Fee-in-lieu Proposed Changes

Below is a 139-unit project example, demonstrating a comparison of the current and proposed fee structure. Based on this example the fee went from 15k to 48k per unit. **Please note** that the cost per unit may vary depending on the project size and unit composition.

Current Fee-in-Lieu

65% AMI: basis for the gap calculation that establishes the per unit fee.

BR Size	# Units	Aff'd Units	Fee/Unit	Fee/Month	Project Fee
Studio	0	0	$ 204	$ -	$ -
1	54	8.1	$ 470	$ 3,807	$ 91,368.00
2	67	10.05	$ 666	$ 6,693	$ 160,639.20
3	18	2.7	$ 1,202	$ 3,245	$ 77,889.60
TOTAL	**139**	**20.85**		**$ 13,746**	**$ 329,896.80**
				Cost Per Unit	**$ 15,822.39**

Proposed Fee-in-Lieu

30% AMI: basis for the gap calculation that establishes the per unit fee.

BR Size	# Units	Aff'd Units	Fee/Unit	Fee/Month	Project Fee
Studio	0	0	$ 1,424	$ -	$ -
1	54	8.1	$ 1,690	$ 13,689	$ 328,536.00
2	67	10.05	$ 2,058	$ 20,683	$ 496,389.60
3	18	2.7	$ 2,768	$ 7,474	$ 179,366.40
TOTAL	**139**	**20.85**		**$ 41,846**	**$ 1,004,292.00**
				Cost Per Unit	**$ 48,167.48**

Fee per Unit (based on example above)

Current: $15,822 per affordable unit

Proposed: $48,167 per affordable unit

National Program Comparison

Even with this increase in the fee per unit, the cost per unit is still substantially below the other national program fee amounts. See data below related to inclusionary fee structures across the US.

City	Fee Structure	Rental Rate Amount
Boston, MA	Per Affordable Unit	$200,000 – $380,000
Larkspur, CA	Per Affordable Unit	$298,784
Broomfield, CO	Per Affordable Unit	$106,635
Denver, CO	Per Affordable Unit	$250,000 - $478,000
Littleton, CO	Per Affordable Unit	$277,890
Boulder, CO	Per Affordable Unit	$106,000 - $165,000

Two examples from our neighboring state Colorado (Broomfield and Boulder) are closest to the proposed fee in lieu. These examples are still approximately 120% higher than the proposed fee structure.

Fee Approach

Santa Fe's current calculation is unique and results in a substantially lower per unit fee structure than most cities across the US. This is because most cities utilize the subsidy replacement model approach when identifying their per unit fee amount. The subsidy replacement model uses the average cost to develop a rental housing unit and the subsidy needed to build a similar affordable unit in their community. Below is an example of what a subsidy replacement model approach would equate to in Santa Fe.

Santa Fe Example

Approximate Average Cost Per Unit: $350,000
Average Subsidy Percentage: 50%
Subsidy Cost Per Unit: $350,000 x 50% = $175,000

This explains the discrepancy between Santa Fe's per unit fee amount and the amounts we see nationally. The proposed increase is not only be well below other national programs, but it is also well below the general amount Santa Fe would request if they were to use the popular subsidy replacement model calculation.

Additionally, if the general subsidy needed to build new affordable housing units is approximately $175,000 per unit, a fee of approximately $38,000 falls substantially short of what is needed to build a replacement unit. Therefore, slowing Santa Fe’s affordable housing development impact.

Payment Timing

Although most programs require developers to pay the fee at permit issuance or application. There are some jurisdictions that allow developers to defer payment until the issuance of a Temporary Certificate of Occupancy (TCO) or Final Certificate of Occupancy (COO).