

# Tools for Communities: the Affordable Housing Act and New Mexico Affordable Housing Tax Credit

## MFA Legislative Oversight Committee

October 1, 2018

Patty Balderrama, Program Manager, MFA

Laura Chavez, Community Liaison, MFA

Alexandra Ladd, Director, Office of Affordable Housing - City of Santa Fe



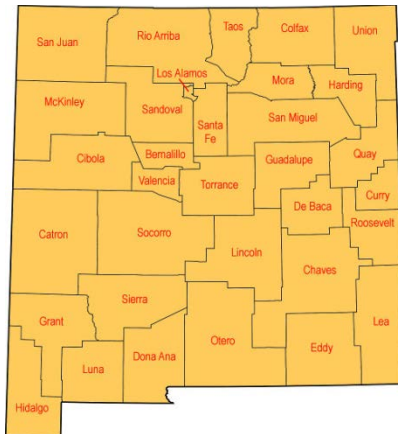
# Affordable Housing Act

- The New Mexico State Legislature created the Affordable Housing Act (2004) to allow local governments to donate resources to create and maintain affordable housing in their communities.
- The Affordable Housing Act allows communities to donate or make contributions towards acquisition, development, financing, operating and managing affordable housing. The Affordable Housing Act is pivotal in addressing housing needs of cost-burdened households while also advancing structural rehabilitation and preservation initiatives.
- MFA collaborates with communities and local governments in fostering affordable housing, as well as economic development, in New Mexico communities statewide. MFA reviews all affordable housing plans and ordinances and provides comprehensive technical training and assistance on an ongoing basis to Affordable Housing projects as needed, including implementation

# Affordable Housing Act Donations

## Eligible Donors:

- The State of New Mexico
- Counties
- Municipalities
- School Districts



## Eligible Donations:

- Donate or pay for land for affordable housing construction.
- Donate or pay for an existing building or conversion or renovation into affordable housing.
- Provide or pay the costs of infrastructure necessary to support affordable housing projects.
- Provide or pay for the cost of acquisition, development, construction, financing, operating or owning affordable housing.

# AHA Community Plans & Ordinances

MFA provides local governments with direct support with the Affordable Housing Act; support with the AH Act & Rules, completing plans and ordinances, training, technical assistance and implementation.

Alamogordo, City of	Otero	YES	YES
Albuquerque, City of	Bernalillo	YES	YES
Artesia, City of	Eddy	YES	YES
Belen, City of	Valencia	No	YES
Bernalillo, County of	Bernalillo	YES	YES
Bernalillo, Town of	Sandoval	YES	YES
Carlsbad, City of	Eddy	YES	YES
Clovis, City of	Curry	No	YES
Deming, City of	Luna	YES	No
Doña Ana County	Doña Ana	YES	YES
Eddy County	Eddy	No	YES
Espanola, City of	Rio Arriba	YES	YES
Eunice, City of	Lea	YES	YES
Farmington, City of and NE San Juan County	San Juan	YES	YES
Gallup, City of	McKinley	YES	YES
Harding, County of	Harding	No	YES
Hobbs, City of	Lea	YES	YES
Jal, City of	Lea	YES	YES
Las Cruces, City of	Dona Ana	YES	YES
Las Vegas, City of	San Miguel	YES	YES

Lea County	Lea	YES	YES
Lordsburg, City of	Hidalgo	YES	YES
Los Alamos County	Los Alamos	YES	YES
Los Lunas, Village of	Valencia	YES	YES
Lovington, City of	Lea	YES	YES
Mesilla, Town of	Dona Ana	YES	YES
Portales, City of	Roosevelt	YES	YES
Rio Arriba, County of	Rio Arriba	YES	YES
Roswell, City of	Chaves	YES	YES
Ruidoso, Village of	Lincoln	YES	YES
San Miguel County	San Miguel	YES	No
Santa Fe, City of	Santa Fe	YES	YES
Santa Fe, County of	Santa Fe	YES	YES
Santa Rosa, City of	Guadalupe	No	YES
Socorro, City and County	Socorro	YES	YES
Taos, Town of	Taos	YES	YES
Tatum, City of	Lea	YES	YES
Truth or Consequences, City of	Sierra	No	YES
Valencia, County of	Valencia	YES	YES
<b>TOTAL</b>		<b>33</b>	<b>37</b>

# Highlighted Contributions

Affordable Housing Act Community Plans & Ordinances			
Municipality	County	Donations	Donation Value Reported
Alamogordo, City of	Otero	Land, housing asst. grants	\$ 10,886
Albuquerque, City of	Bernalillo	Trust Fund, impact fee waivers, bond financing, land donation, deferred workforce hsg funds and workforce housing funding	\$ 38,738,120
Artesia, City of	Eddy	Funding	\$ 1,300,000
Carlsbad, City of	Eddy	Land and infrastructure reimbursment	\$ 50,000
Deming, City of	Luna	Land	\$ 27,000
Hobbs, City of	Lea	Land and Funding	\$ 2,840,000
Las Cruces, City of	Dona Ana	Impact fee waivers, City donations towards Land Bank and Trust fund	\$ 51,414
Lea County	Lea	Donation of Land and Funding	\$ 1,000,000
Los Alamos	Los Alamos	land donations and other funding	\$ 1,560,000
Santa Fe, City of	Santa Fe	Inclusionary zoning, donations with Housing Trust Fund	\$ 4,944,734
Santa Fe, County of	Santa Fe	Inclusionary zoning, DPA, loans, roof repair loan forgiveness, foreclosure prevention	\$ 587,234
Silver City, Town of	Grant	Land, waiver of fees	\$ 3,846,165
Taos, Town of	Taos County	Land donation	\$ 1,310,000
<b>TOTAL</b>			<b>\$ 56,265,553</b>

# Community Outreach and Communication

- New web page highlighting the Affordable Housing Act -an enhanced service delivery platform that is user-friendly and easy to navigate!
- In the Affordable Housing Act Takes ACTION session at the summit, participants were able to test-drive the new webpage and participated in hands-on activities centered on creating an Affordable Housing Act “Toolkit” and a peer-exchange forum.
- The new AHA webpage also features a “Technical Assistance Request” portal which has already been utilized more than half a dozen times just since premiering the feature at the summit!
- Enhanced community outreach - seven events / partner meetings in the last 6 months!

Resources

## Affordable Housing Act Resources

MFA

In 2004, the New Mexico State Legislature created the Affordable Housing Act to allow local governments to donate resources to create and maintain affordable housing in their communities. MFA was given oversight over the implementation of the Act, which requires that communities receiving affordable housing donations, create an affordable housing plan. To date, MFA has assisted in the creation of 33 affordable housing plans in communities across the state and has helped implement those plans in accordance with the Act.

- The Policy & Planning Team
- Affordable Housing Act & Rules
- Funding & Leveraging
- TOOLKIT
- Plans
- Ordinances
- Qualifying Grantees
- Coming Soon!

Carlsbad, NM Circulation: 5941

## Summit covers housing issues

City officials talk mortgages and developments

**DeJanay Booth**  
Carlsbad Current-Argus  
USA TODAY NETWORK - NEW MEXICO

Fernando and Lilia Santana were uncertain about becoming homeowners. In response to housing in Carlsbad Mayor

**Santa Clara Housing Authority**

PO Box 275  
214 N. Mineral St.  
Santa Clara NM 88026

Phone Number (575) 537-3041  
Fax Number (575) 537-0200

# New Mexico Affordable Housing Tax Credit

A state tax credit for up to 50 percent of the value of donations (cash, land, buildings or services) for affordable housing projects approved by the MFA or for donations made directly to the NM Affordable Housing Charitable Trust.

## **The Program**

The New Mexico Affordable Housing Tax Credit program encourages private investment in affordable housing by providing donors to qualified housing developments with a credit on their state taxes. State tax credits provide a direct savings on income taxes, gross receipts taxes and compensating taxes (excluding local option gross receipts tax imposed by a municipality or county or the government gross receipts tax) to any eligible individual, business, and local or tribal government that makes a donation to an affordable housing development.

# New Mexico Affordable Housing Tax Credit

## The Donation

- To use this tax incentive the donation must be made to an affordable housing development that has been approved by the MFA. Once a project is approved and donations secured, investment vouchers are issued to the donors.
- Donors receive investment vouchers for up to 50 percent of the value of the donation. Donations can be made by individuals, businesses and local governments with a minimum amount being \$200.00 and the maximum \$1,000,000.00. The minimum tax benefit for a donor is \$100.00 and the maximum benefit is \$500,000.00.
- Eligible donations may include land, buildings, cash or services which support the development of an approved affordable housing project. Supporting donations received by the project sponsor in exchange for tax credits may be used to fund acquisition, substantial rehabilitation and/or new construction of affordable housing projects throughout the state.



# New Mexico Affordable Housing Tax Credit

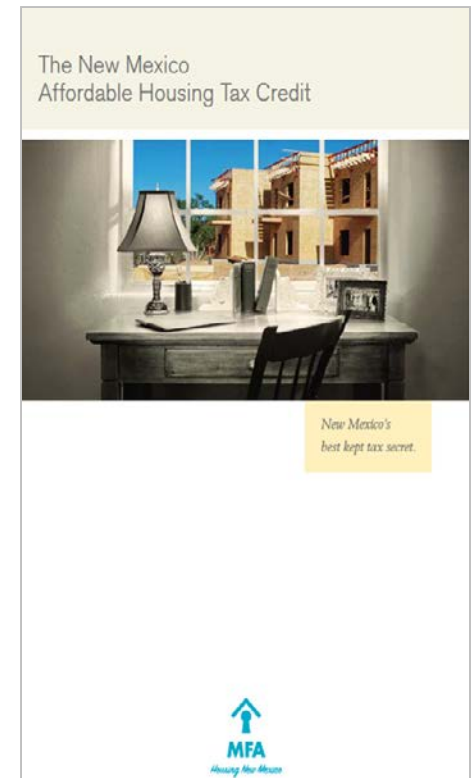
## Eligible Projects

- Affordable housing projects that qualify to participate in the New Mexico State Tax Credit program include the development of single family homes and multifamily rental housing located throughout New Mexico.
- A state tax credit is also available for donations made directly to the NM Affordable Housing Charitable Trust for affordable housing projects approved by the MFA

# Community Outreach and Communication



- New brochure coming soon!
- Developing training sessions for nonprofit partners that enhance outreach and resources for the state tax credit and the charitable trust
- Updated webpage and links to resources



# Leveraging Tax Credits Through Private/Public/Nonprofit Partnerships

Contributions from a local government or private individual can be a game changer for an affordable housing project.

Santa Fe Habitat for Humanity, the City of Santa Fe, the Santa Fe Housing Trust and Pulte homes maximized contributions to create affordable housing in the Santa Fe community.



# Soleras Station Development

- Inclusionary zoning (IZ), also known as inclusionary housing refers to regulation that requires a given share of new construction to be affordable by people with low to moderate incomes.
- Goal: To encourage the development and availability of housing affordable to a broad range of household incomes.
- Nexus: To offset the demand on housing that is created by new development.



# Soleras Station

- 87 Units, 73 affordable to below 60% AMI – 20% reserved for Special Needs  
 22 = 1 bedroom  
 50 = 2 bedroom  
 15 = 3 bedroom
- Affordability Scale  
 16 units leased to tenants below 30% AMI  
 29 units leased to tenants below 50% AMI  
 28 units leased to tenants below 60% AMI  
 14 units leased at the 120% AMI level



**Project Data**

ZONING: R21 (MID-DENSITY)  
 SITE AREA: 4.467 ACRES (195,844 SF)  
 DENSITY: 16.23 D.U./ACRE  
 OPEN SPACE: REQUIRED (20% of A1): 21,700 SF  
 PROVIDED: 24,750 SF  
 FUTURE FACILITY: 8,700 SF

LOT COVERAGE: TOTAL BUILDING GROUND COVERAGE: 42,676 SF  
 TOTAL LOT COVERAGE: 75.1%  
 (CONFORMANCE AREA - 56,967) 42,676/100,000 = 42.7%

PARKING: REQUIRED PARKING FOR DWELLING UNITS:  
 22 units x 1.25 spaces/unit (28) = 28 SP  
 50 units x 1.5 spaces/unit (75) = 75 SP  
 15 units x 2.0 spaces/unit (30) = 30 SP

RESIDENTIAL SPACES REQUIRED: 132 SP  
 COMMUNITY BUILDING: 7 SP

TOTAL PARKING PROVIDED: 133 SPACES  
 (Includes 3 Parking accessible spaces)

BICYCLES: REQUIRED SPACES FOR DWELLING UNITS:  
 22 units x 1.00 space = 22 spaces  
 50 units x 1.00 space = 50 spaces

UNIT AREA SCHEDULE

UNIT TYPE	DESCRIPTION	UNIT AREA	QUANTITY	TOTAL AREA
1B	1 BEDROOM / 1 BATH	680 GSF	1	680 GSF
1B	1 BEDROOM / 1 BATH	686 GSF	21	14,406 GSF
2B	2 BEDROOM / 1 BATH	1023 GSF	3	3,069 GSF
2B	2 BEDROOM / 1 BATH	888 GSF	32	28,416 GSF
3B	3 BEDROOM / 2 BATH	1053 GSF	13	13,689 GSF
3B	3 BEDROOM / 2 BATH	1103 GSF	1	1,103 GSF
3B	3 BEDROOM / 2 BATH	1163 GSF	14	16,282 GSF
TOTAL UNIT AREA				87,778 GSF
COMM. BUILDING				6,975 GSF
TOTAL COMM. BLDG.				6,975 GSF
TOTAL BUILDING AREA				94,753 GSF

Providing first-class accommodations to an underserved population in Santa Fe, Soleras Station capitalizes on the premium location to promote a healthy lifestyle and the wellbeing of the residents and the greater community.



DEKKER PERICH SARATINI THE HOUSING TRUST  
 Serrano Associates

# Santa Fe Homes Program (SFHP)

- Requires % of homes in new development be rented (15%) or sold (20%) to income-certified residents
  - SFHP units are offered in proportion to market rate units by type and are dispersed throughout the development
  - SFHP units match architectural features and landscaping of market rate units
  - Projects with 2 – 10 units pay a fee instead of providing unit(s)
  - 2016 Amendment allows market rate multi-family to pay fee by right
- SFHP triggered by but not limited to: annexation, rezoning, subdivision plat, increase in density, development plan, extension of or connection to city utilities for land outside the city limits, and building permits for two (2) or more dwelling units and manufactured home lots
  - Developer incentives: 15% density bonus, fee waivers/reductions for utility expansion charges, infrastructure and building permits, etc. (value of fee is secured by a lien held by the City)

# The City of Santa Fe

## The City's Role

- Negotiate terms of compliance, legal structure of agreements
- Connect private developer with nonprofit
- Support application through Planning Commission and entitlement process
- Monitor compliance through approvals of income certifications, pricing schedules
- Place City-held lien on assisted properties

# Pulte Homes

## The Developer

- Proposed Master Plan Amendment and subdivision in Las Soleras to build 300 homes, including age-targeted neighborhood
- SFHP requirement applied:
  - = 300 X 20%
  - = 60 affordable homes





# Habitat for Humanity

## The Nonprofit

- Builds homes affordable to households earning 30 – 60% AMI
- Relies on volunteer labor, donated and discounted materials and land
- Homebuyers are required to put in 350 – 500 hours or sweat equity
- Also, provides home maintenance and emergency repair services to low-income homeowners



# Santa Fe Housing Trust

## The Trust

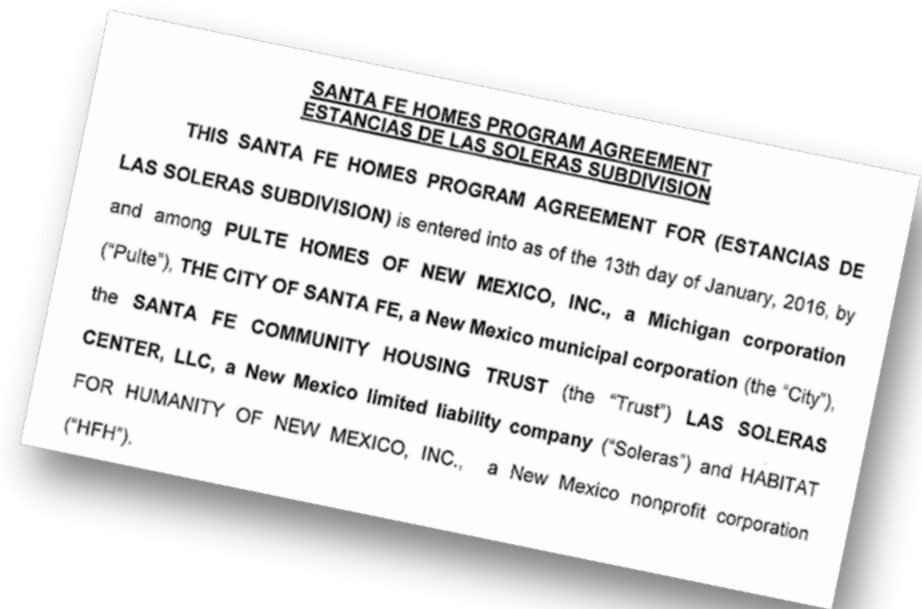
- Founded in 1992
- New Mexico Based Non-Profit 501(c)(3)
- Assisted 1,500 homebuyers with purchasing their first home
- Built and sold 700 affordable single family homes and 120 affordable rental apartments (LIHTC)
- Hands-on counseling and training to 5,000 potential homebuyers

## Support from the City

- 15% Density Bonus
- Fee Reductions and Waivers (upfront) for development review, infrastructure permit fees, UECs, Capital Impact fees (approx. \$700,000)
- Water bank credit provided by the City
- Additional CDBG funds to cover construction financing gap (approx. \$134,000)

# Soleras Station Development Agreement

- Entered into between City of Santa Fe, Pulte Homes, Master Plan Developer, Habitat for Humanity and Housing Trust
- Agreement specified role of each party
- Donations outlined within Agreement are designed to comply with QAP and to leverage LIHTC investment



# THANK YOU!

Patty Balderrama  
Program Coordinator  
New Mexico Mortgage Finance Authority  
505.767.2231

Laura M. Chavez  
Community Liaison  
New Mexico Mortgage Finance Authority  
505.767.2277

Alexandra Ladd  
Director - Office of Affordable Housing  
City of Santa Fe  
505.955.6346

Questions?