)

This plan additionally examined the unmet demand for special, or specific, housing needs (e.g., need for ADA-accessible housing). It is estimated that Santa Fe County (including incorporated areas) needs additional housing that can support 450-500 homeless or housing insecure households, 2,300 senior households, and 9,800 households with mobility disabilities. In addition, there are more than 8,000 low-income renters who pay more than 30% of their income for their existing housing and who could be eligible for rental assistance.

Housing and Disparate Impacts

A reflection point for Santa Fe County relates to whether local regulations and policies might inadvertently and disproportionately exclude lower-income, lower-wealth families from housing or impose disparate impacts on groups of people protected by the Civil Rights Act and the Fair Housing Act. This type of dialogue would likely involve a collective review of community ethics, inclusivity, and values. Regulations or policies which disproportionately exclude or impact people based on race, gender, or disability should also consider civil rights and the Fair Housing Act (Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3601–3619).

The Fair Housing Act prohibits housing discrimination related to protected characteristics⁵ such as race, gender, or disability. Guidance by the US Department of Housing and Urban Development has further mandated that, for cities and counties to affirmatively further fair housing (AFFH⁶), they must proactively and meaningfully “overcome patterns of segregation, promote fair housing choice, eliminate disparities in opportunities, and foster inclusive communities free from discrimination” (Federal Register: 86 FR 30779).

Initial data analysis suggests that racial segregation and the disproportionate displacement of protected classes is inadvertently increasing within the county - primarily due to increasing housing prices and a lack

⁴ Shortage of housing units calculated by estimating a relatively low population growth (5,074 for 2019-2025), unmet demand from existing residents (2,573), the estimated number of in-commuters who want to relocate in Santa Fe (12,169), and recognizing that approximately 2,600 units have been added in 2020 and 2021.

⁵ Characteristics protected by Title VIII of the Civil Rights Act include race, color, national origin, religion, sex (including gender identity and sexual orientation), familial status, and disability.

⁶ See www.hud.gov/AFFH

of available housing. As homes become less affordable, households identifying as Hispanic, Native American, or headed by Women and which have proportionately lower incomes are displaced at a disproportionate rate. Similarly, when less housing is available, it becomes increasingly difficult for households requiring special accommodations for particular physical needs, such as ADA-accessibility, to find adequate housing. To achieve housing policies which satisfy the intents of the Fair Housing Act, this plan strives to address racial segregation and disproportionate displacement by proposing policies, programs, and initiatives that assist in remedying existing barriers to housing and specifically supporting those most in need.

Recommended Housing Services and Affordable Housing Programs

The Santa Fe County Affordable Housing section of the Community Development Department utilizes a variety of successful programs including support for low-income homeowners with needed roof repairs, assistance for first-time homebuyers trying to assemble a down payment, and protections for low-income households who are at risk of foreclosure. Existing programs are effective but insufficient in scale when compared with the need for assistance in our community.

This Plan recommends a series of new and expanded programs to support and provide for Santa Fe residents. Program recommendations include:

- Rehabilitation grants to maintain existing affordable housing units or to convert existing spaces into affordable housing.
- Down payment grants to assist households in qualifying for homes and achieving affordable mortgages.
- Renter assistance to help families access and remain in stable, affordable housing.
- Landlord/tenant support to ensure fair and equitable practices.
- Developer incentives to encourage the construction of affordable housing.
- Financing strategies that would unlock various forms of low-interest loans for the maintenance and development of housing projects.

These and other housing programs could be significantly funded through a County-administered housing trust fund capable of generating multiple millions of dollars annually. A full list of recommended housing programs is presented in the " each other's existing housing efforts, how their respective regulations and programs affect the housing market, and identify potential areas for collaboration and similarity.

Executive Summary

Recommended & Existing Housing Programs” section of this Plan⁸⁶.

Unfortunately, the need for housing assistance vastly outweighs Santa Fe County’s capacity to provide services. It is essential that the County consider and implement, when possible, all available housing programs and tools to support those most vulnerable to displacement and exclusion. Also, the County must attempt to remedy the structural regulatory issues which prevent or discourage the development of affordable housing.

Land Use Barriers⁷

The regulation of land is an essential function of local governments. However, some regulations can have particularly detrimental effects on the supply and provision of affordable housing. Land use policies balance various, sometimes competing community values like environmental conservation, sustainability, neighborhood preservation, economic development, and affordable housing. Policies which do not explicitly prioritize housing affordability can inadvertently:

- Increase the cost of housing through high development fees and expensive technical studies,
- Increase uncertainty by extending the period for project review,
- Constrain, discourage, or prohibit more efficient and affordable housing types,
- Inhibit the development of new housing and the rehabilitation of existing housing.

The Santa Fe County Sustainable Land Development Code (SLDC - 2016) has a progressive vision for sustainable development and was drafted with a great deal of public input. In discussing current housing challenges with low-income housing service providers, with affordable housing developers, with market-rate developers, and with some County employees, however, many individuals and organizations identified that implementation of the SLDC has inadvertently resulted in preventing – rather than encouraging – efficient and sustainable styles of development and has resulted in more low-density, automotive-oriented communities with high environmental and infrastructural costs instead of compact, village-style development.

Additionally, it has been noted that implementation of SLDC regulations appears to increase development costs, discourage unique or creative designs, increase project uncertainty, extend the length of review and approval times, and may limit or prohibit some affordable housing strategies (such as those receiving financing affordable housing developments with funding sources that require alternative design criteria). Together, these regulatory challenges are seen as barriers that contribute to the housing supply shortage and result in less affordable housing options for Santa Fe County residents.

Housing development cost estimates calculated by this Plan demonstrate that housing is considerably more affordable when developed at medium or high densities versus low and very low densities (see Development Costs of New Housing, page 45). When developed at one dwelling unit per acre, the cost of a site-built home is estimated to be about \$783,361 and the cost of a pre-manufactured home is estimated to cost \$415,761. However, when developed at a more compact ten dwelling units per acre, the estimated cost is \$396,902 for site-built housing (49 percent decrease) and \$284,227 for pre-manufactured housing (32 percent decrease). Rental housing has similar efficiencies: units developed at seven units per acre are estimated to cost about \$387,649 but units developed at twenty dwelling units per acre are estimated to cost \$266,308 (31 percent decrease). These lower prices are achieved by using land more efficiently, providing compact infrastructure, and building smaller homes.

⁷ This Plan identifies land use barriers and offers potential land use solutions capable of achieving more affordable housing but should not be construed as a comprehensive analysis of Santa Fe County land use or as a comprehensive or detailed list of recommendations.

Through this Plan, Santa Fe County recognizes that compact development is generally more fiscally sustainable due to the exceedingly high cost of maintaining aging infrastructure⁸. The County should ensure that its land use code promotes compact, higher-density developments in growth areas with feasible access to County utilities, such as the Community College District (CCD). To encourage the development of housing within sustainable growth areas, regulations and approval processes should be clarified and streamlined and more affordable housing types should be capable of being approved “by-right.” These proposed changes will better achieve sustainable growth management and reduce the need for public and non-profit social services to bridge affordability gaps.

This Plan recommends changing land use regulations and policies to encourage sustainable housing development in areas targeted for sustainable growth or which have feasible access to adequate public infrastructure. In areas which are not currently sustainable for growth, this Plan recommends focusing on housing assistance and rehabilitation programs rather than the development of new housing.

This Plan recommends two strategies related to land use regulations which can achieve additional affordable housing in Santa Fe County:

1. **Incentivize Affordable Housing.** To encourage the development of affordable housing, the County should amend its affordable housing ordinances to:
 - a. Define an “Affordable Housing Development” as 30% or more affordable units per development, allowing developments that meet this criteria to be eligible for additional incentives and financial assistance.
 - b. Create new, innovative incentives to support affordable housing.
 - c. Extend inclusionary zoning requirements across the County and to all developments, and evaluate the level of inclusionary zoning requirements between rural and non-rural areas.
2. **Equitable, Sustainable Housing & Land Use (SLDC).** To achieve equitable and sustainable housing and land use, the County should:
 - a. Initiate a review and evaluation of land use regulations, specifically thinking about equity and community welfare, affordable housing, and how to achieve more environmental, social, and economically sustainable development.
 - b. Update relevant regulations and policies as needed.

This Plan encourages consideration of the following:

- Minimizing or removing restrictions on density and housing types, as appropriate, in areas where mixed-use and intensive development are already allowed. This should also target areas where access to transit services and additional services that benefit affordable and general housing are available or can be expanded.
- Streamline review and approval processes to reduce the time, cost, and complications involved in approving housing development approvals, especially for affordable housing projects. Alternatively, this could involve clarifying existing review processes and approval criteria to address a perception that Santa Fe County is a difficult, risky, and extremely expensive jurisdiction to get housing approved.
- Where appropriate and benefitting the public interest, work to minimize the requirements for additional studies, reports, and assessments which intend to evaluate the potential impacts of a

⁸ Consider the difference between an area with 1000’ of road and utilities and serves 10 single-family homes (100’ of linear infrastructure per housing unit), versus a development which has 600’ of road and utilities but serves 30 single-family homes (20’ of linear infrastructure per housing unit)

housing project, particularly in areas already identified as suitable for growth and infrastructure expansion, and where previous studies have already identified the area as appropriate for development.

- Dimensional standards, setbacks, and open space requirements that may have a negative impact on compact, neighborhood-oriented housing types. This includes limitations on building footprints, reduction of developable areas, or setbacks which are inconsistent with sustainable growth intentions and may prohibit typical multi-family development types.
- Design standards that make specific, phased, and smaller-scale housing developments difficult (examples include setbacks, height, multi-use, and limited multi-family units per building). The same or similar standards could be applied on a different scale or in a different way and achieve the same overall intentions without preventing or limiting smaller scale development proposals.
- Adjusting limitations to accessory dwelling units which inadvertently inhibit the efficient use and rehabilitation of single-family housing units and reduces the opportunity for homeowners to provide more affordable housing types.

Additionally, Santa Fe County should define, "Affordable Housing Developments," as providing twice the minimum number of affordable units (which is a public good for the community). For "Affordable Housing Developments," it is recommended that the County provide additional incentives and expedited regulatory review processes that (as appropriate to protect the public welfare), allow greater security/certainty for investment in affordable housing projects. Thus, this plan recommends that in the interest of creating affordable housing at a more efficient and rapid pace, the County work to provide new and innovative processes to support the creation of affordable and market rate housing at a drastically increased rate in order to serve the demand for local families and community members to be able to live and work in the community.

Consolidated Recommendations

1) *Incentivize Affordable Housing*

Incentivize and support the development of affordable housing in areas targeted for or capable of sustainable growth.

2) *Equitable, Sustainable Housing, and Land Use Update*

Initiate a review and evaluation of the SLDC to incorporate and encourage environmental, social, and economically sustainable development.

3) *Strengthen Housing Assistance Programs*

Expand, strengthen, and fund housing assistance programs provided by the County and non-profit partners.

Plan Content

In accordance with the New Mexico Mortgage Finance Authority, this plan contains the following sections and contents:

Community Profile

This chapter provides analysis of community demographic information including population growth, income, race, age, and groups that have special housing needs such as homeless, disabled, and senior households. A large quantity of information is summarized from the 2020 Santa Fe County Housing Data Report prepared by the Bureau of Business & Economic Research (Housing Data Report), and which is attached as an appendix. The Housing Data Report provides additional, essential data to ensure compliance with the Affordable Housing Act. Demographic data is predominately based on American Community Survey 2019 One- and Five-Year Estimates and the 2020 Decennial Census but has been supplemented with data from local service providers and the New Mexico Mortgage Finance Authority.

Housing Profile and Analysis

This chapter provides analysis of housing-related information including housing occupancy, an affordability calculator, housing costs for existing homeowners and renters, a housing market analysis, market sales prices, and residential development considerations. Some of the information is summarized from the 2020 Santa Fe County Housing Data Report prepared by the Bureau of Business & Economic Research (Housing Data Report) and which is attached as an appendix. The Housing Data Report provides additional, essential data to ensure compliance with the Affordable Housing Act and is based on American Community Survey 2019 One- and Five-Year Estimates. Other information is sourced from private market reports, from information provided by the Affordable Housing Plan Advisory Committee, and from interviews with affordable housing developers and service providers.

Housing Needs Assessment

This chapter provides an assessment of housing needs within Santa Fe County, split up into:

1. The need for additional housing units (housing shortage) which estimates the unmet demand from existing employees (commuters) and residents (over-crowded households).
2. The need for specific types of housing assistance or amenities from homeless and housing insecure households, and also by estimating the number of households that meet specific demographic criteria like seniors in poverty and individuals with ADA needs.

Land Use and Policy Review

The policy review examines relevant planning documents and the impacts of public policy on affordable housing. This section also describes other governmental and non-governmental constraints to affordable housing development, including land use and environmental barriers.

Goals, Policies, and Objectives

This section puts forth objectives for the number of housing units by type to be built or rehabilitated. The Goals chapter provides a description of projects and strategies that could be utilized by Santa Fe County to address affordable housing needs and eliminate barriers in Santa Fe, including project types, potential locations, opportunities for cooperation with other entities, and potential policy actions by the County.

Data Sources & Analysis

Unless otherwise noted, the terms “Santa Fe County” includes the entire population and geographic area of the County including incorporated communities like the City of Santa Fe.

Identified trends and Identified Inconsistencies:

As much as possible, this report should be used to understand general housing trends in Santa Fe County. Multiple sources demonstrate that the availability of affordable housing has diminished or that affordable housing is generally inaccessible - resulting in the exclusion and displacement of Santa Fe County residents. Due to deviations between different data sources, different survey techniques, different statistical strategies, and different estimation methods, however, there is a degree of inconsistency between figures and estimations used in this report.

Regarding data from the US Census Bureau, the American Community Survey (ACS) which is averaged over 5 years (ACS – 5y) is slightly different than data that has been averaged over one year (ACS – 1y). Similarly, at the time of data analysis, data was only available for 2019 and a complete analysis was only performed on trends prior to that date. Though updates for 2020 and 2021 have sometimes been made to demonstrate the changes that have happened since the start of the COVID pandemic, a complete reanalysis was not possible for this plan.

Market and financial volatility have also caused a degree of uncertainty and complicated analysis and estimated affordability. Mortgage interest rates, for instance, have experienced wild volatility over the last couple years. HUD generally uses an average of the previous calendar year’s interest rates to estimate the affordable purchase price for households at different income levels. The average interest rate in 2021 was abnormally low but interest in 2022 raised significantly. Rather than use abnormally low interest rates from 2021, this plan instead used an average from the middle of 2022 (FreddieMac average 5.5% 30-year fixed-rate mortgage interest rate from June to September 2022). Interest rates are still volatile and have a significant impact on affordability for households who lack the capacity for large down payments. Mortgage interest rates above 5.5% will decrease the affordability of homes for purchase.

Though specific data points are variable depending on the specific source or date of acquisition, the trend or general take-away of this plan is that housing in Santa Fe County is generally unaffordable for a significant portion, if not the majority, of Santa Fe residents and that housing costs are especially unaffordable for those with average or lower household income and wealth.

Santa Fe County Housing Data Report (July 2021):

For the Santa Fe County Housing Data Report (Housing Data Report) Santa Fe County worked with The University of New Mexico Bureau of Business and Economic Research (UNM BBER) to compile data sets to inform a new affordable housing plan and address the long-term housing needs of communities within the county. Data from the US Census Bureau American Community Survey (ACS), ATTOM Data Services, Santa Fe REALTORS Association, and other public sources were collected and compiled. These data sets record community snapshots, population trends, and housing stock details. The results provide projections of population and housing needs, and also examine zoning/land use match analysis. A phone survey requesting data from apartment properties within Santa Fe County was conducted to further understand the current housing situation. A survey effort began on October 19, 2020, and was completed

Executive Summary

by December 18, 2020. A total of 20 surveys were collected. Survey information provides a picture of how current economic situations, policies, and practices affect multi-family housing and development within the county. Furthermore, this data can aid in guiding decisions on how to manage the needs of the communities within Santa Fe County.

Note that the Housing Data Report predominately uses ACS 2019 1-year datasets which have a higher degree of data variation than 5-year datasets and which deviate from 2020 Decennial Census data which was not available at the time of data analysis.

Santa Fe County Affordable Housing Plan (2022):

Data usually covers the entire population and geographic area of Santa Fe County including the City of Santa Fe. Data which excludes the City of Santa Fe and only covers the rest of Santa Fe is noted as such. Unless otherwise noted, assume that the data in this report covers both the County of Santa Fe, the City of Santa Fe, and all other incorporated areas of the County.

The Affordable Housing Plan (The Plan) utilizes census and survey data documented in the Housing Data Report in addition to documents, data, and discussions with Santa Fe County Staff, affordable housing service providers, affordable housing developers, and market-rate housing developers.

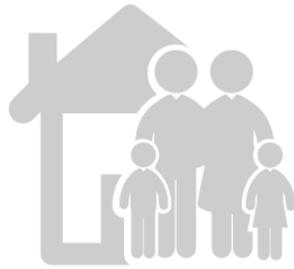
New Mexico Affordable Housing Act

The State of New Mexico enacted amendments to the New Mexico Affordable Housing Act in 2007. The Affordable Housing Act permits State and local governments to provide or pay the cost of land, buildings or necessary financing for affordable housing projects. Affordable housing projects are residential housing primarily for persons or households of low to moderate income.

Under the provisions of the Act, a municipality may:

- "A. donate, provide, or pay all, or a portion, of the costs of land for the construction on the land of affordable housing.
- B. donate, provide, or pay all or a portion of the costs of conversion or renovation of existing buildings into affordable housing.
- C. provide or pay the costs of financing or infrastructure necessary to support affordable housing projects; or
- D. provide or pay all or a portion of the costs of acquisition, development, construction, financing, operating, or owning affordable housing."

The Act requires the local governing body to adopt an Affordable Housing Plan and Ordinance if it wishes to provide donations towards affordable housing. Analyses conducted for this plan indicate that such donations will help the County accomplish its housing goals.

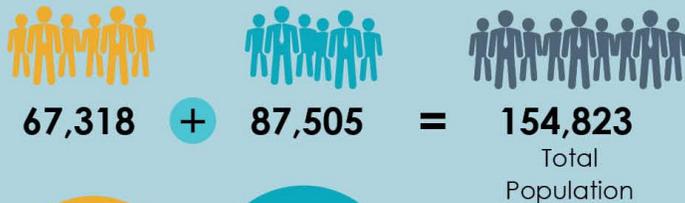


1.0

COMMUNITY PROFILE

DATA DASHBOARD

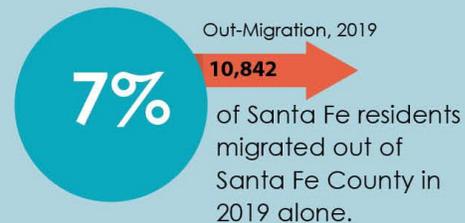
POPULATION



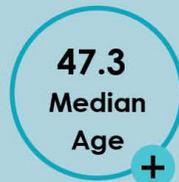
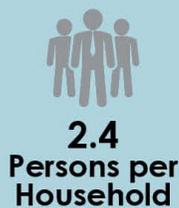
POPULATION GROWTH



MIGRATION



HOUSEHOLDS



Note: Data covers the entire population and geographic area of Santa Fe County including the City of Santa Fe and other Incorporated areas and communities.

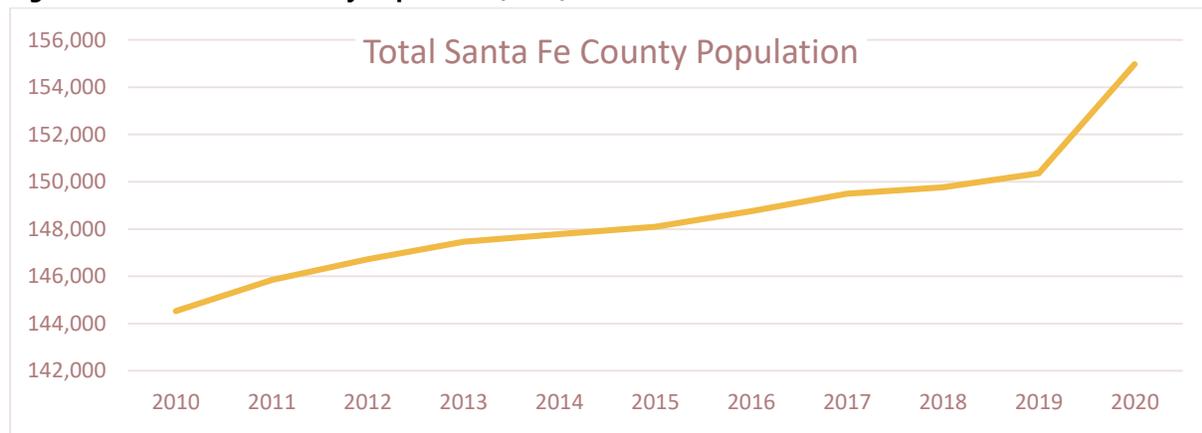
This section summarizes data provided by the 2020 Santa Fe County Housing Data Report prepared by the Bureau of Business & Economic Research (Housing Data Report) and attached as an appendix. More information on demographic characteristics including age, income, and housing trends is available in the Housing Data Report. Unless otherwise noted, the term “Santa Fe County” includes the entire population and geographic area of the County including incorporated communities like the City of Santa Fe.

Demographic Summary

Population, Growth & Migration

The Santa Fe County population – including the City of Santa Fe, Edgewood, and portions of Española – rose from 144,170 in 2010 to 154,823 in 2020 according to the 2020 Census. Santa Fe County’s population growth rate was 7.2 percent from 2010 to 2020 which is well above the state’s growth rate of 2.6 percent, and equal to national growth during the same period.

Figure 3. Total Santa Fe County Population (2020)

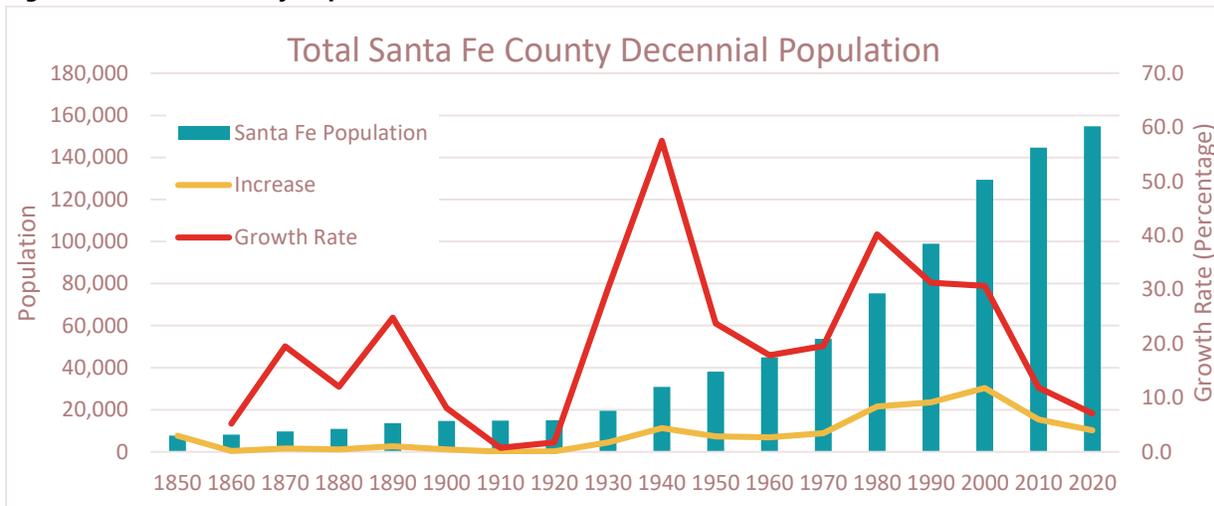


Source: US Census Bureau American Community Survey 5 Year Estimates, 2020

Santa Fe County growth is mostly attributed to migration versus “natural growth” (births minus deaths). Between 2018 and 2019, for instance, approximately 1,189 residents were born and 1,191 residents died - a net natural growth of -2 people. Over that same year, an estimated 11,447 people migrated into Santa Fe County and approximately 10,842 residents migrated out. Though net-migration resulted in a meager growth of only about 600 residents, the out-migration of 10,842 people represents a loss of 7.2 percent of all residents who were living within Santa Fe County in only a single year (2019 ACS 1-year estimates). In- and out-migration appears to be similarly high in 2020 and 2021 (approximately 5-7 percent of residents). The high rate of out-migrants is partially attributed to existing households being unable to find adequate or affordable housing and exacerbated by the fact that in-migrants from other states have about 30 percent higher wages. A past survey identified that 98 percent of the in-commuters who left Santa Fe did so due to the high cost or general lack of adequate housing (City of Santa Fe, 2013).

UNM Geospatial Population Studies projects that Santa Fe County’s population will increase to a total population of approximately 163,000 by 2025, to approximately 174,000 by 2035, and to approximately 187,000 by 2050. Though the in- and out-migration of people is significant and members of the community have expressed concern about the rate of growth, it is important to note that since the 1910’s, Santa Fe County has never experienced such a low population growth rate (see Figure 4).

Figure 4. Santa Fe County Population Trends & Decennial Growth Rate



Source: US Census Bureau Decennial Census, 2020

Median Household Income

In 2019, the median household income for Santa Fe County (incorporated and unincorporated areas) was \$61,298 according to the ACS 1-year estimates (see Figure 5). This is \$9,353 more than New Mexico’s median household income (\$54,945) and \$4,414 less than the United States median household income.

Because median earnings in 2019 were so far below U.S. median earnings, but homes in Santa Fe are not correspondingly less expensive, typical workers in Santa Fe County have a relatively greater difficulty paying rent or qualifying for mortgages. This is illustrated by the fact that 24,338 employees, representing 38 percent of the County workforce, commute into the County rather than residing here.

Median household income in Santa Fe increased 16 percent, or \$8,614 since 2009. Income growth is about the same as in the rest of New Mexico (16 percent) and much lower than the growth of median household income in the United States (22 percent). Though some of the income growth could simply be attributed to rising wages, some of this change is also due to in-migrants from other states which have 30 percent higher wages than existing Santa Fe County residents and the annual out-migration of approximately 11,000 residents who are from comparatively lower-income households.

Figure 5. Median Household Income in Santa Fe County (Total Incorporated & Unincorporated)



Source: SFC Housing Data Report; US Census Bureau American Community Survey 1 Year Estimates, Table DP03

Between 2016 and 2021, income rose approximately 16 percent from \$57,863 to \$67,341. During this same five-year period, the median sales price of a single-family home in Santa Fe County rose 61 percent from \$428,875 to \$691,803.

Figure 6. 2019 Household Income Ranges



Source: SFC Housing Data Report; US Census Bureau American Community Survey 1 Year Estimates Table DP03

Compared to New Mexico, Santa Fe County has a larger percentage of households making over \$60,000 per year but less than the United States (see Figure 6. 2019 Household Income Ranges). Santa Fe County also has a comparatively higher number of household incomes falling in the \$30,000 to \$49,000 income range. In the Less than \$20,000 range, Santa Fe County is lower than New Mexico but higher than the United States.

The median worker in Santa Fe County earned \$30,919 in 2019 according to ACS 1-year estimates. Santa Fe County’s median earnings for workers were over \$5,000 below the United States median worker earnings and only \$532 above the New Mexico statewide worker earnings.

Employment

Santa Fe County’s average annual employment was 62,595 in 2019 (NM Department of Workforce Solutions). This was an increase of 2.1 percent from the 2018 level (61,314). Over the past decade, employment in Santa Fe has shifted from the government sector toward the private sector. Health Care and Social Assistance, Accommodation and Food, and the Retail Trade are the largest employment industries.

Government employment has long been a pillar of Santa Fe County’s economy, as Santa Fe is home to the State Capitol. Between 2009 and 2019, however, government employment in Santa Fe County fell from roughly 30 percent of total employment to 24 percent (8,865 employees). Meanwhile, private industry employment grew from 70 to 76 percent, or from 43,174 to 47,275 jobs between 2009 and 2019. The Accommodation and Food Services sector accounts for over 10,000 employees and the Retail Trades accounts for over 8,000 employees. These two sectors generally pay lower wages which negatively impacts the ability to live within Santa Fe.

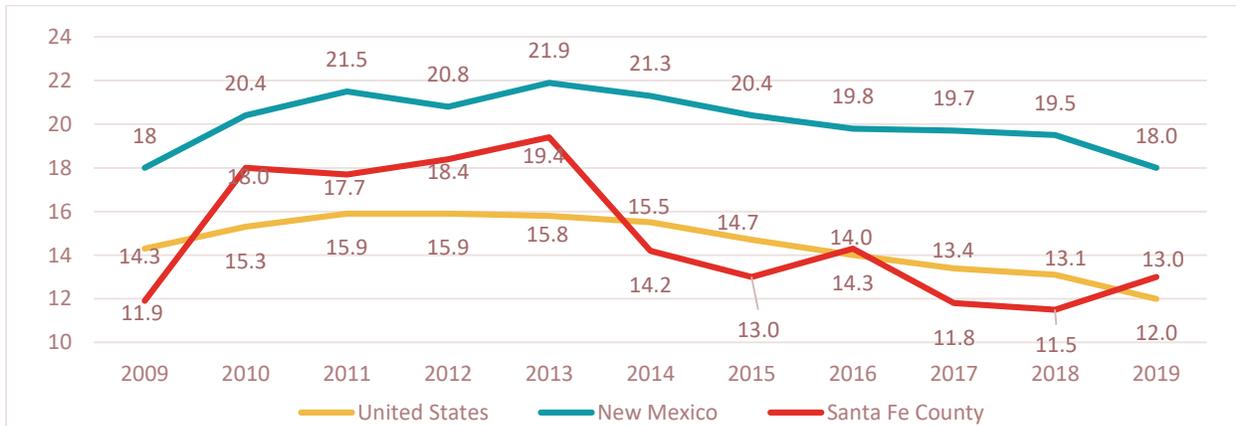
Approximately 38 percent of the workforce lives outside of and commutes into the County for work representing approximately 24,338 individuals (US Census Bureau LEHD, 2018). It is estimated that 98 percent of in-commuters who left Santa Fe did so due to the high cost or general lack of adequate housing and that about 50 percent would move back if they could find adequate housing (City of Santa Fe, 2013). This equates to approximately 12,169 in-commuters who desire additional, adequate housing units (housing shortage).

Poverty

In 2019, 13 percent of households living within Santa Fe County (including residents in incorporated and unincorporated areas) were below the poverty line (see Figure 7). Santa Fe poverty rates are lower than New Mexico and similar to the United States. Santa Fe County’s percentage of people in poverty has, along with New Mexico and the United States been trending downward over the last several years. Compared to the larger geographic areas and likely due to the higher proportion of seniors, Santa Fe has a much higher proportion of households who receive Social Security and Retirement Income (41.7 percent and 32.0 percent).

Though higher household incomes and lower rates of poverty can signify improving conditions, it is important to note that, when combined with a large annual outflux of existing residents (5-7 percent annually), it can also be representative of a gradual exclusion of lower-income households or the replacement of lower-income households with those of higher incomes or greater wealth.

Figure 7. Percentage of Total Santa Fe County Households under the Poverty Line



Source: Housing Data Report; US Census Bureau American Community Survey 1-Year Estimates, DP03

Table 2. Households Receiving Supplemental Income

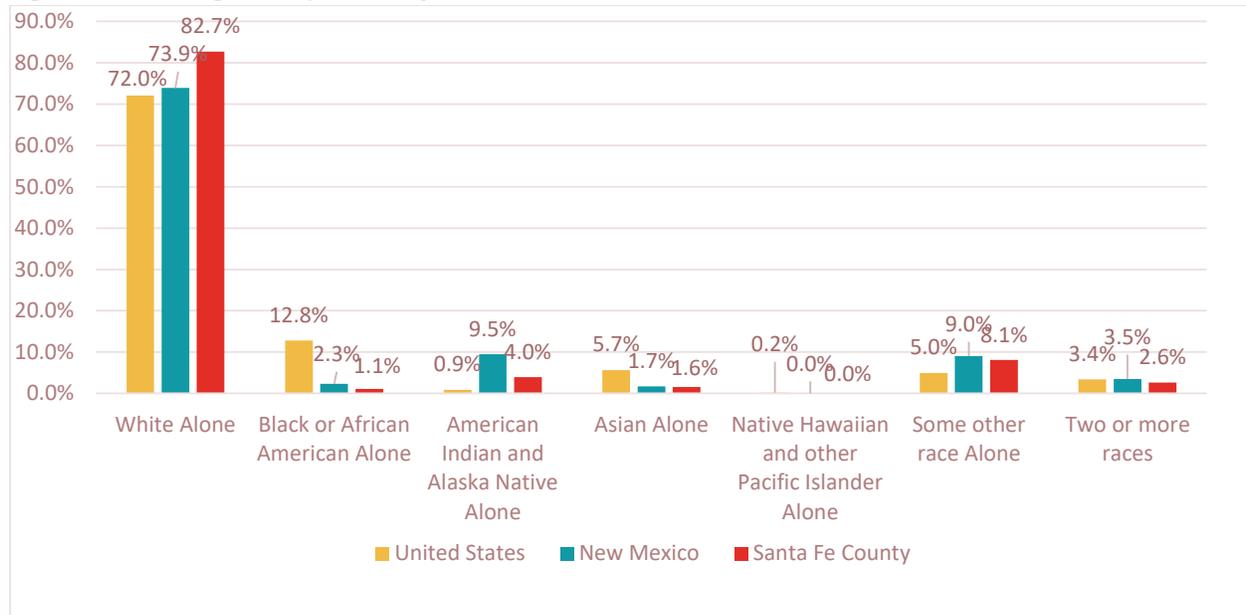
ACS 2019 1 Year Estimate Households	With Social Security	With retirement income	With Supplemental Security Income	With cash public assistance income	With Food Stamp/SNAP benefits in the past 12 months
United States	38,937,269	30,088,849	6,368,156	2,678,217	13,173,722
Percent	31.7%	24.5%	5.2%	2.2%	10.7%
New Mexico	286,344	198,307	46,745	28,349	130,113
Percent	36.1%	25.0%	5.9%	3.6%	16.4%
Santa Fe County	25,935	19,868	2,915	1,922	6,910
Percent	41.7%	32.0%	4.7%	3.1%	11.1%

Source: Housing Data Report; US Census Bureau American Community Survey 1 Year Estimates 2019, Table DP03.

Race and Ethnicity

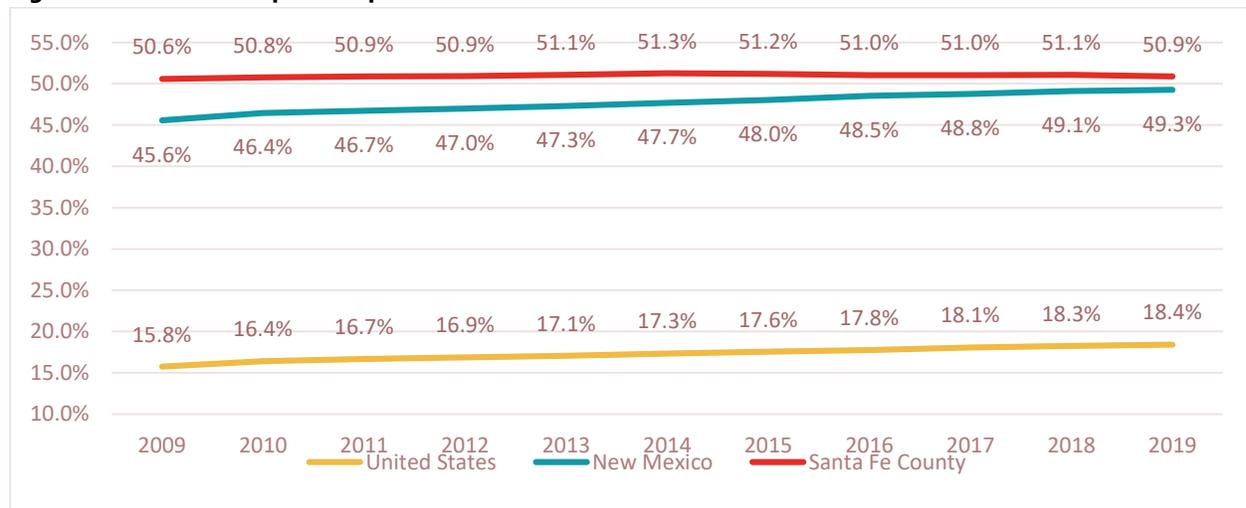
Santa Fe County has a higher proportion of people who identify their primary race as “White Alone” at 82.7 percent versus 73.9 percent in New Mexico and 72 percent in the United States. Compared to the rest of New Mexico, the clearest difference in Santa Fe County is the lower proportion of American Indian and Alaskan Native which is only 4.0 percent compared to 9.5 percent across the state. Santa Fe County’s ethnic demographics are similar to New Mexico with about half of the population identifying as Hispanic.

Figure 8. Percentage of Population by Race 2019



Source: SFC Housing Data Report; US Census Bureau American Community Survey 1-year Estimates Table DP05

Figure 9. Percent of Hispanic Population



Source: SFC Housing Data Report; US Census Bureau American Community Survey 1 Year Estimates Table DP05

Regulations and policies which have a disparate impact on race and ethnicity may violate the Fair Housing Act (specifically, the mandate regarding Affirmatively Furthering Fair Housing). The County should explore the impacts of regulations and policies on race, ethnicity, and other “protected classes.” Initial data analysis suggests that the County of Santa Fe may be inhibiting or excluding the growth of Hispanic

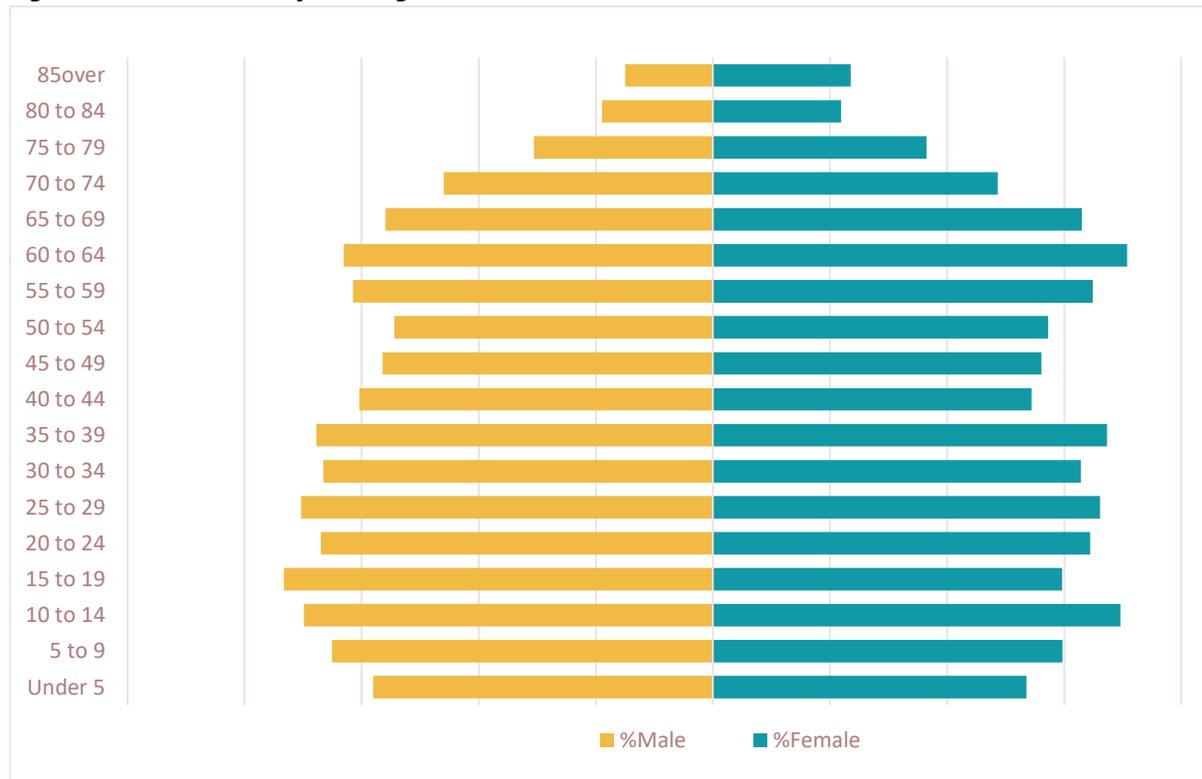
households in such a way that could create racial segregation between both areas of the County and also between Santa Fe County and the City of Santa Fe.

Between 2015 and 2020, population growth within the City of Santa Fe has been almost entirely due to the proportional growth of Hispanic-identifying individuals. Santa Fe County, however, has almost the exact opposite trend. Within the same time period, growth in Santa Fe County (excluding the City of Santa Fe) has been almost entirely due to the proportional growth of non-Hispanic identifying individuals. The non-Hispanic population has grown 4.6 percent whereas the Hispanic population has grown only 0.8 percent. While causation cannot be determined with these numbers alone, this could be related to lower incomes and wealth attainment of Hispanic households combined with the lack of permitted housing in Santa Fe County (especially prohibitions on affordable, multifamily housing) and the higher cost of housing in the County versus the City. Racial segregation, regulatory exclusion, and potential violations to the Fair Housing Act should be taken seriously by the County. Funds may be available from federal and other sources to engage in a more thorough study into disparate impacts on protected classes.

Age

The median age in Santa Fe is 47.3, according to the 2019 ACS 1-year estimates. That figure has risen by 4.1 years since 2010, when the median age was 43.2. This increase is due to both an already ageing population and the age demographic of people who move in from other areas. The average age of people moving into Santa Fe County is 41.1 years of age for 2019. In 2010, 23.3 percent of Santa Fe County's population was 60 years or older. By 2050, that cohort is projected to be 30.6 percent. Support will be needed to provide housing and related services to the growing proportion of seniors in the community.

Figure 10. Santa Fe County 2019 Age & Sex



Source: Housing Data Report; US Census Bureau 2019 American Community Survey 1-Year Estimates, Table DP05

Population Groups with Special Housing Needs

There are several categories of households and individuals in Santa Fe County that may have special housing needs (see Table 3). These include households that are either homeless or otherwise housing-insecure, individuals with disabilities, seniors, and victims of domestic violence. These groups may need short term emergency assistance or longer-term assistance, including affordable housing and/or supportive services.

Table 3. Groups with Special Housing Needs

Population Groups with Special Housing Needs	Total Santa Fe County + City of Santa Fe
Homelessness and Unstable Housing	
Homeless Households	412 - 600 ⁹
Individuals	363 - 400 ¹
Families	49 - 100 ¹
Youth (18-25 years old) (duplicated counting)	18 - 50 ¹
Chronically Homeless Households (duplicated counting)	205 - 300 ¹
"Disconnected Youth" with Unstable Housing (14-26 years old)	160 - 300
Families with Children in Unstable Housing (Adelante Program)	185
Children Enrolled in the Adelante Program	423
Survivors of Domestic Violence	60 - 200
Demographic-Based Housing Needs	
Disabled Individuals (Ambulatory)	9,812
Female-Headed Households	19,690
Female-Headed Households with Children (<18 years old)	3,300
Senior Households in Poverty	2,290

Sources: New Mexico Coalition to End Homelessness (2022); US Census – ACS 5-year Estimate 2020; Reconnecting Youth Survey 2017; Esperanza Shelter

Measures of Homelessness & Housing Instability

Homelessness and housing instability are often underreported or under-addressed. This can be attributed to the current prevalence of informal, temporary housing or home sharing agreements, individuals or households who do not want to disclose their unstable living conditions, and the use of a different data systems (most of which are not connected) to track the housing needs of special populations. Households with unstable housing can include individuals who are sheltered but may not have stable or permanent housing.

⁹ The lower recorded number of homeless households is based off an August 2022 estimation of individuals registered or recorded on shared data platforms which is an underestimation of actual need. Given the fact that many needs are unrecorded, some service providers do not use shared data platforms, and the great number of individuals who are turned away from programs, the estimated, long-term need could be much greater than the recorded numbers.

Community Profile

According to a Santa Fe Homeless and Housing Needs report (Fall 2022), which uses information from two distinct data platforms, there were 363 individuals, 49 families, and 18 homeless youth in Santa Fe (aged 18-25). 205 of the individuals are "Chronically Homeless," defined as a household with an individual who has a qualifying disability and 1 year of continuous homelessness, or 12 months of homelessness within the last three years.

It is important to note that the previous measurements do not include the following additional statistics from the year 2020 (some of which overlap with other data):

- 144 individuals/families turned away from Esperanza Shelter over the course of 5 months
- 46 youth who were homeless or housing insecure but who, at the point of recording, were not receiving housing services
- 50-60 households on a closed waitlist for Santa Fe Community Housing Trust units
- 2000 households on a waitlist for housing units with the Santa Fe County Housing Authority
- 300 households on a closed waitlist for housing units at the Santa Fe Civic Housing Authority

Additional 2020 measures evaluating households which include children and youth can also be helpful:

- The Reconnecting Youth Working Group of Opportunity Santa Fe did a study into "Disconnected Youth," defined as residents between the ages of 14 and 26 either not in school, not working, or who are at risk of not being in school or working. Of the 457 individuals surveyed, 35.5 percent, or about 160 youth were dealing with unstable housing over the previous 30 days.
- The Adelante Program operated by the Santa Fe School District identified 185 families which including 423 children as dealing with unstable housing including overcrowded housing, camping, or living out of RV's, couch surfing, at-risk of eviction, or living with grandparents.

Survivors of Domestic Violence are a unique population group needing special types of housing assistance and a variety of associated supportive services. The Esperanza Shelter provides both support programs and housing assistance.

Multiple types of housing are needed for households experiencing homelessness and unstable, or precarious housing. These are covered in more detail in the Housing Needs Chapter.

- Non-Congregate Shelters and Managed, Safe Outdoor Spaces – Intended for very short-term stays up to 90 days This housing type can benefit unsheltered households, individuals/families needing immediate or temporary shelter, and survivors of domestic violence.
- Transitional and/or Rapid Re-housing – Assistance intended for an intermediary period, typically from 18-24 months. In Rapid Rehousing, it becomes a permanent housing unit with only temporary subsidies to establish the renter. Will sometimes provide services such as job training, mental health assistance, services for domestic violence situations, incarceration reentry, and those recovering from substance abuse.
- Permanent Supportive Housing (PSH) – Time unlimited housing for households with qualifying disabilities (physical or behavioral) and chronic homelessness (12 months documented). PSH clients are usually expected to pay 30 percent of their income in rent.

Individuals with Disabilities

The US Census estimates 9,812 individuals with “ambulatory” disabilities which means individuals who have serious difficulty walking or climbing stairs. Ambulatory disabilities require ADA-accessible homes and will sometimes also require live-in or visiting caretakers.

Table 4 Populations with a Disability

Populations with a Disability	Santa Fe County	% of Santa Fe County Population
Total Civilian Noninstitutionalized Population	148,639	
Disabled Individuals	21,127	14.2%
With a hearing difficulty	7,109	4.8%
With a vision difficulty	4,254	2.9%
With a cognitive difficulty	7,598	5.3%
With an ambulatory difficulty	9,812	6.9%
With a self-care difficulty	3,836	2.7%
With independent living disability/difficulty	6,670	5.5%
Disabled Individuals under 18 years of age	1,413	1.0%
Disabled Individuals over 65 years of age	10,327	6.9%

Source: US Census – ACS 5-year Estimate 2020

Female-Headed Households

Female-headed households (no spouse or partner present), especially those with children under the age of 18, are more likely to be disadvantaged in regard to income. Compared to married couple families, female-headed households are two or three times as likely to be in poverty and full-time, year-round female workers make about 93 percent of full-time, year-round males.

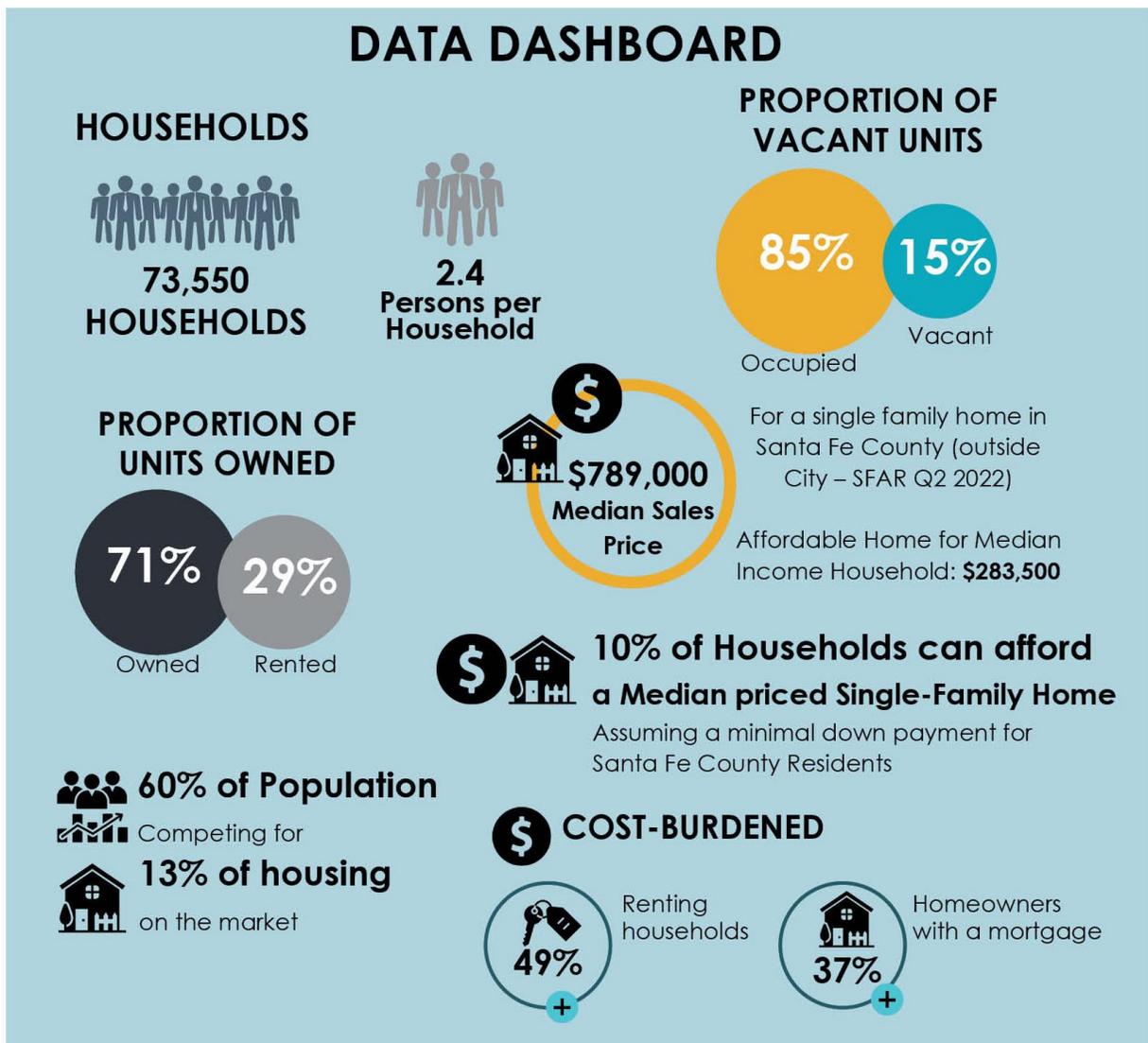
Seniors

Seniors are one of the fastest growing demographic groups and by 2030, the US Census Bureau predicts that 26.4 percent of the New Mexico population will be made up of seniors. Seniors often experience changing housing needs as they age. Initially, many wish to downsize and have less responsibility for the maintenance that comes from owning one’s home, while later, they may have health issues that require additional care and special housing needs. Because seniors are often on a fixed income, there is a greater need for affordable housing. Females living alone, which are often elderly women, typically have the lowest income of any household type. Potential housing types that may appeal to seniors include active living (retirement) communities that provide a range of opportunities (both independent and group housing care facilities), condominiums and apartments.



2.0

HOUSING PROFILE AND ANALYSIS



This section summarizes data provided by the 2020 Santa Fe County Housing Data Report prepared by the Bureau of Business & Economic Research (Housing Data Report) and attached as an appendix. More information on housing characteristics including occupants per room, vacancy type, and demographic conditions is available in the Housing Data Report. Unless otherwise noted, the term “Santa Fe County” includes the entire population and geographic area of the County including incorporated communities like the City of Santa Fe.

Housing Occupancy, Tenure, and Age

The US Census Bureau estimates the total housing units for 2019 in all of Santa Fe County (including incorporated and unincorporated areas) at 73,550; of these, 62,182 (85 percent) were occupied and about 15 percent were vacant, which is higher than state and national averages but reflects the higher proportion of “seasonally occupied” or second homes. Of the occupied housing units, 44,385 are owner-occupied (71 percent) and 17,797 are renter-occupied (29 percent).

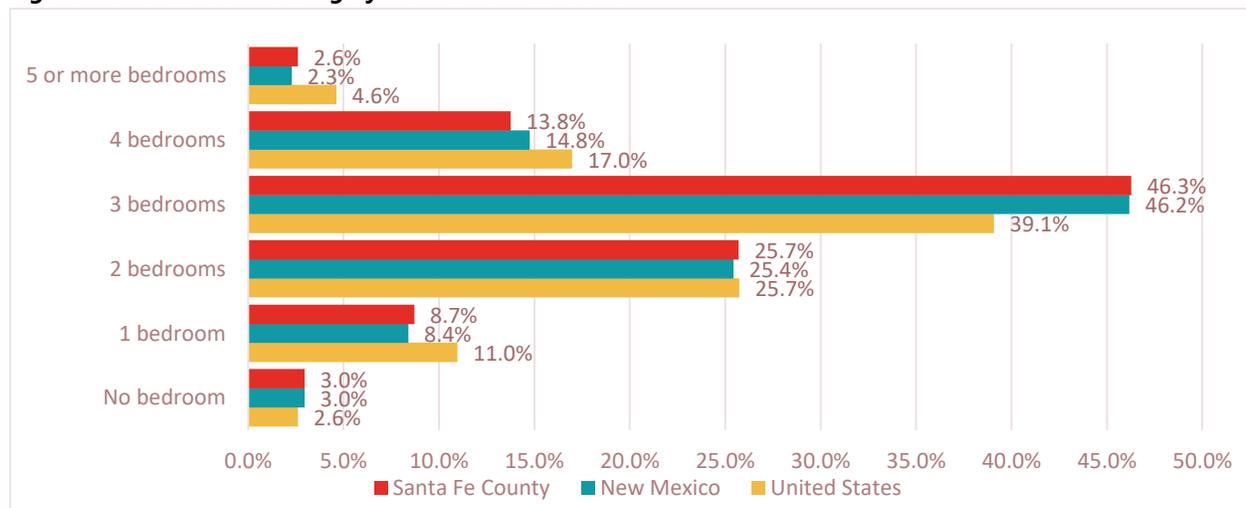
Figure 11. Santa Fe County Housing Occupancy



Source: US Census Bureau American Community Survey 1-year estimates Table Dp04

Santa Fe households are slightly smaller (2.4 people per household) than New Mexico (2.6 people) and the United States (2.6 people) but both Santa Fe and New Mexico have more three-bedroom units and less one-bedroom units than in the United States. Santa Fe generally needs to fill gaps for studios and one-bedroom units versus further construction of three-bedroom units. “Family size” better describes the number of persons living within a housing unit and is estimated to be 3.1 per 2020 Census Data.

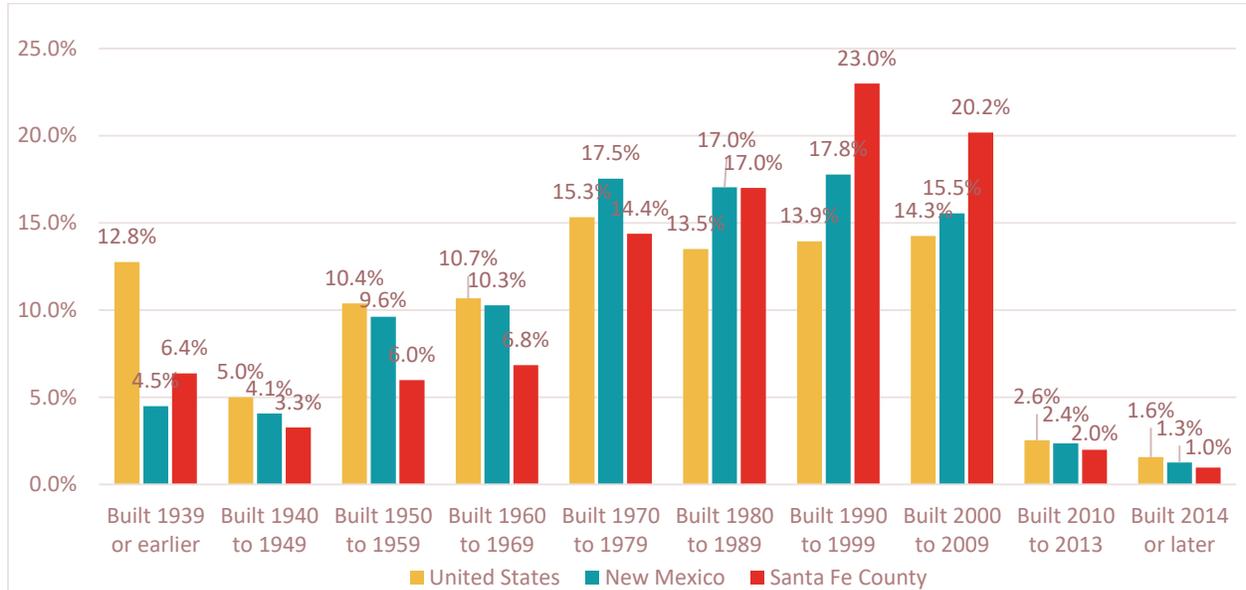
Figure 12. Percent of Housing by Number of Bedrooms



Source: US Census Bureau American Community Survey 1-Year Estimates, 2019 Table DP04

Santa Fe County Housing is generally newer than New Mexico and the United States and a larger proportion has been built between 1980 and 2009. Like in other areas, housing construction was generally low following the Great Recession in 2008.

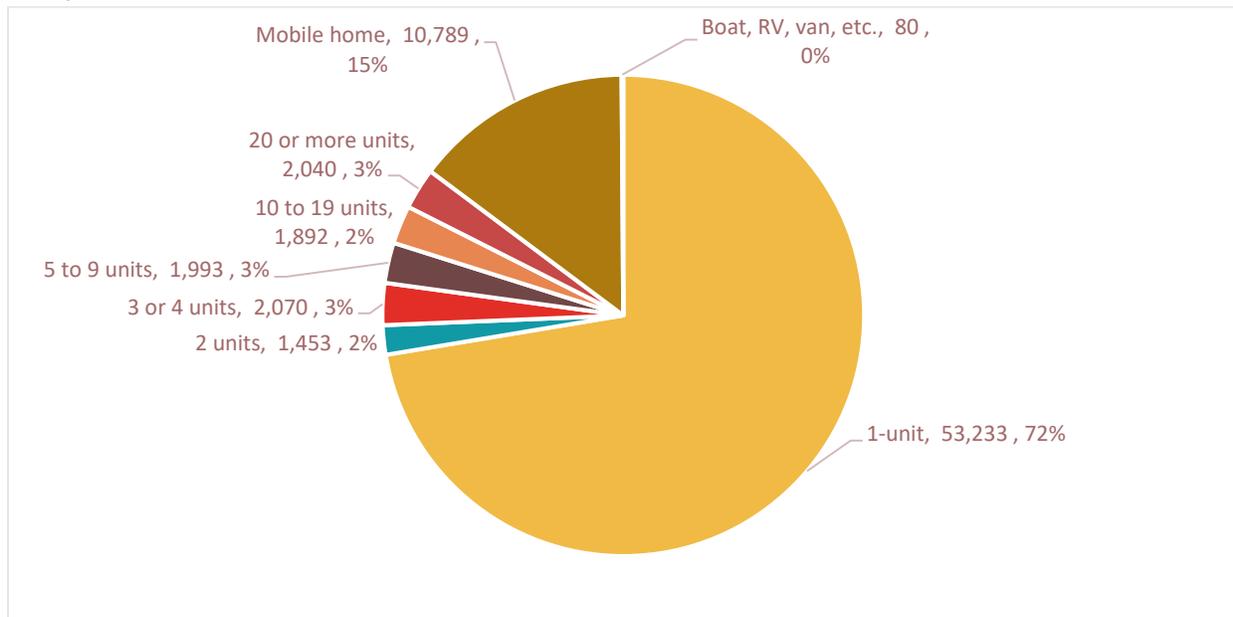
Figure 13. Year Housing Structure was Built (includes Santa Fe County and City of Santa Fe)



Source: US Census Bureau American Community Survey 5-year Estimates 2018 Table DP04

Housing structures within the total Santa Fe area are primarily single-family and detached (72 percent). The second most prevalent housing type is mobile homes (15 percent). Compared with the nation, Santa Fe and the rest of New Mexico have, on average, more mobile homes and about a third the proportion of the multi-family housing structures with 20 or more units. It is important to note that the quantity of multi-family housing structures is predominately located within the City of Santa Fe rather than within the County. This may be indicative of an opportunity to expand multi-family housing.

Figure 14. Santa Fe County Housing by Units in Structure 2019 (Includes incorporated and unincorporated areas)



Source: US Census Bureau American Community Survey 1-Year Estimates Table DP04

Housing Market Analysis

HUD Area Median Income and Affordable Housing Calculations

“The Department of Housing and Urban Development (HUD) sets income limits that determine eligibility for assisted housing programs including the Public Housing, Section 8 project-based, Section 8 Housing Choice Voucher, Section 202 housing for the elderly, and Section 811 housing for persons with disabilities programs. HUD develops income limits based on Median Family Income estimates and Fair Market Rent area definitions for each metropolitan area....” – HUD Income Limits 2022

The following table takes HUD income limits and the HUD-recommendation that “affordable” housing should be no more than 30 percent of a household’s income and calculates a hypothetical rent and home purchase price. 100% AMI is the “Median Income,” 80% AMI is defined as “Low Income,” 50% AMI is “Very Low Income,” and 30% AMI is “Extremely Low Income.”

A household size of 3 people is used because the average number of people living in a housing unit is 3.1 (2020 Census). Note that these calculations use a June – September 2022 average mortgage interest rate of 5.5% rather than an average of the previous year’s mortgage interest rates which were significantly lower (2.96%) and unrealistic with current mortgage calculations. A 3 percent down payment is used which is the minimum required down payment for conventional loans.

For a median-income Santa Fe household (100% AMI), \$1,815 is considered an affordable rent and \$283,500 is considered an affordable home purchase price. For a low-income Santa Fe household (80% AMI), \$1,452 is considered an affordable rent and \$226,750 is considered an affordable home purchase price.

Table 5. Santa Fe County Affordable Housing Calculations - 2022

SFC Affordable Housing Calculations - 2022 (3 - person Household)			Affordable Rent (30% Monthly Income)			Affordable Purchase Price (30% Monthly Income)
AMI	Income 3p/HH	Monthly Income		Affordable Mortgage	Down Payment (3%)	
30%	\$21,780	\$1,815	\$545	\$82,473	\$2,551	\$85,000
50%	\$36,300	\$3,025	\$908	\$137,454	\$4,251	\$141,750
60%	\$43,560	\$3,630	\$1,089	\$164,945	\$5,101	\$170,000
70%	\$50,820	\$4,235	\$1,271	\$192,436	\$5,952	\$198,500
80%	\$58,080	\$4,840	\$1,452	\$219,927	\$6,802	\$226,750
100%	\$72,600	\$6,050	\$1,815	\$274,908	\$8,502	\$283,500
115%	\$83,450	\$6,954	\$2,086	\$315,993	\$9,773	\$325,750
120%	\$87,050	\$7,254	\$2,176	\$329,625	\$10,195	\$339,750
150%	\$108,850	\$9,071	\$2,721	\$412,173	\$12,748	\$425,000
200%	\$145,100	\$12,092	\$3,628	\$549,438	\$16,993	\$566,500

Sources: HUD 2022 Income Limits Summary; City of Santa Fe 2022; County of Santa Fe 2022

*25% affordable rent calculation plus additional housing costs (e.g., utilities) expected to be less than 30% of monthly household income.

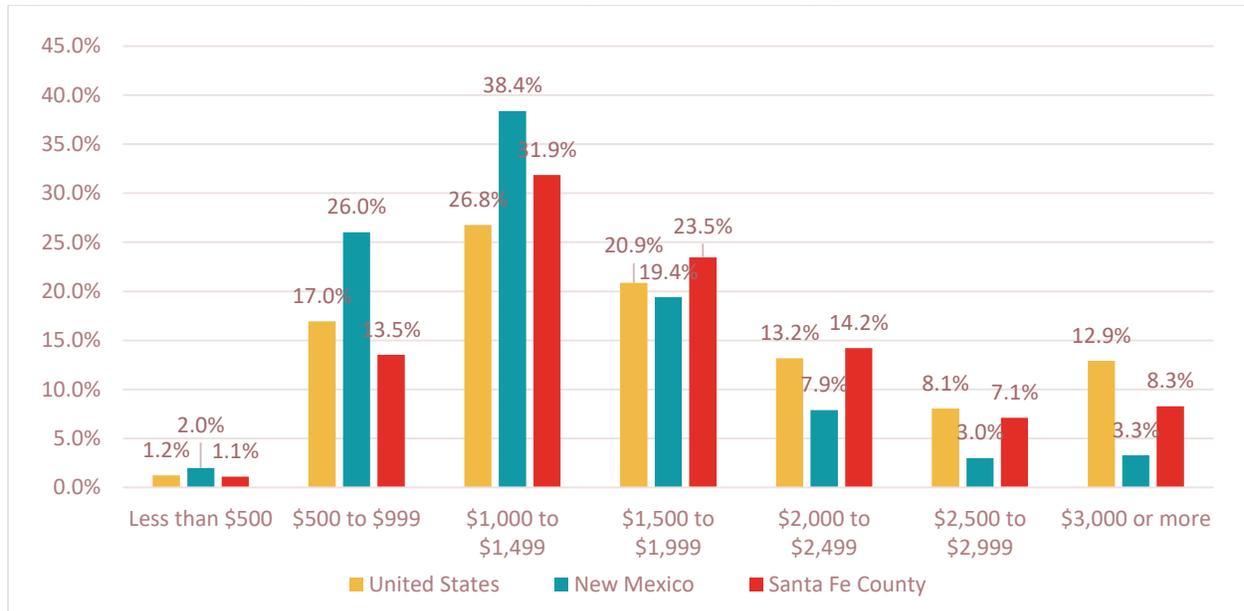
**HUD formula assumes 3% down payment and 2.96 assumptions: 3% down payment, 14% taxes and insurance, 5.5% annual interest (FreddieMac Avg 2022 30-yr fixed rate)

Monthly Home Ownership Costs (Census)

According to US Census data, most Santa Fe County owners with a mortgage paid between \$1,000 and \$1,499 in monthly housing costs with a median monthly housing cost of \$1,577 for owners with a mortgage (see Figure 15). This monthly cost is intended to include taxes, association fees, insurance, and utilities but is considered by some Santa Fe housing practitioners to under-calculate the total cost of housing and does not reflect the current, market cost of housing (see Figure 23).

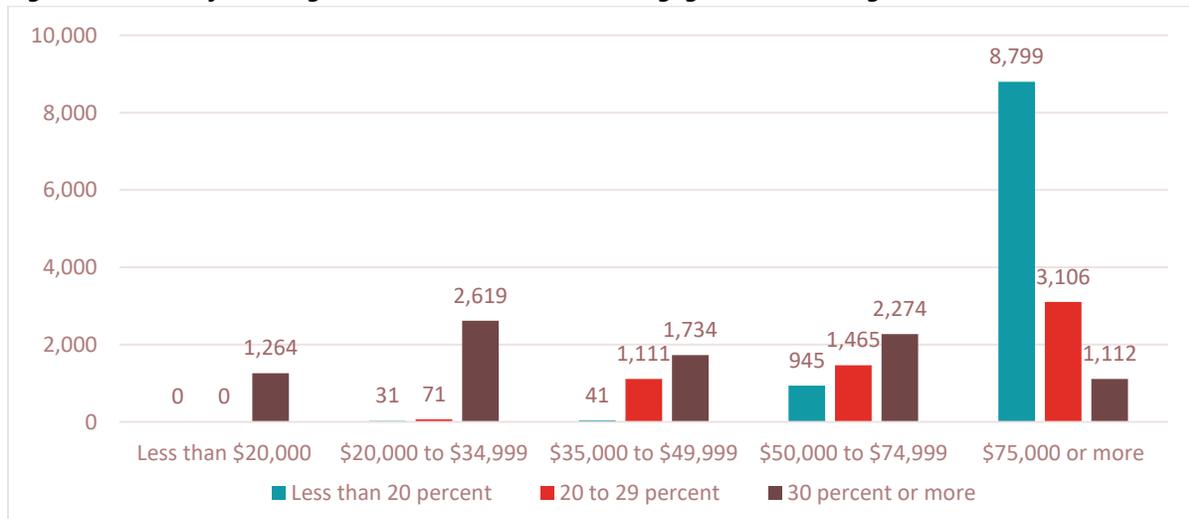
The median monthly housing cost of \$1,577 is approximately affordable (meaning that less than 30 percent of the monthly income is spent on housing) for median income households (100% AMI households can afford approximately \$1,800 in housing costs per month). Though homeowners experience less price volatility in housing costs due to mortgage payment stability, it is important to recognize that major renovations and second mortgages can quickly make an existing home unaffordable.

Figure 15. Selected Monthly Owner Costs of Housing Units with a Mortgage



Source: US Census Bureau American Community Survey 1-Year Estimates 2019 Table DP04

Figure 16. Monthly Housing Costs for Owners with a Mortgage as a Percentage of Household Income



Source: US Census Bureau American Community Survey 1-Year Estimates 2019 Table DP04

Most households with a total annual income of over \$75,000 (~100%AMI) and who own a home with a mortgage are not cost-burdened but almost half (48 percent) of all households who make \$50,000-\$74,999 are considered cost-burdened (pay over 30 percent of their monthly income on housing costs). Though homeowners with an existing mortgage are not likely to be the recipient of most forms of housing assistance, recognizing when households tend to be cost-burdened can help identify need and justify programs.

For homeowners with a mortgage, about 36 percent are cost-burdened, which means they pay more than 30% of their income on housing. For homeowners without a mortgage, only about 16.5 percent are cost-burdened. In total, the number of cost-burdened households who own their own home is 12,174. The proportion of cost-burdened homeowners is higher in Santa Fe County than in New Mexico and the United States.

Figure 17. Owner Costs as Percentage of Income

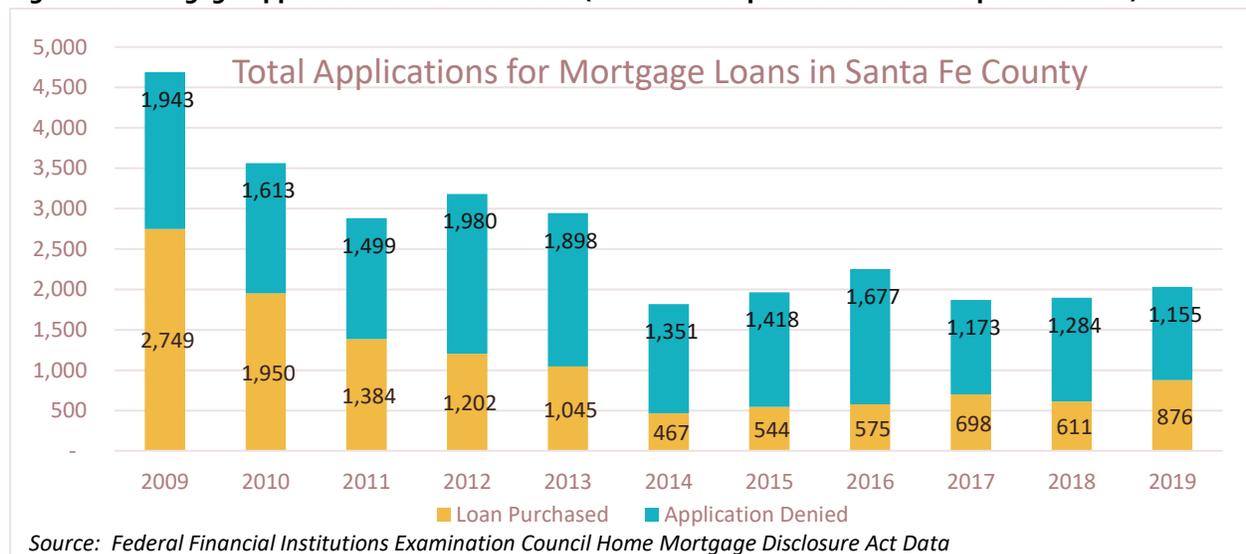


Source: US Census ACS 1-Year Estimates 2019 Table DP04

Home Mortgage Disclosure Act

The Home Mortgage Disclosure Act (HMDA) provides data on accepted and denied mortgage loans. Since the great recession, the application for mortgages had declined in Santa Fe County from a high of 4,692 in 2009 to a low of 1,818 in 2014. Since 2014, the annual number of mortgage loan applications has remained around 2,000 a year (see Figure 18). Notable in the Santa Fe area is that there are many more denied loans each year than purchased. Since 2009, an annual average of 61 percent of all loans have been denied. Data on the reason for mortgage denials was not available but is typically reported as being due to unfavorable debt-to-income ratios or applicants with unsatisfactory credit history.

Figure 18. Mortgage Application Loans in Santa Fe (Includes incorporated and unincorporated areas)



Monthly Rental Costs (Census)

According to 2019 Census Data (ACS 1-yr), most renters in Santa Fe County (64 percent) pay between \$500 and \$1,499 in monthly housing costs and the median monthly cost for renters is estimated to be \$1,030. This monthly cost is intended to include taxes, fees, insurance, and utilities but is considered by some Santa Fe housing practitioners to under-calculate the total cost of housing. A survey by UNM and provided in the Housing Data Report estimated the median rent and utilities for market-rate apartments to be about \$1,275 (single-family rental units are expected to be more expensive than apartments).

Rental costs are higher compared to New Mexico averages and similar to national averages. A \$1,500 monthly rent would likely be affordable (less than 30 percent of a household's monthly income) for a median-income household, but 49 percent of all renters are estimated to be cost-burdened (pay more than 30 percent of their income on housing costs).

Figure 19. Santa Fe Monthly Rental Housing Costs by Number of Households



Source: US Census Bureau American Community Survey 1-Year Estimates 2019 Table DP04

Most rental households with a total annual income of over \$50,000 (~70%AMI) are not cost burdened but almost half (46 percent) of all households who make \$35,000-\$49,999 (~50-70% AMI) are considered cost-burdened. Though rental assistance may not be targeted at 50-70% AMI households, recognizing when households tend to be cost-burdened can help identify needs and justify programs.

Figure 20. Santa Fe County Gross Rent as a Percentage of Household Income in the Past 12 Months



Source: US Census Bureau American Community Survey 5-Year Estimates 2019, Table B25074

Of the almost 18,000 renters within the incorporated and unincorporated areas of Santa Fe, approximately 49 percent, or 8,870, are cost-burdened (pay more than 30 percent of their income on housing costs). This estimate comes from analysis and filling gaps in US Census data found in the UNM Housing Data Report. Using similar assumptions, it is estimated that approximately 8,163 low-income (<80% AMI) rental households are cost burdened. This number is consistent with estimates from the Mortgage Finance Authority that there are approximately 7,343 low-income, cost burdened rental households in Santa Fe.

Impact of Utilities on Housing Cost & Affordability

Per HUD regulations, a household's total housing cost must include the cost of the household's rent or mortgage payment plus the cost of the household's monthly utility expenses. Data shows that estimated utility costs for low and extremely low-income households in Santa Fe County make up a large percentage of the household's total housing costs and gross annual income.

Assuming that a home utilizes gas and electricity for utility services, households at 30% AMI (~\$17,000-28,000) spend approximately 9 percent of their gross annual income on utility expenses. Households at 50% AMI (~\$28,000-\$40,000) spend approximately 5 percent of their gross annual income on utility expenses and households at 80% AMI (~\$45,000-\$65,000) spend approximately 3 percent of their gross annual income on utility expenses.

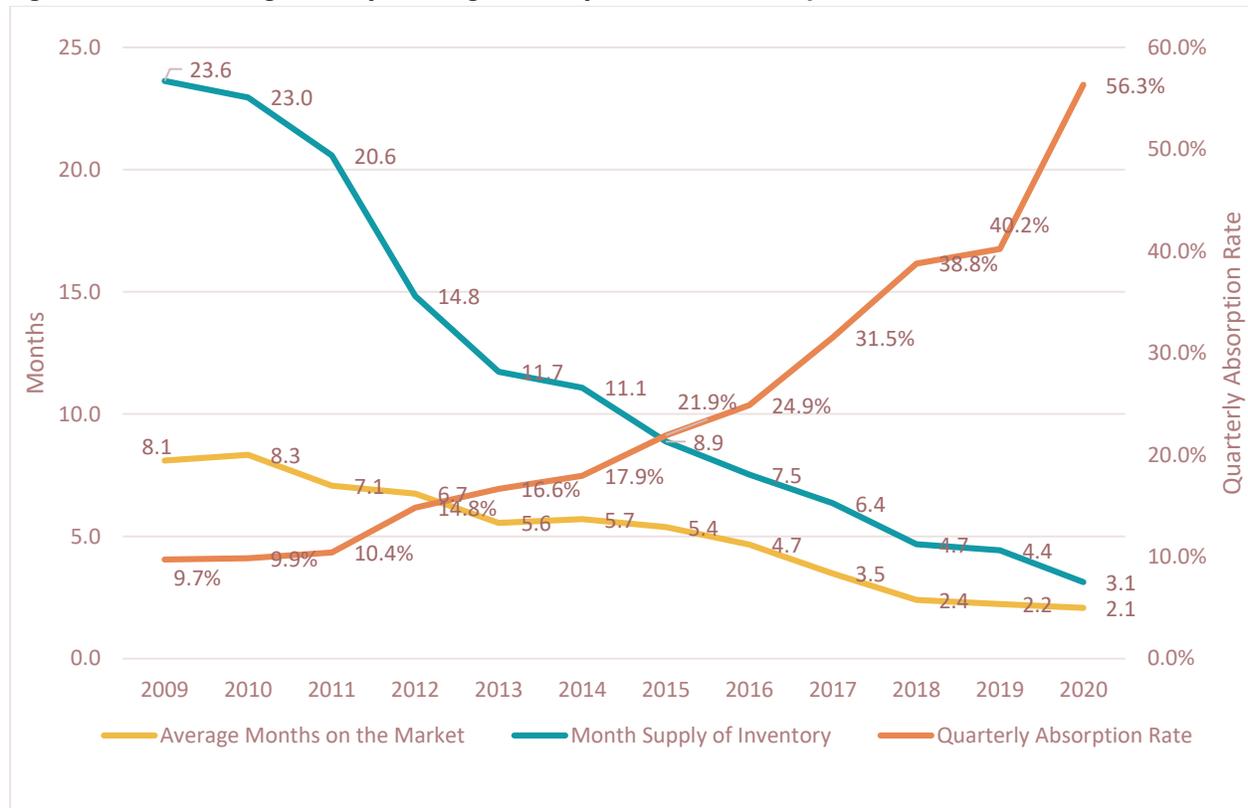
If a household only utilizes electricity for energy services, the percentage of gross annual income spent on utility expenses increases. A household at 30% AMI that utilizes only electricity to power their home spends approximately 14.5 percent of their gross annual income on utility expenses. Households at 50% AMI spend approximately 9 percent of their gross annual income on utility expenses, and households at 80% AMI spend approximately 6 percent of their gross annual income on utility expenses. At 100% AMI or higher, estimated utility costs become a negligible percentage of a household's gross annual income. However, as utility rates continue to increase for electricity, water, sewer, natural gas and propane, low-income households will continue to spend a larger proportion of their income on utility expenses.

Given the disproportionate amount of household income spent on utility expenses by low-income households in the County, increasing energy efficiency measures for low-income tenants and homeowners is a tangible mechanism for increasing housing affordability. Retrofitting affordable homes with solar, low-flow toilets, high efficiency aerators and energy efficiency appliances is a way to reduce overall housing expenses by decreasing a household's monthly utility expenses.

Single-Family Inventory Shortage

Compared to demand, the single-family housing market has an extremely low inventory of units for sale. Since 2009, the monthly supply of housing inventory has been steadily declining from a high of 23.6 months to a low of 3.1 months in 2020 (see Figure 21). Related statistics documenting the number of months the average unit sits on the market and the percentage of housing units which are absorbed each quarter reinforce the severity of the housing supply issue. Even prior to the effects of COVID, the demand has grown for limited housing despite an extremely limited supply.

Figure 21. Santa Fe Single-Family Housing Inventory and Market Absorption



Source: Santa Fe Association of Realtors' Multiple Listing Service Report – Includes both incorporated and unincorporated areas of Santa Fe County

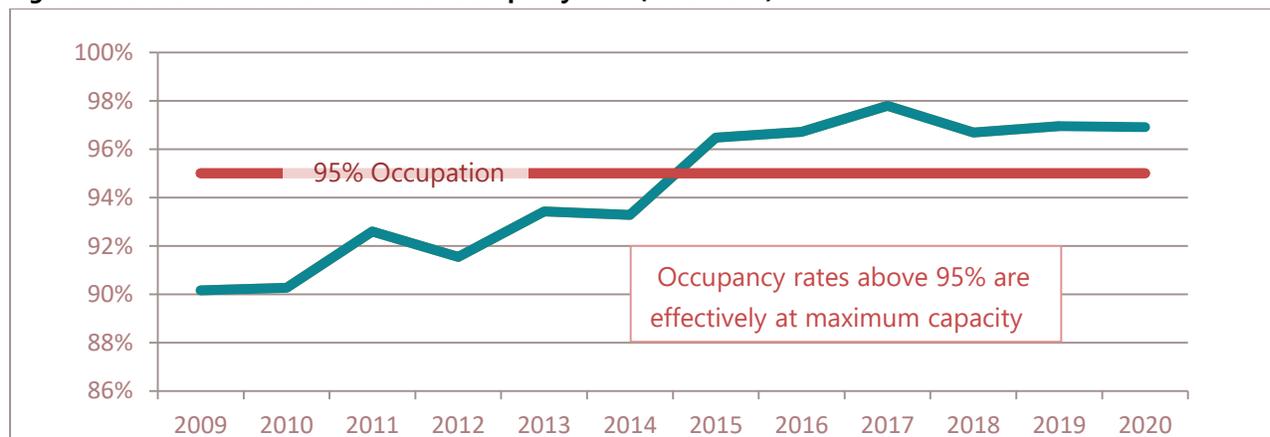
Rental Housing Inventory Shortage

The inventory of rental housing units is comparable to the inventory for single-family homes. Rental vacancy rates should generally be at least 5 percent in a healthy, well-functioning market. That rate is sometimes considered the minimum vacancy that still allows tenant turnover, unit maintenance, and healthy market competition between landlords. Rental vacancy rates below 5 percent (or occupancy rates above 95 percent) are extremely constrained markets with a limited housing inventory.

Past rental surveys have documented that Santa Fe has a critical shortage of rental housing with less than 5 percent vacancy. Various past surveys of multi-family properties have documented vacancy rates ranging from 2.3 percent to 3.2 percent¹⁰. CBRE real estate data from 2009 to 2020 documents vacancy rates shrinking below 5 percent between 2014 and 2015 and remaining below 5 percent since (see Figure 22).

A recent market study released in December, 2022 of 46 housing projects and 5,797 units identified a combined rental vacancy of 2.1 percent (97.9 percent occupied). Of the 27 projects which include some sort of tax credit or subsidy, the occupancy rate was 100 percent (Market Feasibility Analysis of Nueva Acequia, Vogt Strategic Insights, 2022).

Figure 22. Santa Fe Market Rate Rental Occupancy Rate (2009-2020)



Source CBRE January Multifamily Market Survey, includes both market and affordable properties.

¹⁰ New Mexico Mortgage Finance Authority, Housing Needs Assessment, 2020 – 2.3 percent multi-family vacancy rate

UNM Bureau of Business and Economic Research, Santa Fe Housing Data Report, 2020 – 2.6 percent multi-family vacancy rate

UNM Bureau of Business and Economic Research, New Mexico Apartment Survey, 2021 – 3.2 percent multi-family vacancy rate

Current Housing Market Purchase & Rental Prices

Housing has generally become less affordable over the last decade but has risen extremely fast over the past 5 years. Between 2016 and 2021, the median sales price of a single-family home in Santa Fe County rose 61 percent from \$428,875 to \$691,803 (see Figure 23). Median household income during this same five-year period rose only 16 percent from \$57,863 to \$67,341 (see Figure 25). Data from Quarter 2 of 2022 documents a median single-family sales price of \$789,395 which is a 14 percent increase from the year before and an 84 percent increase from 2016.

Figure 23. Median Single-Family Sales Prices versus Affordability (Santa Fe County, Excludes City of Santa Fe)

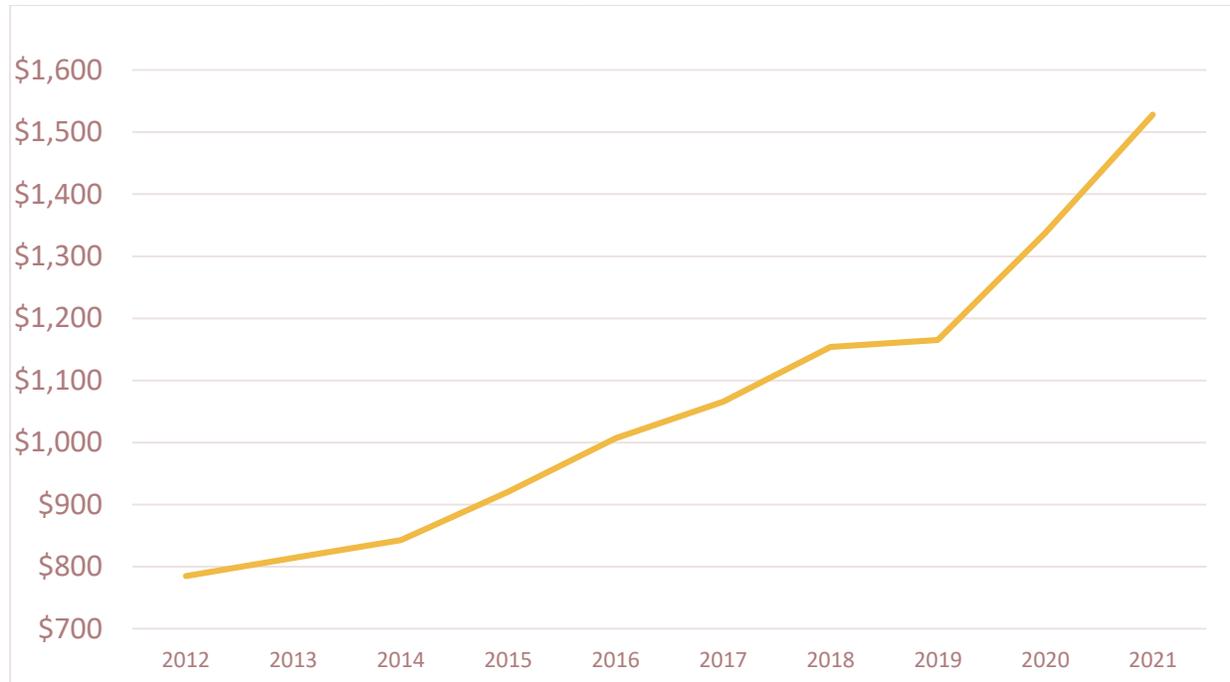


Source: Santa Fe Association of Realtors (2022); Santa Fe County (2022)

Average rental prices show a similar cost escalation (see Figure 24). Between 2016 and 2021, average monthly rental rates increased approximately 52 percent from an average of \$1,007 per month to \$1,528. Between 2012 and 2021, the average monthly rent increased approximately 95 percent from \$785 to \$1,528 paid per month while median household income rose by only about 33 percent.

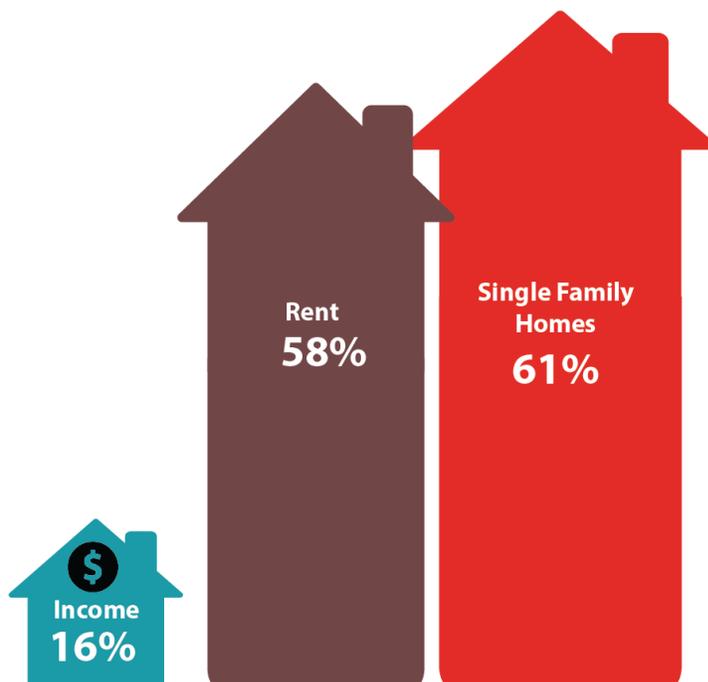
Between 2016 and 2021, household income increased by only about 16 percent, but average rents increased by 52 percent and median single family home prices (County only) increased by 61 percent (see Figure 25). Rapidly increasing housing costs without a corresponding increase in household income is an alarming concern. This disparity results in an increasing lack of accessible, affordable housing and can discourage a wide range of families from staying or relocating in the Santa Fe area.

Figure 24. Santa Fe City & County Average Monthly Rental Rates



Source: CBRE Rental Market Surveys 2012-2021

Figure 25. Changes in Income versus Housing Prices (2016 – 2021)



Housing Market Affordability & Distribution

Assuming a minimum, 3 percent down payment, only about 10% of Santa Fe households have annual incomes capable of affording the County’s median single-family sales price of over \$750,000 (2022, County only). Conversely, approximately 90% of existing Santa Fe households are unable to afford the median sales price for a single-family home in Santa Fe County without a significant down payment.

According to affordable housing calculations for Santa Fe County, the median income household (100% AMI, \$72,600 annual income) can afford about \$1,800 in monthly housing costs or a \$283,500 home with the minimum 3 percent down payment (See Table 5). Approximately 50 percent of Santa Fe households (35,000 households – or 75,000 people) – make less than this “median annual income” and need housing that is available at lower prices. The other 50 percent of Santa Fe make more than this income or and can afford housing that is priced higher. Table 6 divides Santa Fe households (City and County) into three categories: low-, moderate-, and higher-income households who respectively comprise of 44, 18, and 38 percent of the households in Santa Fe.

Table 6 Income Distribution & Affordable Purchase Price

AMI%	Annual Income	Affordable Purchase Price	Number of Households	% Santa Fe County Households
<80%	<\$58,080	<\$226,750	~32,000	~44%
80-120%	\$58,080 - \$87,050	\$226,750 - \$339,750	~12,600	~18%
>120%	>\$87,050	>\$339,750	~26,600	~38%

Table 7 lays out the distribution of single-family housing units sold by year and price group in both the incorporated and unincorporated areas of the County. Note that this includes homes requiring costly rehabilitation improvements. Over the last decade, homes have gotten significantly more expensive to the point where practically zero homes are being sold for less than \$250,000 (an affordable price for a median, or moderate-income Santa Fe County household).

Table 7. Number of Santa Fe City & County Single Family Home Sales According to Price Point

Price Range	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	% of 2021 Total Sales
\$0-150k	97	58	61	42	36	19	15	16	9	2	0%
\$150,001-250K	324	337	349	358	310	333	230	129	46	20	1%
\$250,001-350K	199	281	269	311	362	405	421	424	392	247	12%
\$350,001-450k	184	201	182	213	230	266	293	323	343	389	20%
\$450,001-550k	132	116	114	165	163	193	241	223	260	256	13%
\$550,001-650k	73	69	95	89	114	139	137	163	184	227	11%
\$650,001-750k	66	69	70	67	75	85	98	108	156	147	7%
\$750001+	174	180	216	209	227	299	353	350	450	704	35%
TOTAL	1,249	1,311	1,356	1,454	1,517	1,739	1,788	1,736	1,840	1,992	100%

Source: Santa Fe Association of Realtors (2022)

Current market sales prices are generally unaffordable, or inaccessible for about 62 percent of Santa Fe households (City and County).

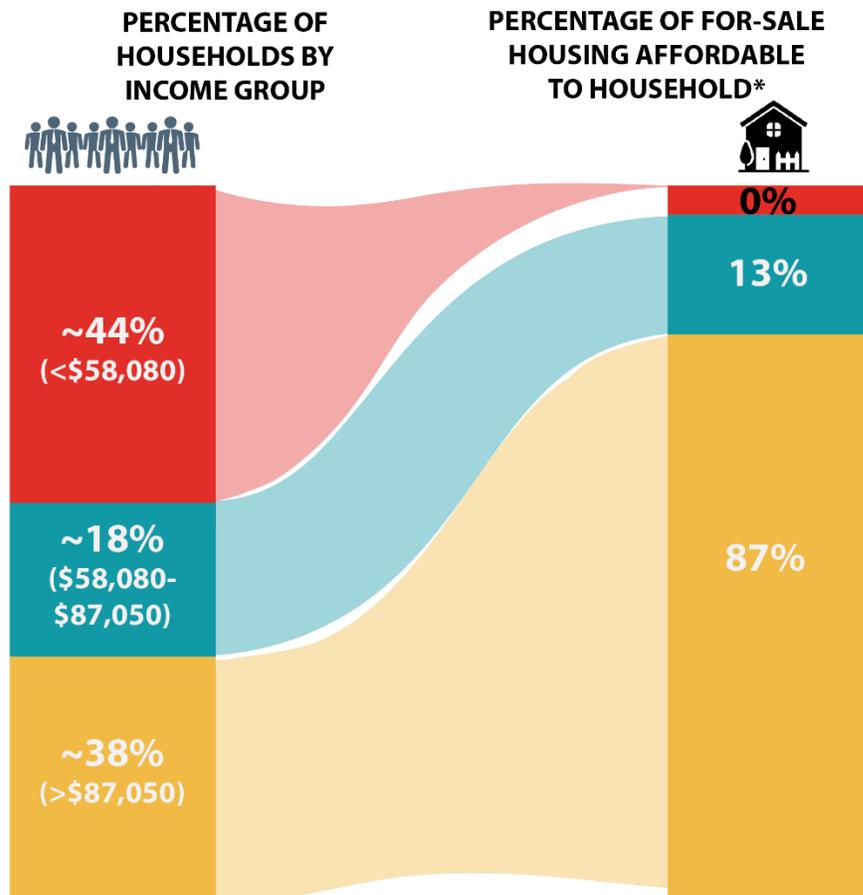
- Low- and very low-income households making \$58,050 or less per year (<80% AMI) constitute about 44 percent of Santa Fe County households but sales data from 2021 demonstrates that there are virtually 0 homes accessible at a price that would be affordable (0.01 percent of sales).
- Moderate- and median-income households making between \$58,050 and \$87,050 per year (80%-120% AMI) constitute about 18 percent of Santa Fe County households and would hypothetically be able to compete for 13 percent of the sales volume.
- Only 13 percent of housing is being sold at rates that are affordable for up to 62 percent of the population (up to 120% AMI).
- A household making the median annual income (~\$72,550) with a minimum down payment is effectively unable to afford a home in the incorporated or unincorporated areas of Santa Fe County.

Table 8 Income Distribution and Percentage of Market Which is Affordable

AMI%	Annual Income	Affordable Purchase Price	Number of Households	% Santa Fe County Households	% of Market Which is Affordable
<80%	<\$58,080	<\$226,750	~32,000	~44%	~0%
80-120%	\$58,080 - \$87,050	\$226,750 - \$339,750	~12,600	~18%	~13%
>120%	>\$87,050	>\$339,750	~26,600	~38%	~87%

Sources: Sources: HUD 2022 Income Limits Summary; County of Santa Fe 2022; Sites Southwest 2022

Figure 26 Percent of Housing Affordable to Santa Fe Households



Sources: Sources: HUD 2022 Income Limits Summary; City of Santa Fe 2022; County of Santa Fe 2022; Sites Southwest 2022
 *Affordability calculated via Table 5

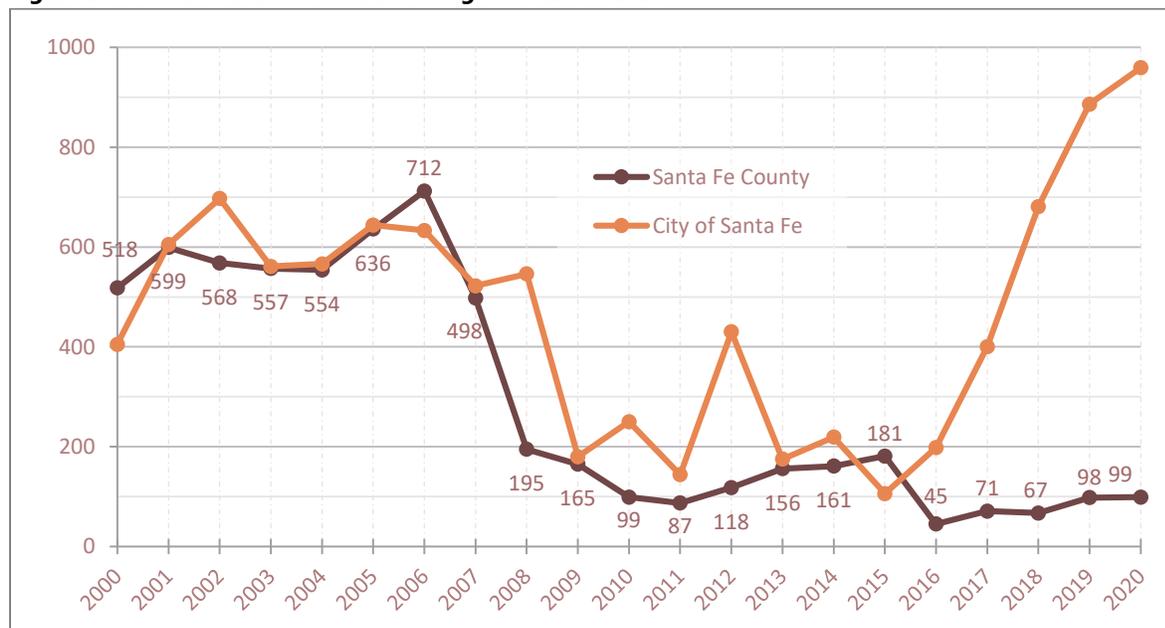
New Construction

Santa Fe County and the City of Santa Fe are two independent permitting jurisdictions which independently have a large impact on growth and development. In the 1980's, the City permitted around 700 residential units per year, but annual units dropped to around 500 units per year in the 1990's (see Figure 27).

Between 2000 and 2004, both the City and County were independently permitting over 500 units per year but, starting in 2005, County permits quickly dropped into the hundreds. The City of Santa Fe continued permitting over 500 housing units until the 2008 housing crisis and then joined the County in permitting only a small amount of new housing units.

In 2016, the City loosened regulatory restrictions which made it easier to develop multi-family housing units and national housing trends began to more robustly seek development opportunities. The City of Santa Fe quickly began approving several hundred housing units per year. Santa Fe County enacted the Sustainable Land Development Code in 2016 which was intended to encourage and focus development in sustainable areas but, as of yet, has not benefited from the national boom in housing development or started permitting a higher number of housing units.

Figure 27. Permitted Residential Dwelling Units 2000-2020



Sources: UNM Housing Data Report, US Census Bureau – Annual Building Permits Survey; Santa Fe County Building Permits; City of Santa Fe Building Permits

Note that the number of Santa Fe County permitted dwelling units may vary from this chart depending on the source and calculation type.

Development Costs of New Housing

Simplified proformas show estimated development costs for the conventional construction of housing for purchase (assumed to be single-family), of housing for rent (assumed to be multi-family), and of pre-manufactured housing.

The development cost of new housing has been estimated using reasonable land, infrastructure, construction, finance, and softs costs which have been evaluated through discussions with public agencies, development consultants, and with private for-profit and non-profit development professionals experienced in both market-rate and affordable housing projects at small and large scales. Development costs are extremely variable and are conditioned on a wide range of factors. The purpose of these proformas is to compare the cost of different development types at different densities to understand how density might impact the affordability of housing.

The simplified proformas show that site-built housing developed for purchase can range drastically depending on the densities at which it is developed (see Table 9). For housing developed at a density of one to four dwelling units per acre, the cost is estimated to be around \$600,000 to \$800,000. If housing is developed around ten dwelling units per acre, the cost is estimated to be around \$400,000, representing almost a 50 percent decrease in purchase costs.

Though increasing development densities can drastically reduce the total development cost of housing and, if applicable, reduce the level of subsidies required to provide units affordable to low- and moderate-income families, site-built single-family housing is expected to remain high in comparison to multi-family (rental or condos) and pre-manufactured housing.

Table 9. Development Cost Estimates of Housing for Purchase

Development Cost Estimates of Site-built Housing for Purchase	Very Low Density	Low Density	Medium Density	Maximum Density
	1 DU/ac	4 DU/ac	7 DU/ac	10 DU/ac
Number of Units	1	4	7	10
Land Cost Per Unit	\$100,000	\$80,000	\$60,000	\$40,000
Site Work, Infrast./Unit	\$80,000	\$65,000	\$55,000	\$50,000
Building Constr. Cost/ S.F.	\$200	\$200	\$200	\$200
Average S.F./Unit	2,000	1,700	1,200	1,100
Permit/Application Fees/Unit	\$3,850	\$3,850	\$3,152	\$3,152
Development Cost Estimate:				
Total Land Cost/ac	\$100,000	\$320,000	\$420,000	\$400,000
Total Site Work/ Infrastructure	\$80,000	\$260,000	\$385,000	\$500,000
Total Permit Costs	\$3,850	\$15,400	\$22,064	\$31,520
Building Constr. Cost	\$400,000	\$1,360,000	\$1,680,000	\$2,200,000
Constr. Loan Interest Total (8%)	\$32,000	\$108,800	\$134,400	\$176,000
Soft Costs (20%)	\$123,170	\$412,840	\$528,293	\$661,504
Sales Costs (6%)	\$44,341	\$148,622	\$190,185	\$238,141
Total Development Cost	\$783,361	\$2,477,040	\$3,169,757	\$3,969,024
Total cost per sf	\$392	\$364	\$377	\$361
Cost Per Unit	\$783,361	\$619,260	\$452,822	\$396,902

Table 10. Site-Built Affordability Gaps - Indicated by Negative Numbers (Assumes Family of 3)

Gap Between Development Cost and Affordable Prices	1 DU/ac	4 DU/ac	7 DU/ac	10 DU/ac
	\$783,361	\$619,260	\$452,822	\$396,902
30% AMI Affordable Price	\$85,000	\$85,000	\$85,000	\$85,000
<i>Gap or Surplus Affordability</i>	-\$698,361	-\$534,260	-\$367,822	-\$311,902
50% AMI Affordable Price	\$141,750	\$141,750	\$141,750	\$141,750
<i>Gap or Surplus Affordability</i>	-\$641,611	-\$477,510	-\$311,072	-\$255,152
60% AMI Affordable Price	\$170,000	\$170,000	\$170,000	\$170,000
<i>Gap or Surplus Affordability</i>	-\$613,361	-\$449,260	-\$282,822	-\$226,902
70% AMI Affordable Price	\$198,500	\$198,500	\$198,500	\$198,500
<i>Gap or Surplus Affordability</i>	-\$584,861	-\$420,760	-\$254,322	-\$198,402
80% AMI Affordable Price	\$226,750	\$226,750	\$226,750	\$226,750
<i>Gap or Surplus Affordability</i>	-\$556,611	-\$392,510	-\$226,072	-\$170,152
100% AMI Affordable Price	\$283,500	\$283,500	\$283,500	\$283,500
<i>Gap or Surplus Affordability</i>	-\$499,861	-\$335,760	-\$169,322	-\$113,402
120% AMI Affordable Price	\$339,750	\$339,750	\$339,750	\$339,750
<i>Gap or Surplus Affordability</i>	-\$443,611	-\$279,510	-\$113,072	-\$57,152
150% AMI Affordable Price	\$425,000	\$425,000	\$425,000	\$425,000
<i>Gap or Surplus Affordability</i>	-\$358,361	-\$194,260	-\$27,822	\$28,098
200% AMI Affordable Price	\$566,500	\$566,500	\$566,500	\$566,500
<i>Gap or Surplus Affordability</i>	-\$216,861	-\$52,760	\$113,678	\$169,598

The below example shows simplified proformas for rental housing that demonstrate a range of project densities from seven to twenty units per acre. This shows that at approximately 7 units per acre, projects would resemble smaller, one and two-story clustered housing built as either single-family detached units or as duplexes and triplexes. At approximately twenty units per acre, projects would resemble two and three-story townhomes or suburban garden apartments with parking and some open space. After discussing development costs with several developers, the inferred understanding is that twenty dwelling units per acre and about 60 or 100 units per development is an approximate minimum density at which they can build low or moderately-priced multifamily projects – this is especially relevant if there are requirements to include affordable housing.

Table 11. Development Cost Estimates of Rental Housing

Development Cost Estimates of Rental Housing	Medium Density	Medium Density	Medium/High Density	High Density
	7 DU/ac	10 DU/ac	14 DU/ac	20 DU/ac
Number of Units	7	10	14	20
Land Cost Per Unit	\$60,000	\$40,000	\$30,000	\$30,000
Site Work, Infrast./Unit	\$50,000	\$40,000	\$30,000	\$20,000
Building Constr. Cost/ S.F.	\$200	\$200	\$200	\$200
Average S.F./Unit	1,000	1,000	800	800
Permit/Application Fees	\$3,940	\$3,820	\$3,820	\$3,820
Development Cost Estimate:				
Land Cost	\$420,000	\$400,000	\$420,000	\$600,000
Site Work/ Infrastructure	\$350,000	\$400,000	\$420,000	\$400,000
Permits	\$27,580	\$38,200	\$53,480	\$76,400
Building Constr. Cost	\$1,400,000	\$2,000,000	\$2,240,000	\$3,200,000
Constr. Loan Interest Total (8%)	\$112,000	\$160,000	\$179,200	\$256,000
Pre-funded Reserves (\$1,200/unit)	\$8,400	\$12,000	\$16,800	\$24,000
Soft Costs @ 20%	\$395,564	\$510,876	\$564,026	\$769,752
Total Development Cost	\$2,713,544	\$3,521,076	\$3,893,506	\$5,326,152
Average Cost Per Unit	\$387,649	\$352,108	\$278,108	\$266,308
Total Cost per SF	\$388	\$352	\$348	\$333
Funding Sources				
Owner's Equity (20%)	\$542,709	\$704,215	\$778,701	\$1,065,230
Mortgage (80%)	\$2,170,836	\$2,816,861	\$3,114,805	\$4,260,922
Total Sources of Funding	\$2,713,544	\$3,521,076	\$3,893,506	\$5,326,152
Monthly Operating Proforma				
Owner's Monthly ROI (7% annual)	\$3,166	\$4,108	\$4,542	\$6,214
Annual Debt Cost (30yr, 5% int)	\$11,605	\$15,059	\$16,652	\$22,779
Operating Cost (\$400/unit/mo)	\$2,800	\$4,000	\$5,600	\$8,000
Total Monthly Cost	\$17,571	\$23,167	\$26,794	\$36,992
Occupancy Rate	95%	95%	95%	95%
Monthly Rent Per Unit	\$2,642	\$2,439	\$2,015	\$1,947

The simplified proformas show that rental housing can be developed at around \$250,000 to \$400,000 per unit and would rent for between \$1,900 and \$2,600 per month (see Table 11). Developing rental housing at twenty dwelling units per acre has the potential to lower rental costs by 25 percent in comparison to seven units per acre. At the current development costs, it may be feasible to develop rental housing at levels that are almost affordable to the median Santa Fe County household (100% AMI) (see Table 12).

Table 12. Rental Affordability Gaps - Indicated by Negative Numbers (Assumes Family of 3)

Gap Between Development Cost and Affordable Prices	7 DU/ac	10 DU/ac	14 DU/ac	20 DU/ac
	\$2,642	\$2,439	\$2,015	\$1,947
30% AMI Affordable Price	\$545	\$545	\$545	\$545
<i>Gap or Surplus Affordability</i>	-\$2,098	-\$1,894	-\$1,470	-\$1,402
50% AMI Affordable Price	\$908	\$908	\$908	\$908
<i>Gap or Surplus Affordability</i>	-\$1,735	-\$1,531	-\$1,107	-\$1,039
60% AMI Affordable Price	\$1,089	\$1,089	\$1,089	\$1,089
<i>Gap or Surplus Affordability</i>	-\$1,553	-\$1,350	-\$926	-\$858
70% AMI Affordable Price	\$1,271	\$1,271	\$1,271	\$1,271
<i>Gap or Surplus Affordability</i>	-\$1,372	-\$1,168	-\$744	-\$676
80% AMI Affordable Price	\$1,452	\$1,452	\$1,452	\$1,452
<i>Gap or Surplus Affordability</i>	-\$1,190	-\$987	-\$563	-\$495
100% AMI Affordable Price	\$1,815	\$1,815	\$1,815	\$1,815
<i>Gap or Surplus Affordability</i>	-\$827	-\$624	-\$200	-\$132
120% AMI Affordable Price	\$2,176	\$2,176	\$2,176	\$2,176
<i>Gap or Surplus Affordability</i>	-\$466	-\$262	\$162	\$229
150% AMI Affordable Price	\$2,721	\$2,721	\$2,721	\$2,721
<i>Gap or Surplus Affordability</i>	\$79	\$283	\$707	\$774
200% AMI Affordable Price	\$3,628	\$3,628	\$3,628	\$3,628
<i>Gap or Surplus Affordability</i>	\$985	\$1,189	\$1,613	\$1,681

Pre-manufactured homes that meet the standards of the New Mexico Manufactured Housing Act are an affordable alternative to conventional, or on-site construction. Pre-manufactured homes are built to the same HUD and Uniform Building Code requirements and, per State law, are to be treated the same way as conventional single-family homes.

The simplified proformas for pre-manufactured housing used purchase cost estimates from 2021 which are expected to be significantly higher in 2022 given inflation, interest, and construction cost increases. Regardless, proformas for pre-manufactured housing show that housing can be considerably cheaper when developed at off-site manufacturing facilities and shipped into the Santa Fe area. The cost of developing pre-manufactured housing is expected to range from around \$450,000 when developed at a density of one unit per acre to around \$250,000 when developed at a density of ten dwelling units per acre (see **Table 13**). Pre-manufactured housing at ten dwelling units per acre is expected to be affordable for median Santa Fe County households (100% AMI) and may even achieve affordable prices when developed at lower densities.

Table 13. Development Costs of Pre-Manufactured Housing

Development Costs of Pre-Manufactured Housing	Very Low Density	Low Density	Medium Density	Maximum Density
	1 DU/ac	4 DU/ac	7 DU/ac	10 DU/ac
Number of Units	1	4	7	10
Land Cost Per Unit	\$100,000	\$80,000	\$60,000	\$40,000
Site Work, Infrast./Unit	\$80,000	\$65,000	\$55,000	\$50,000
Average Purchase Cost (2021)	\$123,200	\$123,200	\$123,200	\$123,200
Delivery & Foundation	\$10,000	\$10,000	\$10,000	\$10,000
Permit/Application Fees/Unit	\$3,000	\$3,000	\$3,000	\$3,000
Development Cost Estimate:				
Total Land Cost/ac	\$100,000	\$320,000	\$420,000	\$400,000
Total Site Work/ Infrastructure	\$80,000	\$260,000	\$385,000	\$500,000
Total Permit Costs	\$3,000	\$12,000	\$21,000	\$30,000
Building Constr. Cost	\$133,200	\$532,800	\$932,400	\$1,332,000
Constr. Loan Interest Total (8%)	\$10,656	\$42,624	\$74,592	\$106,560
Soft Costs (20%)	\$65,371	\$233,485	\$366,598	\$473,712
Sales Costs (6%)	\$23,534	\$84,055	\$131,975	\$170,536
Total Development Cost	\$415,761	\$1,400,909	\$2,199,590	\$2,842,272
Total cost per sf	\$42	\$35	\$31	\$28
Cost Per Unit	\$415,761	\$350,227	\$314,227	\$284,227

Table 14. Pre-Manufactured Affordability Gaps - Indicated by Negative Numbers (Assumes Family of 3)

Gap Between Development Cost and Affordable Prices	1 DU/ac	4 DU/ac	7 DU/ac	10 DU/ac
	\$415,761	\$350,227	\$314,227	\$284,227
30% AMI Affordable Price	\$85,000	\$85,000	\$85,000	\$85,000
<i>Gap or Surplus Affordability</i>	-\$330,761	-\$265,227	-\$229,227	-\$199,227
50% AMI Affordable Price	\$141,750	\$141,750	\$141,750	\$141,750
<i>Gap or Surplus Affordability</i>	-\$274,011	-\$208,477	-\$172,477	-\$142,477
60% AMI Affordable Price	\$170,000	\$170,000	\$170,000	\$170,000
<i>Gap or Surplus Affordability</i>	-\$245,761	-\$180,227	-\$144,227	-\$114,227
70% AMI Affordable Price	\$198,500	\$198,500	\$198,500	\$198,500
<i>Gap or Surplus Affordability</i>	-\$217,261	-\$151,727	-\$115,727	-\$85,727
80% AMI Affordable Price	\$226,750	\$226,750	\$226,750	\$226,750
<i>Gap or Surplus Affordability</i>	-\$189,011	-\$123,477	-\$87,477	-\$57,477
100% AMI Affordable Price	\$283,500	\$283,500	\$283,500	\$283,500
<i>Gap or Surplus Affordability</i>	-\$132,261	-\$66,727	-\$30,727	-\$727
120% AMI Affordable Price	\$339,750	\$339,750	\$339,750	\$339,750
<i>Gap or Surplus Affordability</i>	-\$76,011	-\$10,477	\$25,523	\$55,523
150% AMI Affordable Price	\$425,000	\$425,000	\$425,000	\$425,000
<i>Gap or Surplus Affordability</i>	\$9,239	\$74,773	\$110,773	\$140,773
200% AMI Affordable Price	\$566,500	\$566,500	\$566,500	\$566,500
<i>Gap or Surplus Affordability</i>	\$150,739	\$216,273	\$252,273	\$282,273



3.0

HOUSING NEEDS ASSESSMENT

DATA DASHBOARD

HOUSING UNITS



17,216 ADDITIONAL HOUSING UNITS

Needed between **2022** and **2025** to accommodate existing employees and residents

COST-BURDENED



34%

of the Santa Fe County population [1 in 3]



6,232 subsidized or affordable rental units needed

(at prices less than **\$1400** per month)

HOUSING ASSISTANCE NEEDED FOR HOMELESS AND HOUSING INSECURE:

75-150 spaces
Non-Congregate & Outdoor Spaces

173-350 units
Transitional and/or Rapid Re-Housing

176-300 units
Permanent Supportive Housing



HOUSING ASSISTANCE NEEDED FOR LOW-INCOME HOUSEHOLDS:

8,400 vouchers
for Low-Income Renters

6,163 loans & grants
for Down Payment Assistance

322 loans & grants
for housing rehabilitation

Housing Needs Analysis

The housing needs in Santa Fe County are significant and multi-faceted. This assessment includes all of Santa Fe County, including both incorporated and unincorporated areas of the County. The research used to develop this Plan has identified that 34% of existing residents are burdened by the unaffordable cost of housing and the majority of Santa Fe County households have incomes too low to compete within the current housing market. Relatedly, many households in Santa Fe County have special housing needs involving physical, mental, income, or temporary living conditions. These special housing needs are the focus of many public and non-profit programs.

This housing plan considers two distinct categories of housing need:

1. The need for additional, physical housing units to satisfy the existing housing shortage. This requires the development of new housing units to reduce inequitable exclusionary housing displacement, facilitate a healthy housing market, and to achieve more affordable housing prices. This is typically addressed through housing development projects from private for- and not-for-profit developers.
2. The need for various types of targeted housing assistance programs based on burdens and special housing needs. This can include, or overlap with, the development of new housing units but is more particularly focused on providing assistance which can help people access and stay in affordable housing units. These needs are typically addressed through private and public housing assistance programs.

More information can be found in the 2020 Santa Fe County Housing Data Report prepared by the Bureau of Business & Economic Research (Housing Data Report) and attached as an appendix. Unless otherwise noted, the term “Santa Fe County” includes the entire population and geographic area of the County including incorporated communities like the City of Santa Fe.

Housing Shortage

Conservative Demand for New Units

The lack of affordable housing in Santa Fe County is most impacted by a shortage of available housing units or, put of another way, by the unmet demand for units which results in elevated housing costs and the displacement of existing residents – especially those with lower incomes and those who have been historically disenfranchised.

Impact of Utilities on Housing Cost & Affordability

Per HUD regulations, a household’s total housing cost must include the cost of the household’s rent or mortgage payment plus the cost of the household’s monthly utility expenses. Data shows that estimated utility costs for low and extremely low-income households in Santa Fe County make up a large percentage of the household’s total housing costs and gross annual income.

Assuming that a home utilizes gas and electricity for utility services, households at 30% AMI (~\$17,000-28,000) spend approximately 9 percent of their gross annual income on utility expenses. Households at 50% AMI (~\$28,000-\$40,000) spend approximately 5 percent of their gross annual income on utility expenses and households at 80% AMI (~\$45,000-\$65,000) spend approximately 3 percent of their gross annual income on utility expenses.

If a household only utilizes electricity for energy services, the percentage of gross annual income spent on utility expenses increases. A household at 30% AMI that utilizes only electricity to power their home spends approximately 14.5 percent of their gross annual income on utility expenses. Households at 50% AMI spend approximately 9 percent of their gross annual income on utility expenses, and households at 80% AMI spend approximately 6 percent of their gross annual income on utility expenses. At 100% AMI or higher, estimated utility costs become a negligible percentage of a household's gross annual income. However, as utility rates continue to increase for electricity, water, sewer, natural gas and propane, low-income households will continue to spend a larger proportion of their income on utility expenses.

Given the disproportionate amount of household income spent on utility expenses by low-income households in the County, increasing energy efficiency measures for low-income tenants and homeowners is a tangible mechanism for increasing housing affordability. Retrofitting affordable homes with solar, low-flow toilets, high efficiency aerators and energy efficiency appliances is a way to reduce overall housing expenses by decreasing a household's monthly utility expenses.

Housing Needs Assessment

Single-Family .

Multiple studies have used different methodologies to estimate Santa Fe's housing shortage:

- Santa Fe Association of Realtors/New Mexico Apartment Advisors, 2017:
 - Shortage of Multi-Family Apartment Housing – 9,624 units
- New Mexico Mortgage Finance Authority Housing Needs Analysis, 2020:
 - Shortage of Affordable, Low-Income Housing – 7,343 units
- University of New Mexico, BBER, Santa Fe County Housing Data Report, 2019:
 - Total Shortage in 2020: 10,672 units
 - Total Shortage by 2025: 15,466 units
 - Shortage of Owner-Occupied Housing – 11,239 units
 - Shortage of Renter-Occupied Housing – 4,227 units

Using a methodology that focuses on existing, overcrowded residents and existing employee demand but which conservatively excludes¹¹ cost-burdened households, housing market competition, and speculative or planned job growth, this report estimates:

Total Shortage 2022-2025: 17,296 units

- **Shortage of Owner-Occupied Housing – 10,330 units**
- **Shortage of Renter-Occupied Housing – 6,886 units**

The calculated shortage of new housing units includes the following (see Table 15):

- Estimated demand from existing in-commuters (employees) who want to live in Santa Fe (Surveys)
- Existing households which are overcrowded and need additional space (U.S. Census)
- Demand due to population growth (UNM-estimated low-growth projections)
- Estimated permitted housing units (proxy for new housing construction since 2020)

The calculated shortage for new housing units conservatively excludes the following:

- Existing, cost-burdened households (21,044) who need financial assistance or lower cost housing which does not *directly* equate to a unit shortage (see Cost-Burdened Households pg.54)
- Demand by in-migrants and competition with or displacement of existing residents (see Population, Growth & Migration pg.20)
- Demand for seasonal or vacant units (gap between new and occupied units ~6.8 percent)
- Demand for employee housing to satisfy growing industries (speculative)
- Demand from Los Alamos National Laboratories expansion (expected 500 units annually¹²)

Table 15. Housing Shortage – 2020

Shortage - 2020-2025	Number of Housing Units
Shortage in 2020	14,742
In-Commuter Housing Shortage	12,169
Existing Overcrowded Units	2,573
Demand per Population Growth 2020-25 (Housing Data Report)	5,074
Shortage of Housing Units 2020 – 2025; Total	19,816

Source: Commuter Surveys; U.S. Census; Housing Data Report; Sites Southwest

Table 16. Housing Shortage - 2022

Shortage - 2022-2025	Number of Housing Units
2020-2025 Identified Shortage	19,816
Estimated New Permits (2020 - 2021) (Housing Data Report)	-2600
City of Santa Fe (Two-year cumulative estimate)	2,000
Santa Fe County (Two-year cumulative estimate)	600
Shortage of Housing Units 2022 – 2025; Total	17,216

Source: U.S. Census; Housing Data Report; Sites Southwest

¹¹ Excluded factors were decided based on potentially redundant or overlapping demand for housing units a.

¹² Los Alamos County expects LANL to hire "...2,000 new employees annually for the next three to five years..." (10/26/2022 Planning & Zoning Commission Staff Report). LANL Senior Staff estimated 4,500-6,200 new hires between 2021-2023 (8/10/2021 – Beierschmitt; 6/14/2022 – Mason). 26 percent of current employees live in Santa Fe and at least that proportion is expected to similarly locate (~1,400 between 2021-2023 and about 500 annually for 2023-2025).

Housing Shortage: Location & Tenure

The need for new housing units can be divided between tenure, jurisdiction, and price. Distribution between owner-occupied and renter-occupied units is divided at a ratio of 60- to 40 percent approximately representing future feasible development (see Table 17). Distribution of the shortage can also be divided between how many units could be built within the City of Santa Fe versus Santa Fe County. This has been divided in accordance with the population ratio between the two jurisdictions.

Table 17. Housing Shortage Distribution by Tenure and Jurisdiction

Housing Shortage by Tenure and Jurisdiction	Total Santa Fe County + City of Santa Fe	Assumed Santa Fe County (44%)	Assumed City of Santa Fe (56%)
Demand for Additional Housing Units by 2025	17,216	7,575	9,641
Owner-Occupied Units (60%)	10,330	4,545	5,785
Renter-Occupied Units (40%)	6,886	3,030	3,856

Source: Sites Southwest

Housing Burdens

Cost-Burdened Households

Households are considered to have a housing cost burden if they pay more than 30 percent of their annual income on housing related costs including mortgage or rent payments, utilities, and other typical housing expenses. When a household pays more than 30 percent for housing, they may have difficulty affording other necessities such as food, clothing, transportation, and medical care which disproportionately affects low-income families. Aid which can help cost-burdened households includes rental assistance, utility fee waivers, maintenance or rehabilitation improvements, and relocation assistance.

The measurement of cost-burdened households can provide a false understanding of affordability due to the reliance on historic and lower home valuations, historic and lower mortgage interest rates, older lease agreements, paid-off homes, substandard housing, and family- or non-market-based rental and living arrangements. Housing costs experienced by existing residents can be significantly less than the cost of “modern” housing prices available on the market. To illustrate this difference, we can compare the Census-estimated median valuation of all homes in Santa Fe County at \$314,000 (2019 ACS 1-year estimates) with the average market purchase price for owner-occupied housing, including single-family, condos, triplexes, and mobile homes at \$527,000 or the median price of single-family housing at \$590,000 (2021 Santa Fe Association of Realtors – Includes City and County). According to HUD standards and the affordability chart included in this plan (Table , p.32), \$314,000 is affordable for a 3-person, 115% AMI household (\$83,450 annual income), whereas the current market prices of around \$527,000 or \$590,000 are only affordable to a 3-person, 200% AMI household (\$145,100 annual income).

Approximately 34 percent of all Santa Fe County households (21,044 households), are cost-burdened in the current place they live. This includes 12,174 owners who own their home (16 percent of all owners) and 8,870 households who rent (49 percent of all renters) (see Table 18).

Table 18 Cost-Burdened Households

Cost-Burdened Households	# of Units	% of Total Households
Occupied Housing Units	62,182	
Total Non-Cost-Burdened Households	41,138	66%
Total Cost-Burdened Households	21,044	34%
Cost-Burdened Owners	12,174	16% of owners
<i>Cost-Burdened Owners with a Mortgage</i>	<i>8,900</i>	<i>36% of owners with mortgage</i>
Cost-Burdened Renters	8,870	49% of renters
<i>Low-Income Cost-Burdened Renters</i>	<i>8,163</i>	

Source: US Census Bureau American Community Survey 1-Year Estimates 2019 Table DP04; UNM Housing Data Report; Sites Southwest

For owner-occupied households, owners with a mortgage are of greater concern and 36 percent of them are cost-burdened. For owners with a mortgage, the \$75,000 annual income level is a division point (approximately 100% AMI). Above \$75,000 and owners with a mortgage are not generally cost-burdened but almost half (48 percent) of the owners with annual incomes of between \$50,000 and \$74,999 are cost-burdened. Though homeowners with an existing mortgage are not likely to be the recipient of most forms of housing assistance, recognizing when households tend to be cost-burdened can help identify need and justify programs.

For renter-occupied households, 49 percent are cost-burdened and the \$50,000 annual income level is a division point (approximately 70% AMI). Renters making more than \$50,000 are generally not cost-burdened, but almost half (46 percent) of renters making between \$35,000 and \$49,999 are cost-burdened (ACS, 2019). Though direct rental assistance is less likely to target 50-70% AMI households due to limited capacity, the county should consider whether inclusionary zoning or other policies can be used to help encourage the provision of housing affordable to these income groups.

Household Crowding

HUD has adopted a standard that more than one person per room indicates “overcrowding.” In Santa Fe (incorporated and unincorporated areas) overcrowded housing is found with both homeowners and with renters though it is more common in renter households. It should be noted that the concept of “crowding” can vary by location and among cultures. HUD’s research has shown that overcrowding is more common in urban areas than in rural areas and that Hispanic households have the highest rate of overcrowding among racial and ethnic groups, but Santa Fe County should consider the range of reasonings behind “crowded” housing when addressing the issue. For some households, HUD’s definition of “crowding” is simply not culturally relevant, as many households prefer intergenerational living; for

others it is due to a lack of larger housing units which can accommodate the household; and for others it is a way to distribute housing costs and make housing more affordable.

Typical remedies for household overcrowding include creating more units at an affordable rate to accommodate the large household size, programs that assist homeowners in adding to their existing home, or creating a greater quantity of affordable housing options that allow the doubled-up household to separate, if that is their choice.

Table 19 Household Crowding

Household Crowding	Not Over-Crowded	Over-Crowded
Owner-Occupied	42,784 units	1,601 units
% of Owner-Occupied Units	96.4%	3.6%
Renter-Occupied	16,825 units	972 units
% of Renter-Occupied	94.5%	5.5%

Source: US Census Bureau American Community Survey 1-Year Estimates 2019 Table DP04; UNM Housing Data Report

Special Housing Needs

Need for Special Housing Services

Table 20. Special Housing Needs

Special Housing Needs	Total Santa Fe County + City of Santa Fe
Homelessness and Unstable Housing	
Homeless Households	412 - 600
Individuals	363 - 400
Families	49 - 100
Youth (18-25 years old) (duplicated counting)	18 - 50
Chronically Homeless Households (duplicated counting)	205 - 300
"Disconnected Youth" with Unstable Housing (14-26 years old)	160 - 300
Families with Children in Unstable Housing (Adelante Program)	185
Children Enrolled in the Adelante Program	423
Survivors of Domestic Violence	60 - 200
Demographic-Based Housing Needs	
Disabled Individuals (Ambulatory)	9,812
Female-Headed Households	19,690
Female-Headed Households with Children (<18 years old)	3,300
Senior Households in Poverty	2,290

Sources: New Mexico Coalition to End Homelessness (2020); US Census – ACS 5-year Estimate 2020; Reconnecting Youth Survey 2017; Esperanza Shelter

Housing Needs by Type

Housing needs can be divided into:

- The need for physical units, especially those at price points which are affordable to existing low- and moderate-income households.
- The need for particular types of housing services (e.g., rehabilitation assistance) or the need for housing which satisfies a particular need (e.g., ADA-accessible housing).

Estimated housing needs are provided in Table 21. The need for additional housing units is based on an identified shortage of housing (Table 16) that is affordable to existing low and moderate-income households and divided by tenure (purchase versus rent) and different income classifications. The need for housing services, however, is based on identified housing needs (Table 3) which includes services for households with unstable housing, the need for ADA-accessible housing, and the need for senior housing.

Different housing types can overlap: ADA-accessible units, for instance, overlap with subsidized senior housing and both types overlap with the need for subsidized rental housing. The calculated gap in Table 21 uses the identified need for additional housing units from Table 17. **Error! Reference source not found.** and distributes them according to corresponding affordability levels. Special housing needs are distributed across corresponding housing types. Homeless households, for instance, are partially supported by emergency shelters, partially by rapid rehousing, partially by permanent supportive housing, and partially by subsidized rentals.

It is important to note that market-rate housing is a critical need for overall housing affordability. Despite Table 21 identifying only a small gap between market rate housing units, additional market rate units increase overall inventory, increase seller competition, and reduce the inflationary pressures on older, smaller, or otherwise less expensive housing units.

- Housing of any type, even higher-end housing can lower the cost of comparable housing types by providing alternatives.
- Especially when the supply is adequate, housing tends to depreciate over time, so even higher-cost housing (especially absent large renovations) depreciates into lower-cost, sometimes more affordable housing.
- Lastly, the creation of higher-end housing can have rippling effects (especially downward) leading to reduced competition and displacement. Without adequate supply, households with a high purchasing-power out-compete households with a lower purchasing-power and will raise (bid-up) the cost of housing. Providing higher-end housing reduces inter-group competition and increases availability across the spectrum of housing price brackets.

Table 21 can help highlight developments that are particularly beneficial for Santa Fe but for the above reasons, it should not be used to discourage or exclude other housing types.

Table 21. Housing Needs by Type (Santa Fe County - Incorporated and Unincorporated Areas)

Type of Housing	Target Market	Gap in Units
Gap or Need for Additional Housing Units (Not Overlapping)		
Entry Level and Low-Income Affordable Home Ownership	Homebuyers with an annual household income of around \$30,000 to \$60,000 depending on household size (50-80% AMI, approximate purchase price ~\$150,000 to ~\$250,000).	6,163
Affordable Workforce Home Ownership	Homebuyers with an annual household income of around \$45,000 to \$90,000 depending on household size (80-120% AMI, approximate purchase price ~\$225,000 to ~\$350,000).	2,970
Market-Rate Home Ownership	Homebuyers with an annual household income greater than about \$70,000 to \$95,000 depending on household size (> 120% AMI, approximate purchase price more than \$350,000).	1,322
Very Low-Income Affordable Rental Housing	Renters with an annual household income of less than about \$35,000 to \$45,000 depending on household size (<60%AMI, approximate rent and utilities less than \$1,000).	4,958
Low-Income Affordable Rental Housing	Renters with an annual household income of around \$35,000 to \$60,000 depending on household size (60-80% AMI, approximate rent and utilities ~\$800 to ~\$1,500).	1,274
Affordable Workforce Rental Housing	Renters with an annual household income of around \$45,000 to \$95,000 depending on household size (80-120% AMI, approximate rent and utilities ~\$1,200 to ~\$2,200).	508
Market-Rate Rental Housing	Renters with an annual household income greater than about \$70,000 to \$90,000 depending on household size (> 120% AMI, approximate rent and utilities greater than ~\$2,000)	21
Gap or Need for Housing Services, Assistance, and Special Housing Characteristics (Overlapping Needs)		
Housing Rehabilitation	Housing rehabilitation is needed to preserve and maintain currently affordable homes. Units that cannot be rehabilitated should be replaced. Rehabilitation assumed based on the number of units without plumbing facilities per US Census estimates.	322
Non-Congregate Shelters & Managed/Safe Outdoor Spaces	Intended for very short-term stays of up to 90 days. This housing type can benefit unsheltered households, individuals/families needing immediate or temporary shelter, and survivors of domestic violence.	75-150
Transitional and/or Rapid Re-Housing	Assistance intended for an intermediary period, typically from 18-24 months. In Rapid Rehousing, it becomes a permanent housing unit with only temporary subsidies to establish the renter. Will sometimes provide services such as job training, mental health assistance, services for domestic violence situations, incarceration reentry, and those recovering from substance abuse.	173-350

Type of Housing	Target Market	Gap in Units
Permanent Supportive Housing	Time unlimited housing for low-income households with qualifying disabilities (physical or behavioral) and documented experience with chronic homelessness (12 months or more).	176-300
ADA-Accessible Housing	Households whose members have ambulatory disabilities and require ADA-accessibility.	9,812
Subsidized Senior Housing	Senior-headed households with a cost burden (includes all cost-burdened seniors).	2,290

Affordable Housing Resources

Affordable housing resources available to residents of Santa Fe County are listed in Appendix A. It is desirable to increase participation of County residents in these programs. Making residents aware of the assistance that is available, and assisting residents find the most appropriate services and programs is important to increasing participation. Housing programs have limited capacity, which makes it even more important to help County residents find the appropriate program.



4.0

LAND USE & POLICY REVIEW

Summary

The provision and availability of affordable housing in Santa Fe County is significantly inhibited by a lack of housing supply. Though some of this supply shortage is caused by volatile or unpredictable external forces such as material costs and labor shortages, historically the County, through Board adopted policies, has also inadvertently contributed to a limited housing supply through restrictive land use regulations that are intended to provide safe, environmentally sensitive and neighborhood friendly developments. This Plan recommends that removing regulatory challenges to new housing development, particularly affordable housing development, providing increasingly consistent information to the community, and simplifying review and entitlement processes, when feasible, can be effective and efficient strategies to achieve accessible affordable housing.

This Plan provides suggestions related to the Sustainable Land Development Code (SLDC) which are intended to encourage the development of more affordable and accessible housing, reduce the complexity of regulations related to housing, and to encourage sustainable development. The SLDC encourages compact, cluster or village-style development in areas with viable infrastructure and capable of sustaining additional growth. It is noted that some land use regulations can inadvertently conflict with SLDC intentions to achieve compact development by requiring potentially expensive or duplicative review processes or by imposing complicated or time-consuming barriers. The application of the SLDC is perceived to increase housing development costs, discourage creative design, increase uncertainty, and contribute to the housing supply shortage resulting in the exclusion of affordable housing for Santa Fe County residents. This perception is not clearly defined with existing data and should be examined in future studies.

Density and development costs are a critical analysis tool to review land use policies. In the Housing Profile chapter, feasible development costs have been estimated to show the cost of providing housing units at different densities ranging from 1 to 20 dwelling units per acre (see Table 9 through Table 14). This analysis demonstrates that estimated home ownership begins to achieve more affordable prices (for average Santa Fe County residents) when developed at a density of around 10 dwelling units per acre of land (du/ac). Table 9, illustrates that building at 10 du/ac instead of 1 du/ac results in a 49 percent cost decrease in development costs. Following the same efficiency principles, housing for rent begins to become more affordable when built to approximately 14 - 20 dwelling units per acre.

The summary of this data analysis is:

1. Cost reductions can be achieved through relatively simple changes in land use policies.
2. Regulatory challenges and complications on moderate and higher-density development can be a barrier to affordable housing development.

Target Density to Achieve Reasonably¹³ Priced Housing:

Housing for Purchase: 10 dwelling units per acre

Housing for Rent: 14 – 20 dwelling units per acre

Outside of the Community College District but within areas targeted for County growth, SLDC regulations and practices often limit housing to 1 – 2.5 dwelling units per acre (e.g., Mixed-Use, Planned Development, Commercial General). Up to 20 dwelling units per acre could be achieved through the acquisition and approval of TDRs (the transfer of development rights) but the program is just achieving maturity and adds time, cost, and complexity to private development. Additionally, the TDR program is planning amendments that allow exemption of TDR requirements to achieve density for affordable housing projects.

The predominant method of achieving new, affordable housing in Santa Fe is to develop relatively expensive housing (at low densities) and then to use limited public or private funds to subsidize affordable units. Achieving low-density affordable housing is typically due to abnormal conditions - a deviation from typical market constraints, below-market land valuations, underpaid or volunteer labor, non-profit or community efforts, or atypical financing rates. A more consistent and cost-effective strategy is to remove existing housing barriers and encourage efficient and affordable housing developments.

This chapter reviews and addresses land use policies and challenges that may inadvertently restrict the development of affordable housing and recommends two strategies to remedy the identified barriers.

1. Review SLDC requirements to determine how to incentivize the production of new, affordable housing units by waiving and streamlining specific requirements for "affordable housing developments."

¹³ In this instance, "reasonably-priced" housing is considered to be housing that the average Santa Fe County resident (approximately 100% area median income) would find affordable.

2. Complete a thorough review of the SLDC with the goal of enhancing the production of new market-rate and affordable housing units.

General Analysis of Land Use

Sustainable Land Development Code (SLDC)

The SLDC was enacted in 2016 to meet the community's need for managing and encouraging increased growth and development. Although the SLDC refined and improved some growth management regulations and increased the revenue it collects from building permits, it does not appear that additional housing growth and development have resulted from the SLDC's passage (see Figure 27. Permitted Residential Dwelling Units 2000-2020). Interviews with developers and County staff indicate that the additional processes, requirements, and restrictions have resulted in a perception of increased inconsistency, uncertainty, and difficulty, as well as increases in project costs. Further analysis is needed to evaluate how and why the SLDC has comprehensively changed the environmental, economic, and social sustainability of land development.

Sustainable Development Areas

The Sustainable Land Use Code (SLDC) intends to encourage environmentally sustainable development by limiting and focusing development. One sustainable development area (SDA-1) is intended to handle the growth for the county and has the potential to provide appropriate infrastructure and services. The other two areas (SDA-2 and SDA-3) have limited density and the focus of the code is on preserving ranching, agriculture, and open space in these rural areas, as services are not able to be provided at this time.

To satisfy Santa Fe County's housing shortage and to increase the availability of affordable housing accessible to County residents, additional housing should be planned, strongly encouraged, and incentivized in SDA-1. In the less-developed SDA-2 and SDA-3 areas, the focus should instead be on supporting and retaining existing affordable units.

12.2.4.2. SDA-1 is characterized as an area where adequate public facilities presently exist, are planned, budgeted or reasonably available. This is a primary growth area that was targeted for growth in the SGMP. Facilities and services within SDA-1 include water, sewer, stormwater, emergency services, parks, open space and trails, and transportation.

Figure 28. Santa Fe County Sustainable Development Areas

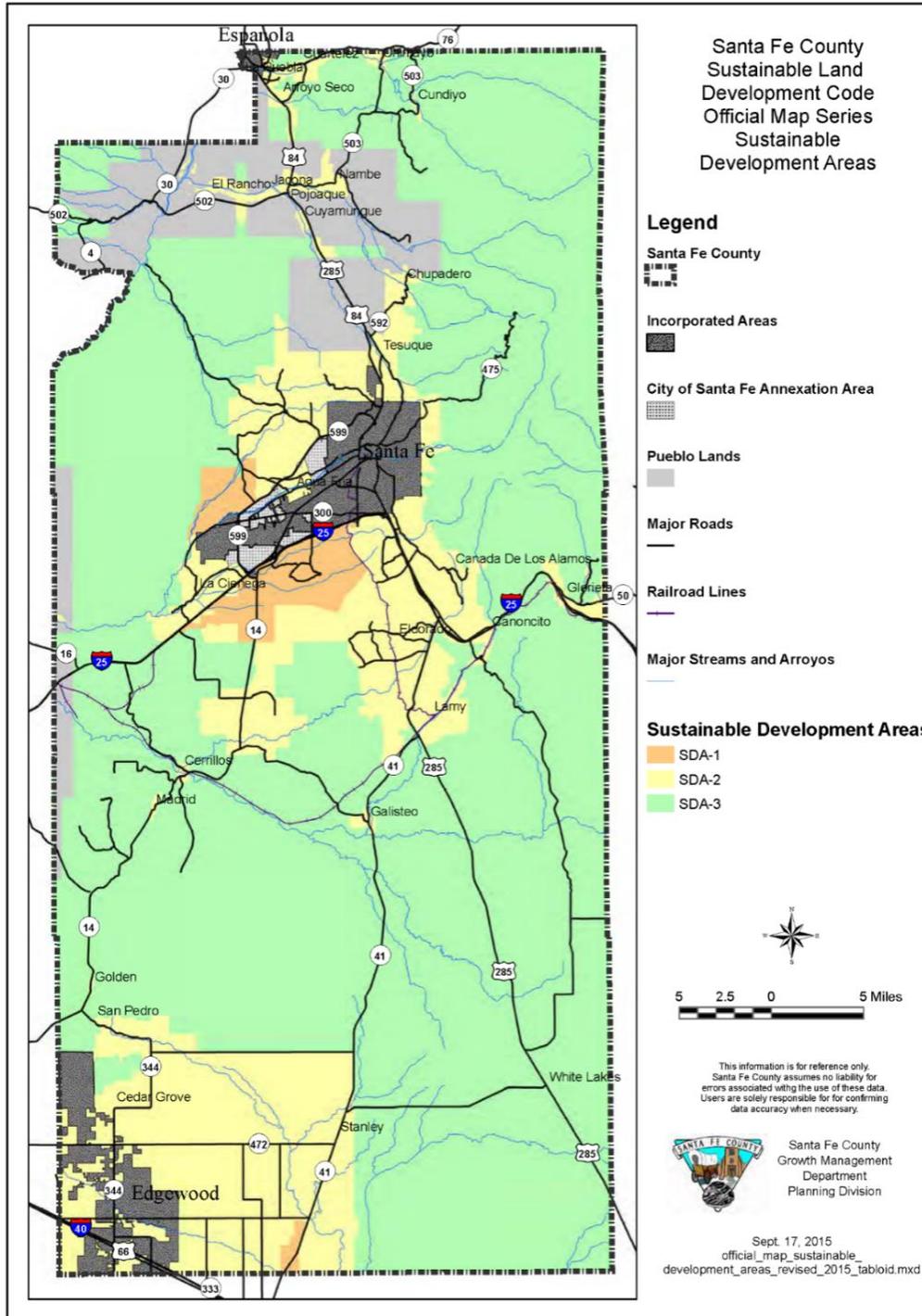


Table 22. Santa Fe County Zoning Development Standards

Zoning District	Residential Base Density Allowed	Height (max) feet	Lot Coverage (%)	Front Setback (min) feet	Side Setback (min) feet	Rear Setback (min) feet
Agriculture/Ranching (A/R)	1 DU per 160ac (0.00625 DU/ac)	36 (residential)	-	25	50	50
Rural (RUR)	1 DU per 40ac (0.025 DU/ac)	36 (residential)	-	25	25	25
Rural Fringe (RUR-F)	1 DU per 20ac (0.05 DU/ac)	36 (residential)	-	25	25	25
Rural Residential (RUR-R)	1 DU per 10ac (0.1 DU/ac)	24	-	20	25	25
Residential Fringe (RES-F)	1 DU per 5ac (0.2 DU/ac)	24	-	10	25	25
Residential Estate (RES-E)	1 DU per 2.5ac (0.4 DU/ac)	24	-	10	25	25
Residential Community (RES-C)	1 DU per 1ac	24	-	5	5	5
Traditional Community (TC)	1 DU per 0.75ac (1.33 DU/ac)	24	-	5	5	5
Commercial General (CG)	2.5 DU/ac (20 DU/ac with TDRs)	40 (48 with TDRs)	60 (80 with TDRs)	5 min – 25 max	0	30
Commercial Neighborhood (CN)	2.5 DU/ac*	24	80	5 min – 25 max	0	30
Public/Institutional (PI)	2.5 DU/ac*	48	80	5	5	10
Mixed Use (MU)	1 DU per 1ac (20 DU/ac with TDRs)	27 (48 with TDRs)	40% (80% with TDRs)	0-25' for property boundaries; 50'-100' Setback		
Planned Development (PD)	1 DU per 1ac (20 DU/ac with TDRs)	27 (48 with TDRs)	40% (80% with TDRs)	5-10' for property boundaries; 50-100' setback minimum from zoning district boundaries		
Planned District: Community College District (CDD) – Includes 10 Subdistricts	Minimum 3.5 DU per acre; 1 DU per acre in CCD Fringe and CCD Rural)	Height varies by Subdistrict	50% req. open space for subdivisions over 5 lots	Setbacks established by subdistrict requirements		

Additional information regarding zoning details, acreage, permit history, property assessment, and infrastructure availability is provided in the Housing Data Report.

Santa Fe Community College District

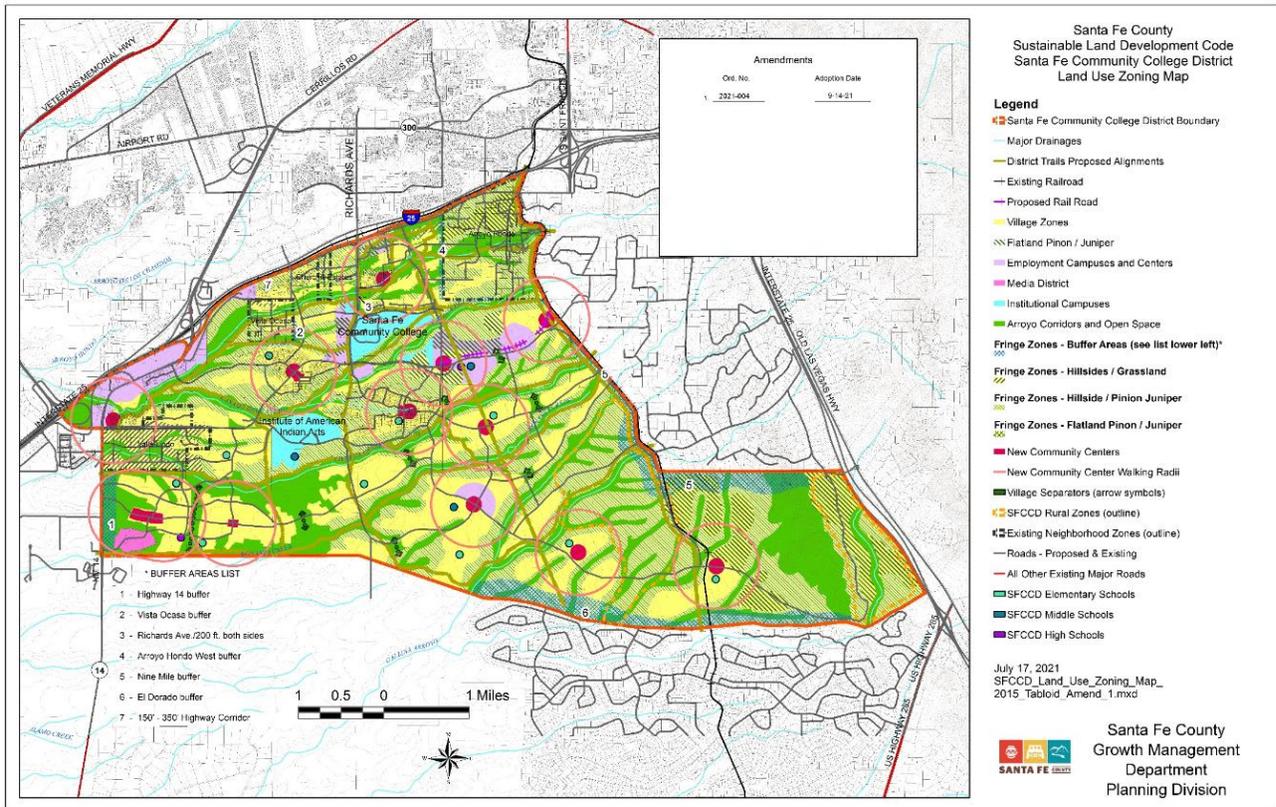
The Santa Fe Community College District is an ambitious overlay plan covering approximately 17,000 acres, the majority of which is undeveloped. The plan, which dates to 2000, envisioned the creation of small, compact, rural villages served by water, sewer, transit and featuring small commercial and community-oriented centers.

“The CCD was created to curb sprawl, maximize infrastructure efficiency, and preserve open space in an area of Santa Fe County under substantial development pressure, and otherwise to implement the vision, goals, and principles of the CCD Plan. The CCD is expected to be the first of a number of new communities to be developed outside the urban area over the next 20 years.” (Community College District Plan – 2000)

The area is located within SDA-1 and has feasible access to infrastructure and public services. Because of the availability of infrastructure and proximity to existing population and employment nodes, the CCD and surrounding area is recognized as one of the most suitable locations for future population and economic growth. Support for this recognition is documented in the Community College District Plan (2000), the Sustainable Growth Management Plan (2015), the SLDC and the Housing Data Report.

The CCD overlay allows some types of higher density, efficient development and is capable of achieving more affordable housing. The CCD regulations also inadvertently include complicated review processes, prescriptive design requirements, and prevents the full flexibility intended via planning documents.

Figure 30. Community College District Land Use Zoning Map



Cost of Time & Complexity in Entitlement Review

The cost of time is a significant factor affecting both market rate and affordable housing projects. The entitlement period is the length of time it takes for a project to be reviewed and, if successful, given final approval. Long entitlement times are especially challenging for affordable housing projects which have limited periods of time in which they can use grants and incentives, and extended review/approval times may disrupt project feasibility or prevent proposals for affordable housing. Similarly, for projects relying on private capital, long entitlement times contribute to uncertainty, market risk, price volatility, and opportunity costs.

An entitlement period of approximately twelve to sixteen months can reasonably be incorporated into the typical “soft costs” of a project. Extended entitlement time, added processes, and additional meetings, generate added costs and complexities which ultimately raise the cost of the resulting housing units. Experienced developers, those with extensive experience in Santa Fe, and those with the capacity to hire lawyers and consultants, can use resources and expertise to get through the entitlement process. For smaller developers who do not have the same expertise or resources to hire consultants, complicated entitlement processes are a prohibitive hurdle in attempting to complete a development package. It should also be noted that the entitlement period is greatly reduced when adequate public services are already in close proximity to a project site, but lack of public services near a project site can substantially increase the entitlement period.

Anecdotal evidence suggests that some developers (especially of affordable housing) avoid proposing housing in Santa Fe (City and County) due to what they perceive as complicated, inconsistent, expensive, and abnormally long entitlement periods. National developers have reported that, compared to other areas of the country, the risk, uncertainty, and cost of entitlements in the Santa Fe area is significantly higher and results in higher sales or rental costs – beyond what their business plan, marketing strategy, and construction style typically aims for. When the Santa Fe housing market has unmet demand for high-cost housing (current conditions) some developers will build more expensive housing while other developers will pursue opportunities in different housing markets.

The cost of an additional six months of entitlement (beyond twelve-to-sixteen months) adds approximately five percent to the total project cost. For a \$20 million dollar project, an extra six months could add \$1 million dollars and an extra two years could add \$4 million dollars to the total project cost.

Figure 31 Potential Cost of Entitlements, Time on Residential Development

Housing Project “A” 50 Homes	Housing Project “B” 50 Homes	Housing Project “C” 50 Homes
12-16 month Approval Process	18-22 month Approval Process	36-40 month Approval Process
Total Development Cost: \$20,000,000	Total Development Cost: \$21,000,000	Total Development Cost: \$24,000,000

(\$400,000 per unit)	(\$420,000 per unit)	(\$480,000 per unit)
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Evaluation of Suitability

Evaluating suitable development areas is most effectively simplified by evaluating areas which have access to, and which can efficiently provide public infrastructure and services like roads, water, sewer, police, and fire. The County has identified that the areas designated within SDA-1 have existing or potential access to these services and that growth and development should be directed into SDA-1 rather than SDA-2 or SDA-3.

Water is an extremely important factor when considering additional population growth and developed land within Santa Fe County. The County Water Division has calculated that 7,500 new housing units divided between the more water-intensive single-family homes and the less-intensive multi-family homes would equate to approximately 1,500-acre feet per year. The County’s Utility Division has confirmed that this water demand is feasible and would not impact the provision of water services. The Utility Division has approximately 1,000-acre feet per year which could hypothetically offset and incentivize affordable housing development but most housing will be required to acquire privately-owned water rights and transfer them to the County.

To ensure long-term water sustainability, it is important that the County consider increased water-conservation and encourage the development of multi-family homes, particularly affordable multi-family housing, which use significantly less water than single-family homes (0.14 versus 0.25-acre feet per year).

Suitable Land

Access to services and potential housing development is most feasible within the CCD and the County should consider additional development within this area. Longer-term, the county should also explore potential housing development in the rest of SDA-1 such as land between the City of Santa Fe and Caja del Rio and along NM State Road 14 in the multi-use zoned areas.

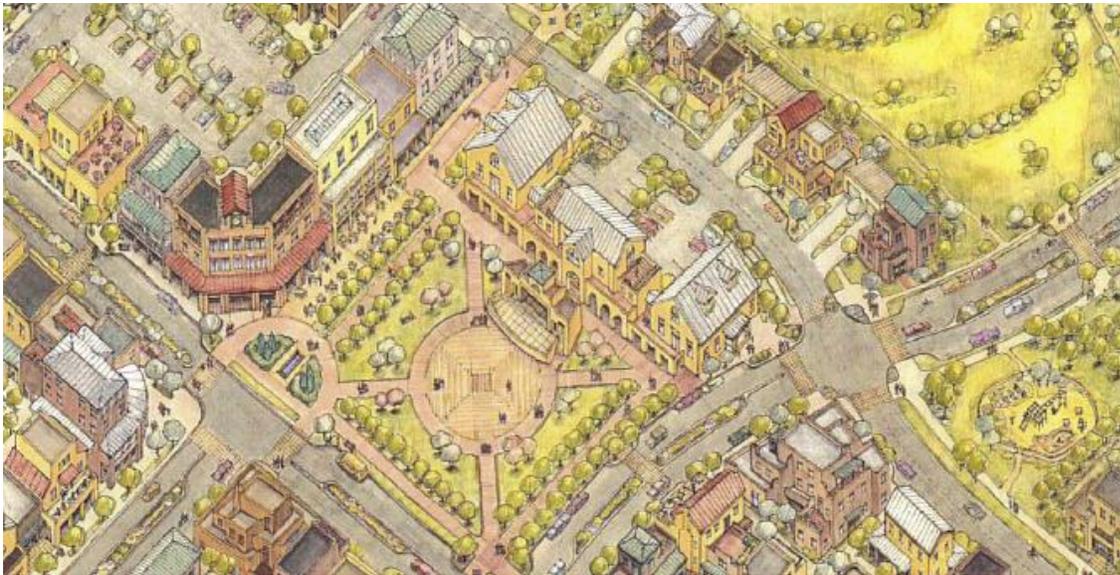
For new developments in undeveloped areas, the biggest concern is usually the high cost to construct new infrastructure, but the County should additionally consider the long-term maintenance costs for various infrastructure and services. Santa Fe County should consider strategic investment into infrastructure and services in the County’s primary growth areas, which accomplishes or supports affordable housing goals and satisfies long-term fiscal and environmental objectives. An effective strategy to lower the per-unit cost of infrastructure (increase efficiency) and reduce the environmental land use impacts is to build for a large number of users (e.g.: housing units) and to keep the service area relatively small, or compact.

The County should also consider the acquisition and disposition of land in strategic ways to accomplish long-term goals. County owned land, when managed properly, can reduce regulatory complexities and can be sold, leased or leverage to subsidize or bond against in order to achieve County affordability goals.

State Land in Community College District

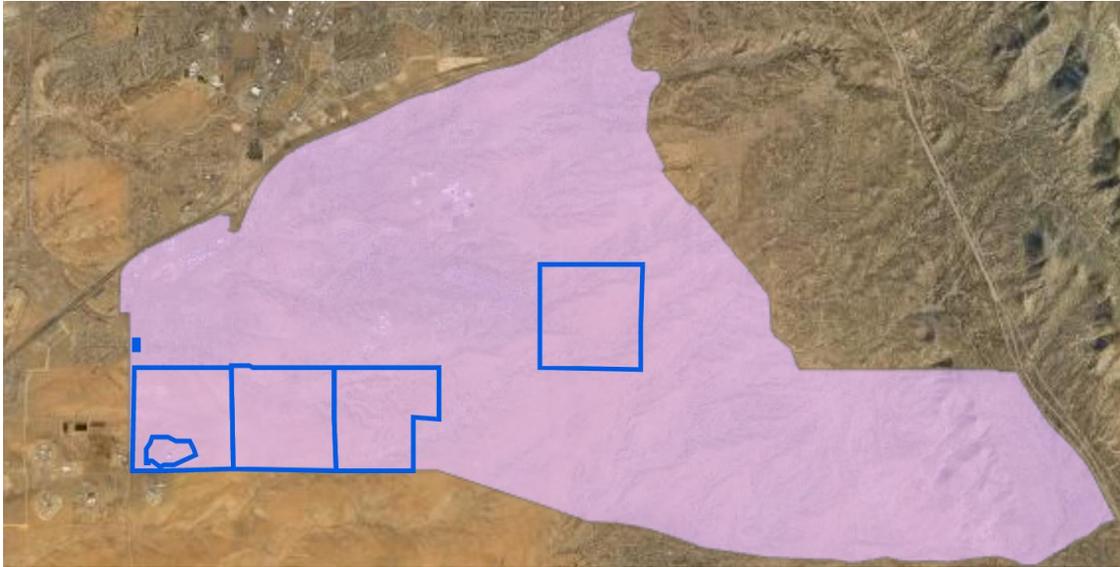
The State of New Mexico via the State Land Office (SLO), owns over 2,000 acres of land within the Community College District (SDA-1) which has ample opportunity for residential development but would require the extension of infrastructure to the area. A master plan from 2001 envisioned “The San Cristobal Village” on 1,800 acres of land managed by the SLO. The proposed village is located east of New Mexico State Highway 14 and approximately one-mile south of New Mexico State Highway 599. The master plan suggested that this area could be developed for compact, vibrant, mixed-use, mixed-income housing developments which include a high-proportion of affordable housing. The development and management of these lands could be accomplished by the County and SLO based on experiences learned from the Tierra Contenta project (City of Santa Fe).

Figure 32. San Cristobal Master Plan, 2001



Source: San Cristobal Master Plan 2001 – Artist Rendition of a central plaza area.

Figure 33 State Land in the Community College District



Source: Santa Fe County SLDC Zoning Map, 2022\

Caja Del Rio

Another area of potentially suitable land exists between State Route 599 and Caja Del Rio. Some of this area is currently developed with large industrial uses but other portions of the area are undeveloped and could be suitable for residential development, as it is currently zoned mixed use. Some of this land is also managed by the State Land Office and the County could attempt to acquire or facilitate the development of it with housing and other neighborhood or commercial uses. Infrastructure development costs, such as roads, water and sewer, would likely require public investments and both public and private commitment(s) to build a sizeable amount of development in the area.

General Land Use Recommendations

The following recommendations and policy suggestions are intended to assist County staff in advancing affordable housing initiatives to benefit the community. The recommendations should decrease housing development costs, increase the supply of market rate housing, and encourage the development and construction of affordable housing units. Unlike financial subsidies and aid programs which require financial and administrative resources, the following recommendations cost relatively little to implement and often reduce administrative burdens for both the County and developers.

The recommendations are split into two distinct but related strategies.

1. The first strategy incentivizes affordable housing development by reducing existing regulatory barriers, and creating financial and other incentive programs to support and encourage affordable housing development.
2. The second strategy focuses more broadly on land use regulations and policies that support the creation of all types of housing development throughout Santa Fe County to allow for natural

occurring affordable housing and to create downward pressure on current market prices by increasing the overall housing supply.

Both strategies are designed to work in tandem to remove structural regulatory hurdles for the development of new affordable housing.

Strategy #1: Amending Chapter 13 of the SLDC, Defining “Affordable Housing Development,” and Incentivizing Affordable Housing Development

The first strategy provides suggestions to help remove existing challenges to affordable housing and provides incentives for developments which include, or exceed, the number of affordable housing units provided on-site. This strategy would focus on changes to Chapter 13 of the SLDC, “Fair and Affordable Housing” to amend inclusionary zoning. It would also call for the County to define, through its affordable housing ordinances and resolutions, “Affordable Housing Developments,” and to incentivize developments that meet the definition of “Affordable Housing Development”. Affordable housing incentives include flexibility and waivers to specific regulations, and alternative compliance methods. Related to Santa Fe County housing programs, a variety of financial incentives and partnerships are also proposed. This strategy would likely result in a moderate increase in the quantity of new affordable housing for low- and moderate-income households.

- Amend the Affordable Housing requirements for Inclusionary Zoning to reflect the following:
 - Apply inclusionary zoning requirements to all developments adding residential units (single family, multifamily, accessory dwelling units, and mixed use) by evaluating inclusionary requirements based on the number of homes being provided rather than the number of lots being subdivided, as the current affordable housing requirements apply to subdivision of 5 lots or more which primarily pertains to single family developments. Inclusionary zoning requires the on-site construction of affordable housing units (or alternative compliance). Areas designated for growth or which have access to utilities could be held to a higher standard than areas which do not have access to utilities and other infrastructure.
 - The County should consider an alternative compliance policy that includes a fee-in-lieu option whereby the fee would be calculated based on the difference in value between the proposed residential construction (no on-site affordable housing) and the recognized cost of an affordable home (per HUD standards). This would result in higher fees for more expensive housing units and lower fees for units that cost closer in value to targeted affordable prices.
 - “Inclusionary” housing developments should be defined as projects which include on-site affordable housing at the amount of 15% of the project.
- Define an “Affordable Housing Development” as a project which provides twice (two times) the number of affordable housing units as required by the inclusionary zoning standards (e.g., 30 percent affordable units instead of only 15 percent).
 - This policy would require a mixed-use development to have the same standards as a residential project (e.g., 30% of the entire project is required to be devoted

to affordable housing) in order to be considered an "Affordable Housing Development" and benefit from provided incentives.

- For additions to existing developments (e.g., new, income restricted ADU with existing single-family unit) or for multi-phase developments (e.g., Phase 1 achieves alternative compliance, Phase 2 includes the required on-site affordable housing) incentives will apply only to the portion of the development which provides the required, built affordable housing units.
- 13.6 "Affordable Housing Incentives." The County should evaluate and consider multiple incentive options for "Affordable Housing Developments" (as defined above). The incentives could include, but are not limited to, the following options.
 - Current policies waive permit and development fees for each affordable housing unit. If the development qualifies as an "Affordable Housing Development" (30% or more of the project devoted to affordable housing) waive fees for the entire project.
 - Consider waiving impact fees to the full extent possible (per impact fee and affordable housing statutes) for an "Affordable Housing Development."
 - For an "Affordable Housing Development" with single-family housing, permit a by-right density allowance of 10 dwelling units per acre.
 - For an "Affordable Housing Development" with Multi-family development, permit a by-right density allowance of 20 dwelling units per acre.
 - "Affordable Housing Developments" may receive any applicable TDR benefits as if the development had a full complement of TDRs.
 - "Affordable Housing Developments" are provided a 50% reduction in required open space and an allowance for the applicant to request a further 50% waiver (100% waiver of open space) through a discretionary review process if an appropriate quantity of open space is provided within 1,000 feet of the property.
 - Increase the maximum building height for an "Affordable Housing Development" to 48 feet, regardless of zoning and subdistrict building height restrictions. If the zone or subdistrict allows 48 feet or more, the "Affordable Housing Development" will be allowed to build an extra 12 feet in height beyond district standards. Setback and stepback rules to neighboring properties would still apply.
 - Waive all setbacks and stepbacks internal to the "Affordable Housing Development" (building and fire code requirements would still apply)
 - Provide streamlined project approval process for "Affordable Housing Developments" to reduce the number of hearings and defer administrative approvals, when appropriate, (e.g., conceptual plans, preliminary development plans) to facilitate approval of more affordable housing developments.
 - Consider a third-party plan review option for "Affordable Housing Developments" to streamline review processes per the recommendations in the NMMFA Housing Strategy Report (2022), especially during times of high demand and activity to reduce the review demands on limited County staff resources.

- For "Affordable Housing Developments," eliminate the restriction of multifamily buildings to no more than twelve units per building. Building no more than twelve units per multifamily building is often functionally and economically prohibitive (10.21.2 "Units").
- Consider waiving or amending requirements to include commercial uses with "Affordable Housing Developments." An option could be to require the first floor to be structurally capable of commercial occupation to allow options for commercial activity if market conditions support it.
- Consider waiving or reducing the requirement for a mixture of housing uses within a "Affordable Housing Development" if a beneficial diversity of housing options is provided at the neighborhood level.
- Provide height and density bonuses for "Affordable Housing Developments" within a ½ mile of a transit stop.
- Provide height and density bonuses for "Affordable Housing Developments" with increased environmental or utility conservation standards.
- 13.9 "Long-Term Affordability:" Santa Fe County should allow affordability liens to be held by developers when it can be ensured that the liens will be reinvested into housing affordability programs. This would assist with the financing and development of affordable housing and incentivize affordable housing developers to work with the County.

Strategy #2: Evaluating and Amending the SLDC to Increase the General Housing Supply and Providing for Naturally Occurring Affordable Housing

In order to remedy existing regulatory barriers which may have prevented or discouraged the adequate supply of housing and which have inadvertently contributed to the rising cost of housing, the County should consider structural changes to the SLDC. These changes would require a more comprehensive analysis of land use regulations and, in addition to increasing affordability, could increase the environmental, social, and economic sustainability of development. This strategy would likely result in a moderate increase of new housing units, will help to reduce the rising cost of housing, and should increase the affordability and accessibility of housing for all Santa Fe County residents. It is envisioned that this process could be accomplished with little cost through establishment of a committee (SLDC Committee) of local and regional development and housing professionals who could provide effective and reasonable recommendations for code revisions. The following section contains recommendations for the County to consider that could assist in effectuating the implementation of this strategy. These recommendations were provided by the Housing Plan Advisory Committee, which were put forth for consideration to assist in the creation of more naturally occurring affordable homes. It should be noted these recommendations are not mandates or directives and could be refined in the future.

- **SLDC Review Committee:** The SLDC is a relatively new land use code (2016) that combined innovative SGMP goals with regulations intended to provide protections against potentially negative impacts from various land uses that might be applied within the County. Since the passage of the SLDC in 2016, users of the code have developed a more nuanced understanding of the barriers, redundancies, and potential places for improved efficiency within the code, particularly in regard to the provision of affordable and market rate housing. Many regulations appear to hinder innovative options for housing and inadvertently result in development that is costly for developers to propose and build, costly for staff to review, costly for residents to inhabit, and with infrastructure that could be costly to maintain. This plan recommends that a committee of local and regional stakeholders be established to review the SLDC and propose comprehensive amendments to assist staff and the development community to provide additional affordable and market rate housing in Santa Fe County. This effort should seek to address social equity and community sustainability, fiscal sustainability, long-term housing goals, the viability of small and local businesses, along with flexible land use policies, and ultimately strive to implement the goals and intentions of both the SLDC and the SGMP.
 - This committee should also review areas of regulatory consistency and clarity. There appear to be instances where regulations overlap and where regulations conflict with each other or with the direct statements and intentions of the SGMP. Complex and unclear regulations may result in conflicting, discretionary, and/or administratively arduous review that are difficult for staff to navigate in an unclear public environment (e.g., politics may make interpretation of the code very difficult). This committee may also make suggestions to the Board to provide a system whereby staff interpretations of code requirements can be routinely considered for adoption as amendments to the existing code.

- This committee should also examine options to allow for review and suggestions on modifying overlays and Planned Development Districts: Overlays and subdistricts which may inadvertently create regulatory complexity for staff, professional developers, and individual property owners. This committee should review options to allow for more housing development with emphasis on supporting affordable housing in these areas.
- This committee may also make suggestions regarding the need for higher density residential development where appropriate, especially in sustainable areas with access to infrastructure (e.g.: SDA-1). The code should encourage innovative, traditional, village-style clusters that can support transit, jobs, and excellent residential amenities while still balancing the protection of open space. The SLDC generally reflects the intentions of the SGMP but some of its regulations regarding density do not support affordable housing development, in some circumstances. A higher base, or by-right density could be permitted to facilitate affordable and sustainable development, where appropriate.
- This committee may also make suggestions regarding general development and long-term infrastructure costs for installation and maintenance to help determine sustainable infrastructure requirements.
- Additional consideration should be given to administrative and discretionary decision criteria (including CUP and variance requests). This plan advises that decision makers should be allowed to avoid stringent interpretations of code in order to facilitate flexible decisions on affordable and market housing development. This will include adding criteria concerning the need to balance immediate negative impacts to surrounding neighborhoods with County housing priorities.
 - Note: Santa Fe County has identified through adoption of this Plan that the construction and provision of affordable housing is a community priority and that regulatory barriers should be avoided in order to support the achievement of additional affordable housing. The County should consider that inadvertent “regulatory barriers” to affordable housing can be a valid criterion of hardship as evaluated in discretionary approvals (e.g., variance to code requirements).
- 1.4 “Purpose and Intent:” In addition to encouraging environmental sustainability), this Plan also suggests that the SLDC should also consider social equity and economic, or fiscal sustainability in review processes in order to strive to accomplish long-term priorities such as the promotion of affordable housing for residents of all income levels.
- 3.5 “Hearing Officer;” 4.4 “Procedural Requirements:” This Plan suggests the consideration of the role of the Hearing Officer and whether this officer can be a benefit to facilitating affordable housing approvals that could then be administratively approved. The position might be equipped to review SLDC text amendments and might be capable of approving variance and CUP requests (versus a secondary review by the Planning Commission) but might not be needed for conceptual plans which will be reviewed by the Planning Commission and the Board of County Commissioners. The idea with this suggestion is to make the approval of affordable housing projects easier for staff and the related County committees.
- 4.4 “Procedural Requirements:” This Plan also suggests that the County’s procedural requirements may inadvertently impose unnecessary costs and uncertainty to residential development proposals through reviews or hearings which, if simplified, may benefit staff, applicants, and officials. Santa Fe County should consider whether each of the review steps are necessary for all

developments to ensure compliance with the zoning code and whether it would benefit the community to provide additional affordable housing options by simplifying various approval processes.

- 4.4.7 "Agency Review:" This Plan also suggests that the County consider how and when to best incorporate external (e.g., State Agency) review and ensure that it is a parallel process which does not add extra time to the approval process.

- Chapter 5 "Subdivisions, Land Divisions, Other Plat Reviews:" This Plan suggests that the County consider means to ensure that land development submission requirements ask for the proper amount of information at the right time. It is essential to ensure that any proposal complies with applicable regulations prior to final building permit approvals. However, it is perceived that some requirements are presented too early in the approval process which can create a barrier to development. For example, Section 5.7.7 "Preliminary Plat Approval" requires a preliminary plat to conform to all provisions of the SLDC (prior to the Final Development Plan). The Final Development Plan asks for construction drawings which may not be necessary until submission of the building permit and may be most suitable for staff review rather than review by the BCC.
- Chapter 6 "Studies, Reports, and Assessments:" The preparation of SRA's are essential to the evaluation of a project and can also carry significant costs, impose lengthy drafting times, and are sometimes unnecessary for project review. This Plan suggests that environmental impacts, adequate public facilities, water availability, and traffic impacts should be evaluated as part of the comprehensive plan or greater area plan, when appropriate for review of affordable housing proposals. For example, if an affordable housing project is proposed in SDA 1, where there has been extensive planning and consideration of infrastructure, growth patterns and environmental conditions, additional studies should be evaluated based upon unique, unforeseen, or unplanned conditions rather required as mandatory items that have already been provided through the land use planning process or through previous studies submitted to the County.
- Chapter 7 "Sustainable Design Standards:" This plan recommends that in areas intended to have compact, village-style development and walkability, the County may consider reducing or changing how standards apply. Density, open space, a mix of residential types, and a mix of uses should be ideally planned at the larger, neighborhood level to ensure adequate access for residents while also allowing clustered, or village-style residential and commercial. Requiring an acre of open space (subdivisions with 24 or more lots) for every estimate of 100 residents (e.g 38-unit multi-family development), may be prohibitive and the open space requirements may be provided to the community through alternate means The same issues with feasibility can be relevant when requiring commercial development being required in a residential phase of development or requiring multi-family and single-family housing in the same phase of a development. Adjusting phasing and use requirements during phased development can facilitate the feasibility of creating more affordable and market rate housing in the community.
- 8.3 "Establishment of Zoning Districts:" This plan also suggests that the County would benefit from re-evaluating the complexity of zoning districts, Community College planned subdistricts, planned development districts, and overlay zones. This suggestion aims to allow for more flexibility in administrative and formal development approvals.
- A8.6 "Residential Zoning Districts," 8.7 "Nonresidential Zoning Districts," 8.9 "Mixed Use," 8.10.3 "Planned District Santa Fe Community College District:" and 9.10 "Planned Development Districts:" This Plan recommends that the County consider adjustments to these zoning districts to allow higher base densities to facilitate the construction of both affordable and market rate housing to allow for affordable homes for both median and/or moderate Santa Fe households. For development in infill areas, areas with sufficient infrastructure, or areas within SDA-1, development options should include and encourage sustainable densities per the SGMP and to

address the need for housing as identified in this Plan. Additionally, setbacks in mixed use areas (1,000 feet) to adjoining community districts may be adjusted.

- 10.4 "Accessory Dwelling Units:" This Plan recommends consideration of providing additional flexibility in the approval of accessory dwelling units. This includes allowing accessory units to be two stories (e.g., on top of a garage or existing residential structure) and allowing property access through the rear of the lot or from an adjacent alley (if applicable). The County may consider regulations similar to those enacted by the City of Santa Fe that support the construction of new accessory dwelling units. Which can help to increase available housing stock for the community.
- 10.21 "Multifamily Housing:" This plan recommends amending the limit of 12 units on multifamily housing units per building to allow for economically feasible, multifamily developments.



5.0

GOALS, POLICIES, & OBJECTIVES

Compliance with External Affordable Housing Policies

Affirmatively Furthering Fair Housing (AFFH)

The Federal Fair Housing Act prohibits housing discrimination related to protected characteristics¹⁴ such as race, gender, or disability (Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3601–3619). Guidance by the US Department of Housing and Urban Development (HUD) has further mandated that, for cities and counties to affirmatively further fair housing (AFFH¹⁵), they must proactively and meaningfully “overcome patterns of segregation, promote fair housing choice, eliminate disparities in opportunities, and foster inclusive communities free from discrimination” (Federal Register: 86 FR 30779).

Initial data suggests that racial segregation and the disproportionate displacement of protected classes is inadvertently increasing within the county - primarily due to dramatically rising housing prices and a lack of available housing stock, especially for low- and middle-income community members. As homes become less affordable, households identifying as Hispanic, Native American, or headed by women and which have proportionately lower incomes, are displaced at a disproportionate rate. Similarly, when less housing is available, it becomes increasingly difficult for households requiring special physical designs, such as ADA-accessibility, to find adequate housing.

¹⁴ Characteristics protected by Title VIII of the Civil Rights Act include race, color, national origin, religion, sex (including gender identity and sexual orientation), familial status, and disability.

¹⁵ See www.hud.gov/AFFH

Between 2015 and 2020, population growth within the City of Santa Fe has been almost entirely due to the proportional growth of Hispanic-identifying individuals. Santa Fe County, however, has almost the exact opposite trend. Within the same time period, growth in Santa Fe County (excluding the City of Santa Fe) has been almost entirely due to the growth of non-Hispanic identifying individuals. The non-Hispanic population has grown 4.6% whereas the Hispanic population has grown by only 0.8%. While causation cannot be determined with these numbers alone, the trend identified by analysis of available data could be related to Hispanic households having, on average, lower incomes and wealth attainment combined with higher household costs. Additionally, regulatory requirements for development of new affordable housing in the County and in the City of Santa Fe, (with each municipality having unique regulatory and political types of challenges) may be contributing to this inadvertent cause and effect for housing access in the region .

To achieve housing policies which satisfy the goals and intent of the Fair Housing Act, this Plan recommends that Santa Fe County continue to address racial segregation and disproportionate displacement by proactively identifying and remedying barriers to housing and specifically aim to support those most in need of affordable housing. Funds may be available from federal and other sources to engage in a more thorough study into disparate impacts on protected classes.

Land Use and Housing Development Recommendations

Santa Fe County has the following goals which aim to address existing barriers and constraints to housing development in Santa Fe County. Housing alternatives take many forms. The scale of the affordable housing need in the community demonstrates that all options for the provision of affordable housing are important in facilitating a healthy housing market capable of providing for the diverse needs of Santa Fe County residents and additional people who migrate here.

Addressing the Housing Shortage

An overall shortage of housing units in the greater Santa Fe area is identified as the most significant factor inhibiting the accessibility and provision of affordable housing units. The shortage includes housing across the price spectrum, from luxury housing to appropriately priced housing, and the lack of supply tends to increase the price of housing and land (potential housing). It is also important to recognize that the housing demands can be fluid, adaptable, and can have significant impacts on the community. Without adequate supply, higher-income families can out-compete and potentially displace middle-income families, and middle-income families can do the same to lower-income families. How Santa Fe addresses housing directly impacts how the community includes or excludes certain types of people and the constitution of the community.

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In stark terms, this plan identifies that if Santa Fe would like to provide adequate housing for existing households that live or work within the whole Santa Fe area (City and County), it would need to add approximately 17,216 housing units to the housing stock by (this equates to approximately 5,738 units per year from 2022 - 2025). It is important to note that this number does not include economic growth, tourism, or the full impacts of in-migration. These estimates point to the obvious problem of insufficient housing stock and the truly huge challenges for the community to increase all types of housing in order to house and keep residents (teachers, health care workers, public safety workers, small business workers and owners, tourism and retail workers, and local government employees, to name a few categories) in the area.

Based on analysis of available data, Santa Fe County is currently permitting about one hundred units per year and the City of Santa Fe is permitting about one thousand units annually. If the County and City were able to approve between 1,000 and 1,500 units per year, this rate should satisfy historically relevant annual growth rates and modest population projections for new housing. However, this rate of new housing approval is not expected to satisfy the existing shortage of housing and associated problems like rising prices and displacement of existing residents. This means that current City and County policies are likely to maintain but not improve the housing shortage and its related symptoms.

This Plan recommends that Santa Fe County should aim to permit two or three times as many housing units as it currently allows to tackle the existing housing shortage and that the County should develop strategies that ensure new housing meets the County's environmental, social, and financial growth management priorities.

Suggested Land Use Policy Changes

The supply and regulation of housing, especially through land use policies, is one of Santa Fe County's most powerful tools in addressing housing prices and the housing shortage. Permitting and incentivizing more housing, especially affordable housing, can help address the supply shortage; allowing or requiring more efficient and fiscally sustainable designs can significantly lower the cost of housing and infrastructure maintenance obligations; and abbreviating or simplifying the approval processes can make Santa Fe County more attractive and, hopefully, achieve the intentions of the Sustainable Growth Management Plan.

This Plan suggests the following adjustments to the County's land use practices to achieve more affordable housing, to achieve more market-rate housing, and to decrease the escalating rate of housing costs. Unlike financial subsidies and aid programs which require financial and administrative resources, the following land use recommendations cost relatively little to implement and should reduce administrative burdens for County staff.

1. Chapter 13 – Inclusive Affordable Housing Amendments
Amendments to Chapter 13 can remove development barriers and incentivize the construction of inclusive, affordable housing developments. Correctly implemented, these amendments could feasibly result in the construction of one to two hundred additional housing units each year with a particular incentive to build affordable housing accessible to low- and moderate-income households.
2. SLDC – Amendments to Facilitate Additional Housing Stock
SLDC amendments can result in more equitable land development policies which prioritize housing, particularly affordable housing, and increase the environmental, social, and economic sustainability of development. The County can alleviate the lack of access to housing and the displacement of low-income families by supporting the creation of safe, functional, and appropriately sized housing units across a range of housing price points. Additionally, Federal funding may be available to support the creation of new housing and assist in addressing identified housing barriers.

Land Use Practices and Policies

Data analysis is essential in understanding and prioritizing regulatory amendments, but land use data appears to be limited and difficult to find and use. Santa Fe County should:

1. Create better tracking tools to clearly demonstrate the number and types of units approved or denied by the County, including the length of time it takes between initial submission, final approvals or denials, and the receipt of vertical building permits, if applicable. Entitlement periods of over 18 or 24 months may create significant challenges to the creation of new, affordable housing.
2. Create tools to track potential regulatory challenges, inconsistencies, and interpretations related to the SLDC. Using an Excel spreadsheet is an easy tool to record issues identified by staff along

with interpretations of the code that can be clear and easily available to the public. These recorded issues and interpretive solutions would increase the consistency of code applications and contribute to regular code updates.

3. This Plan recommends that Santa Fe County regularly undertake small and specific code amendments but that it should also schedule a reoccurring process to implement “omnibus” or miscellaneous code updates.

Housing Authority Developments

The Santa Fe County Housing Authority provides safe, decent, and sanitary housing to low-income households in Santa Fe County. Programs include the development and management of affordable housing, the distribution of funds for rehabilitation and infrastructure, and the distribution of vouchers. These programs are covered in more detail in later parts of this chapter.

The Housing Authority’s strategic plan recommends the creation of approximately 200 new units per year to address the lack of affordable housing in the community. The Nueva Acequia project is anticipated to create 130 units. If the Housing Authority could do a similar project every two years, it could achieve approximately 65 units per year.

Collaboration with Other Organizations

Non-Profit Organizations

Santa Fe County has good relationships with shelter and housing service providers and should continue to identify opportunities to collaborate and partner on a variety of services. External, non-profit organizations can sometimes increase efficient distribution of services or expand the development capacity of a program. The County expects to contract out programs like the Rehab Program and Down Payment Assistance to a third party (see section on Community Development Programs below).

Santa Fe County funds non-profit housing services which pay for navigation, flexible funds to respond to an enrolled person’s emerging or immediate crisis involving housing, transportation, utilities, access to food, personal safety, and other unmet social determinants of health. Many of the housing assistance programs planned for the County are anticipated to be contracted out to non-profit partner organizations.

Santa Fe County Partner Organizations for Non-Profit Housing Services:

- Consuelo’s Place
- Espanola Pathways Shelter
- Interfaith Shelter
- SFPS Adelante
- St. Elizabeth Shelter
- The Life Link

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The County should also consider creating non-profit or quasi-governmental organizations which could engage in property acquisition, distribution, management, and development. This could resemble the City of Santa Fe's relationship with the Tierra Contenta Corporation, the Railyard Corporation, or could alternatively embody the partnership between the City of Albuquerque and the Sawmill Community Land Trust.

For-Profit Organizations

The vast majority of housing development and property management is led and managed by private, for-profit organizations. Any initiative to modify the housing market or address market failures should attempt to understand and anticipate the market reactions. Santa Fe County should work with private development to address the housing shortage and the acute lack of affordable housing development in the community.

In addition to addressing regulatory challenges for new housing, the County should bolster its capacity to:

- Enter into public-private partnerships,
- Acquire and dispose of land,
- Fund land and infrastructure improvements.

The County should also explore innovative financial assistance tools to achieve feasible, affordable housing, including but not limited to:

- Tax Increment Development District (TIDD)
- Tax Increment Financing (TIF)
- Bond Issuances

Joint City/County Commitments

In 2022, the City of Santa Fe and Santa Fe County entered into a formal agreement acknowledging affordable housing priorities and establishing general goals. Collaboration and consistency between the two jurisdictions is critical. The six agreement areas include:

- 1) **PRESERVATION AND PREVENTION:**
Increase resources and develop strategies to prevent homelessness, including the preservation of existing affordable housing and enhanced utilization of social services; increased financial supports, such as the City and County Affordable Housing Trust Funds, to prevent homelessness and stabilize those who are precariously housed; and support for local regulation and land use policy changes that increase housing stability for residents.
- 2) **EMERGENCY SHELTER:**
Support the creation and development of collective community agreements specific to emergency shelter provision, including expanding options for emergency shelter care along with safe and legal outdoor sleeping spaces and non-congregate shelter options and improving shelter access to housing and supportive service resources.
- 3) **BUILDINGS/HOUSING UNITS:**
Quantify the need for additional affordable units and, through new construction, conversion, subsidization, and redevelopment, increase the local affordable housing stock inventory with a goal of 100-200 units per year.
- 4) **INDIVIDUAL VOUCHERS/PROGRAM BASED VOUCHERS:**
The County should aim to increase funding for housing vouchers, both short- and long-term, and develop strategies to ensure that those vouchers can be flexibly utilized in ways that promote equity and housing choice; and ensure that existing voucher programs are fully utilized.
- 5) **SUPPORTIVE SERVICES:**
Ensure all interested individuals and families participating in housing programs have high-quality crisis intervention, behavioral healthcare, and other supportive services in order to maintain safe housing.
- 6) **SYSTEM INFRASTRUCTURE:**
Continue development of the community-wide homeless response system, which includes strategic planning and clarifying the roles, function, and authority of each partner. The system infrastructure development should include collective identification of system gaps through the collection and analysis of accurate data, creation of cooperative strategies to address gaps, and consistent cross-agency communication on funding opportunities, housing initiatives, and overall system development.

As the two significant housing regulators, both Santa Fe County and the City of Santa Fe should clearly understand each other's existing housing efforts, how their respective regulations and programs affect the housing market, and identify potential areas for collaboration and similarity.

Recommended & Existing Housing Programs

The following programs are recommended through this housing plan and through previous efforts of the County. Together, the programs constitute a more comprehensive approach to the needed provision of housing services and will increase the accessibility of affordable housing.

Housing Trust Fund

Santa Fe County's Housing Trust Fund will be an impactful source of revenue benefiting the construction, reconstruction, rehabilitation, and preservation of affordable housing. Funds can assist non-profit housing service providers, development entities, individual renters, and first-time homebuyers. The fund can be used to acquire land or housing (including assistance to homebuyers), facilitate construction of new affordable housing units, convert structures into housing opportunities, assist in achieving preferential financing tools, and can rehabilitate existing housing ensuring that residents have suitable amenities.

Rehab Program

This Plan recommends expansion of the current Santa Fe County Housing Rehabilitation Program (or Happy Roods Program) to better support small- and large-scale rehabilitations or renovations that expand access to affordable housing. Supported projects should include rehabilitation of non-residential property into residential property, the rehabilitation of existing residential properties, and renovations or building improvements which lower utility and energy costs. The Rehabilitation Program is for attached single family homes, detached single family homes, modular and mobile homes. Rehabilitation should be targeted for both home ownership and rental opportunities. Rehabilitation is intended to support individuals who own or agree to rent out to households at 100% (or lower) AMI. The affordability period is aimed to be for 30 years and rentals should be inspected annually. Full rehabs would adhere to the current building code and should exceed energy code requirements. This initiative could be funded through the Santa Fe County Housing Trust and Federal funding sources. This program is envisioned to be administered through a contracted third party.

Down Payment Assistance

Down payment assistance (DPA) is a County program that provides grants to perspective homebuyers. To obtain down payment assistance, the applicant must submit an application and supporting material. The maximum down payment assistance should be targeted to 3% of the purchase price or the amount required to complete and qualify for the first mortgage. The annual gross income of an applicant for down payment assistance may not exceed 100% AMI. Assistance is intended to be determined using information obtained by the County or its designated agent through the use of a desktop underwriting system. This program is envisioned to be administered through a contracted third party.

Inclusionary Zoning

Inclusionary Zoning is an administrative procedure which requires a developer to provide affordable housing as part of the development approval procedures. The County may provide alternate means of compliance, including fee in lieu of actual housing unit development and/or offsite development. Zoning designations with access to county supplied water and sewer would have the highest percentage of affordable housing requirements. Lower percentages of affordable units would be required where less infrastructure services are required. All proposed residential units are required to adhere to these zoning requirements. Suggested amendments to Chapter 13 of the SLDC would also include a new definition for an inclusive affordable housing development in addition to an affordable housing unit. Affordable housing will be defined as what housing is affordable to 100 percent of median income or less. Developer incentives to facilitate onsite affordable housing will be enhanced. This program is intended to be operated internally by County staff.

Foreclosure Prevention

SFC's Program and Policy establishes an equitable process through which staff will review situations that threaten the possession of affordable homes, make decisions concerning the issues threatening the transaction, and, when necessary and feasible, purchase homes that could be lost to affordable buyers.

Options that are available are:

- 1) refinancing
- 2) loan modification
- 3) mortgage assistance
- 4) voluntary sale

The financial assistance is envisioned to be in the form of a mortgage that shall not exceed 24 months or \$5,000.00. This program is intended to be operated internally by County staff.

County-created Third-Party Development Entity

The Santa Fe County Housing Authority has created the Nueva Acequia Developers, LLC, a limited liability corporation that will act as the agency's development arm for the Nueva Acequia affordable housing development. Nueva Acequia will be a 130-unit affordable multifamily rental complex located on the south-side of the City of Santa Fe and will be adjacent to the Housing Authority's existing Camino Jacobo public housing site. The creation of the Nueva Acequia Developers LLC, and the Nueva Acequia multifamily complex, will be the Housing Authority's first attempt at affordable housing development through the Low-Income Housing Tax Credit Program.

Use of County Owned Land

The County of Santa Fe continually reviews and assesses any land holdings that may be used for the development of Affordable Housing. Currently the former Public Works facility on Galisteo Street is in a pre-development stage of assessment. This program is intended to be operated internally by County staff.

Loan Program

This Plan recommends that the County develop a Loan Program to provide capital for owner occupied, rental, single family housing, modular, mobile homes, and Accessory Dwelling Units (ADU) located in the unincorporated areas of Santa Fe County. Loans can be used for full or partial rehabilitation, increasing energy efficiency, utility improvements, or the simple purchase of materials and equipment, such as solar arrays. Interest rates will vary from zero to two percent. This program is envisioned to be administered through a contracted third party.

Renter Assistance Program

This Plan recommends that Santa Fe County develop a voucher program for emergency rental needs in the future, but the immediate priority is in the building and preserving affordable rental units. Due to the extreme lack of housing supply, existing voucher holders are having difficulties or are otherwise unable to find units where they can use their vouchers. This program will leverage Federal Homeless Funds and is envisioned to be run by the Housing Authority.

Developer Incentives

This Plan recommends that the County create and enhance a program for developments that either provide "lower income" affordable units under 80% AMI (inclusionary zoning requirements) or for those which provide 100% of the units at "moderate" affordability levels and encourages a developer to voluntarily provide some kind of community benefit in exchange for building incentives. Some of the types of incentives that can be offered by SFC may include height, density, reduced parking requirements, fee waivers, adjustments to open space requirements and expedited County approvals.

Landlord Tenant Hotline

This Plan also envisions the creation of a Landlord and Tenant Hotline to be used to assist both tenants and landlords with questions regarding their rights, lease agreements and tenant duties for repairs/upkeep along with many other resources to assist in housing issues.

Developer Capital Incentives

The Capital Developer Assistance Program envisioned through this Plan can assist with acquisition, new construction, and rehab of multifamily and non-congregate shelters/transitional housing. It can also be used for capital expenditures for infrastructure, site enhancements, and security enhancements. It is intended that some of these funds would come from state legislative capital appropriations and federal appropriations.

Financing Assistance

This Plan proposes accessing financing mechanisms available for making infrastructure improvements and community improvements for affordable housing developments. They can be a combination of State or federal grants, local sales and property taxes, land or property specific taxes from special districts, and user fees. Financing Strategies are the means by which these funds can be leveraged through various mechanisms including debt financing, special district formations, tax increment financing and other value capture techniques. Below is a listing of financing mechanisms that are available for infrastructure financing:

- **Multifamily Housing Revenue Bonds:** These are issued to provide tax-exempt and/or taxable financing for the construction or rehabilitation of multi-family housing projects for low-income individuals, pursuant to the County Revenue Bond Act and Municipal Housing Law.
- **Public Improvement Districts (PIDs):** PIDs are authorized to finance various kinds of infrastructure and improvements, including water and sewer systems, streets and trails, parks, electrical systems, gas and telecommunications systems, public buildings, libraries and cultural facilities, school facilities, equipment and related costs of operation and administration. PIDs are funded through: (i) levying property taxes on land within a PID, (ii) imposing special levies based on benefit to property, front footage, acreage, cost of improvements (or other factors apart from assessed valuation), or (iii) by providing for use charges for improvements or revenue-producing projects or facilities. PID taxes, levies and charges may be pledged to pay debt service on bonds or other indebtedness issued by a PID.
- **Tax Increment Financing (TIFs):** the method by which the growth of the tax base in a designated development area is used to finance infrastructure development in that area, is limited and more recent than that of other jurisdictions. This method of financing has been expanded and refined with TIDDs (see below).
- **Tax Increment Development Districts (TIDDs):** A Tax Increment Development District, or TIDD, is a tool which couples the growth of the tax base in a designated development area with the financing of infrastructure improvements in that area. Tax increment financing is a method of financing public improvements through the reimbursement of tax receipts that are received over and above the receipts stream that existed prior to the new development—i.e., the taxes generated by a new project are used to finance infrastructure.

Public Housing Program

The Santa Fe County Housing Authority currently manages 198 Public Housing units located at three housing sites. Law enforcement officers reside in all three housing neighborhoods.

The Valle Vista Housing Neighborhood, located off State Rd. 14, initially consisted of 100 public housing units. As a result of renovation and sale, 29 public housing units have been sold or are for sale leaving 71 units available for rent in the neighborhood. The neighborhood has an on-site office and manager as well as a satellite Boy's & Girls Club located in the community center. The Housing Authority has built 12 new

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townhomes scattered throughout the neighborhood that will be sold to qualifying families under the Homeownership Program. Three of these town homes have been sold leaving nine available for sale. The neighborhood has active Resident Council and Block Leader Programs, both of which meet monthly.

The Valle de Esperanza Housing Neighborhood, located in Santa Cruz, has a total of 61 units available for rent. This housing neighborhood includes the Abedon Lopez Senior Center and a satellite Boy's & Girls Club. The Housing Authority is in the process of establishing an office in the neighborhood and implementing part-time on-site management. The neighborhood has a Resident Council that meets monthly.

The Camino de Jacobo Housing Neighborhood has 68 units available for rent. The neighborhood includes a satellite Boy's & Girls Club located in the community center. The neighborhood also has an active Resident Council. The Housing Authority's Administration Office is located in this neighborhood.

Housing Choice Voucher Program

The Housing Authority currently manages 241 Housing Choice Vouchers (previously called the Section 8 Program). The Housing Choice Voucher Program assists qualifying families with rental assistance in the private market within Santa Fe County. Once a family comes up on the waiting list and the Housing Authority determines that the family still qualifies for assistance, the family will be issued a "Voucher." The Voucher allows the family to seek and secure a housing unit that is inspected by Housing Authority staff to ensure that it is decent, safe, and sanitary and to also ensure the unit meets the family's needs. Once the unit is approved, the family enters into a lease agreement with the landlord, and the Housing Authority enters into a Housing Assistance Payments (HAP) Contract with the landlord.

Family Self Sufficiency Program (FSS)

The Family Self-Sufficiency ("FSS") Program is a contractual program that is available only to existing Public Housing residents, VASH, Mainstream and Housing Choice Voucher participants. The program is designed to help families become self-sufficient and off of welfare assistance within a five-year period. The Housing Authority provides housing assistance and works closely with agencies in the community that provide needed resources to participating families. The family enters into a five-year Contract of Participation with the Housing Authority and sets specific goals to be achieved over the term of the Contract. As part of the Contract, the Housing Authority opens an escrow account for each participating family and any time there is an increase to the family's earned income during the term of the Contract, money is deposited into the family's escrow account. Upon successful completion of the Program, the family receives the balance in their escrow account.

The Housing Authority also provides monthly training to these families in the areas of healthcare, parenting, financial management, budgeting, stress management, employment preparedness and training, homeownership, and life-skills training.

Resident Opportunity and Self-Sufficiency Program ("ROSS")

The Resident Opportunity and Self-Sufficiency ("ROSS") Program is designed to assess the needs of public housing residents and coordinate available resources in the community to meet those needs. The ROSS Program works to promote the development of local strategies to coordinate the use of assistance under the Housing Authority's Public Housing Program. A primary function of the ROSS Program is to connect participating residents with public and private resources, including supportive services and various resident empowerment activities. The services provided to ROSS Participants should enable participating families to increase earned income, reduce or eliminate the need for welfare assistance and make progress towards achieving economic self-sufficiency. In the case of elderly or disabled residents, the services provided by the ROSS Program help improve living conditions, allowing residents to age-in-place.

Homeownership Voucher Program

The Housing Choice Voucher Home Ownership Program offers eligible individuals or families the opportunity to own their own home. Instead of making monthly payments to a landlord, the family will make their own mortgage payment and Santa Fe County Housing Authority will make mortgage assistance payments to the lender. As with any other program there are requirements which must be met.

To be eligible to participate in this exciting program the family or individual must:

- Currently receive Housing Choice Voucher rental assistance
- Have maintained their voucher rental assistance for a minimum of one-year
- Be enrolled in the Family Self-Sufficiency Program
- Meet the HUD definition of "first-time homebuyer"
- Enter into a Statement of Homeowner Obligations
- Attend and successfully complete homeownership counseling classes
- Provide the required down payment of at least 3% of the purchase price, of which a minimum of \$500.00 must be paid from the individual's or family's personal resources.
- Must be employed on a full-time basis (except in the case of elderly or disabled families). Full-time is defined as not less than 30 hours per week.
- Elderly/disabled individuals or families may qualify depending on the amount of monthly Social Security or SSI payments.

Special Voucher Programs

Veterans Assistance Supportive Housing (VASH) Program

The VASH Program is a supportive housing program in partnership with the Veterans Administration facility in Santa Fe, New Mexico. The HUD–VASH program combines HUD Housing Choice Voucher rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs at its medical centers and in the community.

Mainstream Voucher Program

The Mainstream Voucher Program functions in the same manner as the Housing Choice Voucher Program; however, Mainstream Vouchers are only provided to individuals who are non-elderly (under the age of 62) and are disabled.

Foster Youth to Independence (FYI) Program

The FYI program provides voucher funding to youth between the ages of 18 and 24 who are homeless (or at risk of becoming homeless) and who have or will be getting out of the child welfare system within 90 days of the time of their application. This is a bridge program intended to help youth transition from state custody into stable housing.

Quantifiable Goals

These quantifiable goals are based off the identified needs, opportunities, and constraints covered in earlier sections.

Table 23 Goals - Construction of New Units

Type of Housing	Identified Need (City + County)	Santa Fe County 5-yr Goal	Avg Annual Goals	Example of Contributing Programs & Potential Strategies
Entry Level and Affordable Home Ownership	6,163	440	88	Adjustments to Land Use regulations, Private Development, Housing Trust Fund, Down Payment Assistance, Inclusionary Zoning, Use of County-Owned Land, SF County Loan Program, Developer Incentives
Affordable Workforce Home Ownership	2,970	880	176	Adjustments to Land Use regulations, Private Development, Housing Trust Fund, Down Payment Assistance, Inclusionary Zoning, Use of County-Owned Land, SF County Loan Program, Developer Incentives, etc.
Market-Rate Home Ownership	1,322*	440*	88*	Adjustments to Land Use regulations, Infrastructure Improvements
Subsidized & Affordable Rental Housing	6,232	440	88	Adjustments to Land Use regulations
Affordable Workforce Rental Housing	508	110	22	Adjustments to Land Use regulations
Market-Rate Rental Housing	21*	9*	2*	Adjustments to Land Use regulations, Infrastructure Improvements
Total Units	17,216	2,319	464	

*Market rate housing is critical to the overall affordability of the housing market but needs and corresponding goals are not prioritized in this table.

Table 24 Goals - Provision of Housing Services

Type of Service	Identified Need (City + County)	Santa Fe County 5-yr Goal	SFC Annual Avg	Contributing Programs & Strategies
Overcrowded Households	2,573	220	44	Private Development (Inclusionary Housing); Housing Authority Development, Renter Assistance Program (Vouchers), Down Payment Assistance
Cost-Burdened Homeowners	12,174	1,320	264	Private Development (Inclusionary Housing); Housing Authority Development, Renter Assistance Program (Vouchers), Down Payment Assistance
Cost-Burdened Renters	8,870	880	176	Private Development (Inclusionary Housing); Housing Authority Development, Renter Assistance Program (Vouchers), Down Payment Assistance
Non-Congregate Shelters & Managed/Safe Outdoor Spaces	75-150	18	4	Development by private and public housing service providers, Housing Trust Fund, Loan Program
Transitional and/or Rapid Re-Housing	173-350	33	7	Development by private and public housing service providers, Renter Assistance Program, Housing Trust Fund, Loan Program
Permanent Supportive Housing	176-300	18	4	Development by private and public housing service providers, Renter Assistance Program, Housing Trust Fund, Loan Program, Rehab Program
ADA-Accessible Housing	9,812	88	18	Private Development; Housing Authority Development, Renter Assistance Program (Vouchers), Down Payment Assistance
Subsidized Senior Housing	2,290	66	13	Private Development; Housing Authority Development, Renter Assistance Program (Vouchers), Down Payment Assistance

Plan Implementation

It is intended that this Plan will be fully implemented over a 5-year period. The implementation process will begin following the approval of the Plan and the associated ordinance by the Board of County Commissioners (“BCC”) of Santa Fe County and the New Mexico Mortgage Finance Authority. Implementation of the Plan will be phased depending on the availability of funding and other resources necessary for implementation. Each program outlined in the Plan, which provides housing assistance grants and/or loans to qualifying households, will be established via resolution. These resolutions will require BCC approval and will contain the policies and procedures for each individual housing assistance grant and/or loan program.

It is anticipated that housing assistance grant and/or loan programs implemented through this Plan will be funded through a variety of funding sources, including federal, state and county sources. On May 25, 2021, the BCC approved Resolution No. 2021-050, which confirmed the BCC’s commitment to the creation of a County Affordable Housing Trust Fund. Pursuant to Resolution No. 2021-050, some of the potential funding sources for the Affordable Housing Trust Fund could include:

- A portion of the gross receipts tax revenue attributable to short term rentals;
- A percentage of future increases in property tax revenue;
- Revenue provided through the Low-Income Taxpayer’s Property Tax Rebate;
- Revenue provided through the County’s Occupancy Tax Ordinance, as amended; and
- A recurring general fund appropriation in the County budget.

In addition to these potential sources, revenues received from affordable mortgage payoffs and developer fees accrued through the County’s inclusionary zoning program will also be used as a revenue source to fund housing assistance grant and/or loan program activity. Lastly, it is anticipated that the County could access and leverage other sources of revenue, such as the New Mexico Affordable Housing Trust Fund, additional federal grants, and other sources of funding for the purpose of achieving the Plan’s affordable housing goals and initiatives.