CITY OF SANTA FE, NEW MEXICO

PROPOSED AMENDMENT(S) TO BILL NO. 2026-11

Updating Fee in Lieu and Affordability Requirements

Mayor and Members of the City Council:

In relation to Bill No. 2026-11.

This amendment WILL change the caption. __x___

This amendment WILL NOT change the caption. ______

I intend to propose the following amendment(s),

CITY OF SANTA FE, NEW MEXICO

BILL NO. 2026-11

INTRODUCED BY:

Mayor Michael Garcia

Councilor Alma Castro

Councilor Pilar Faulkner

Councilor Lee Garcia

Amendment B – BLUE – Councilors Cassutt

A BILL

RELATING TO THE SANTA FE HOMES PROGRAM AND REQUIREMENTS FOR

[~~bracketed material~~] = delete

material = new

RENTAL UNITS; AMENDING SECTION 26-1.22 TO MAKE CERTAIN TECHNICAL CHANGES, TO CLARIFY THE CALCULATION OF FEES PAID IN LIEU OF PROVIDING ON-SITE AFFORDABLE UNITS, TO AMEND THE FEE-IN-LIEU CALCULATION TO USE THIRTY PERCENT OF THE AREA MEDIAN INCOME INSTEAD OF SIXTY-FIVE PERCENT WHEN DETERMINING BASE FEE AMOUNT, AND TO SPECIFY THAT DEVELOPERS MAY WORK WITH THE OFFICE OF AFFORDABLE HOUSING TO ESTABLISH A PAYMENT DATE.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:

Section 1. Section 26-1.22 of SFCC 1987 (being Ord. No. 2019-30, § 5) is amended to read:

26-1.22 - Requirements for SFHP rental units.

A. If a SFHP developer obtained a residential building permit for a multifamily residential development between January 1, 2016, and December 31, 2019, then the developer shall pay a fee associated with such development [~~shall be assessed~~] in accordance with SFHP administrative procedures. If applicable, the associated [~~an~~] annexation agreement, subdivision plat, or development plan shall be administratively amended to reflect the updated requirement and the owner or developer, as applicable, shall record or file, as applicable, the amended document [~~shall be recorded or filed, as applicable, by the owner or development~~]. Incentives for SFHP developers as set forth in subsection 14-8.11 SFCC 1987 [~~will~~] are not be available for these projects, other than the density bonus pursuant to subsection 14-8.11(G)(1).

B. [~~Effective January 1, 2020, and thereafter,~~] A SFHP developer that obtains a building permit for a [~~multifamily~~] residential rental development after January 1, 2020, shall [~~comply with the SFHP ordinance by~~] either: pay[~~ing~~] a fee, create[~~ing~~]e [~~LPDUs~~] Low Priced Dwelling Units (“LPDUs"), or provide affordable on-site units as follows:

(1) *Fee in lieu.* [~~The~~] Except for small multifamily rental projects of twelve (12) or fewer units, and as described by Section 26-1.22(B)(1)(d), SFHP developers may pay [~~of~~] a fee in lieu of providing on-site affordable units, assessed according to a[~~n "affordability gap"~~] calculation that determines the base fee, which is the difference between [~~a~~] the FMR and the rent affordable to a renter earning thirty percent ([~~65~~] 30%) of the AMI.

(a) [~~The steps of the calculation of the base fee amount t~~] To calculate the fee in lieu [~~as more fully described in the administrative procedures, are as follows~~]:

(i) multiply the total number of units [~~broken out by number of bedrooms)~~] of each size, as defined by number of bedrooms, by fifteen percent (15%) to determine the number of affordable units that would have been required to be built if not for the developer paying the fee;

(ii) multiply the number of affordable units required in the previous step (including any decimal places) by the base fee associated with each type of unit [~~broken out by number of bedrooms)~~] (determined by number of bedrooms) to determine the monthly fee; and

(iii) multiply the monthly fee by twenty-four (24) months to determine the total project fee.

(b) HUD's FMR will be used to establish the [~~affordability gap(~~]"base fee amount"[~~)~~] relative to HUD's AMI data. [~~Developers shall pay~~

~~phased fee increases according to when projects are permitted as follows:~~

~~(i) for units permitted on or before June 30, 2020, the base fee amount;~~

~~(ii) for units permitted between July 1, 2020, and June 30, 2021, the base fee, increased by twenty percent (20%) fee increase;~~

~~(iii) for units permitted between July 1, 2021, and June 30, 2022, the base fee, increased by forty percent (40%) fee increase;~~

~~(iv) for units permitted between July 1, 2022, and June 30, 2023, the base fee, increased by sixty percent (60%) increase;~~

~~(v) for units permitted between July 1, 2023, and June 30, 2024, the base fee, increased by eighty percent (80%) increase; and~~

~~(vi)~~][~~f~~]For units permitted on or after July 1, 2024, the base fee[~~,~~] shall be increased by one hundred percent (100%).

(c) A SFHP developer that creates a vacation time share project or short term rental units shall be subject to the fees set forth in this subparagraph 26-1.22(B)(1);

(d) A small multifamily rental project that consists of twelve (12) or fewer units shall pay the base fee amount, which shall be calculated as the difference between a FMR and the rent affordable to a renter earning thirty percent ([~~65~~] 30%) of the

AMI, and shall not be subject to the phased fee increases set forth in subsection 26-1.22(B)(1)(b).

(e) [~~No later than July 1, 2022 staff shall initiate a review of the provisions of subsection 26-1.22(B)(1), as established by ordinance no. 2019-30, and shall present the findings to the governing body within six (6) months.~~] Developers who choose to pay the fee in lieu may work with the Office of Affordable housing to determine a payment due date, so long as the payment is received by the City no later than at the point at which the developer applies for a certificate of occupancy, unless it is determined by the Office of Affordable Housing that a later payment date is feasible and beneficial to SFHP.

(2) *One-hundred percent (100%) LPDUs.* A[~~n~~] SFHP developer may create a development that consists of one-hundred percent (100%) LPDUs that shall comply with the requirements set forth in subsection 26-2.3;

(3) *Fifteen percent (15%) affordable rental units.* A[~~n~~] SFHP developer may set aside [~~of~~] fifteen percent (15%) of on-site rental units for income certified renters as described in subsection 26-1.23(A); or

(4) *Combination.* A[~~n~~] SFHP developer may combine two (2) or more of the preceding three (3) options if such a combination provides an equivalent and beneficial impact toward meeting identified housing needs, subject to approval by the office of affordable housing. If a developer chooses to provide a combination of the options, then the city shall provide the developer incentives set forth in subsection 14-8.11(G), as approved by

the land use director.

C. The marketing, leasing, and occupancy of either an SFHP rental unit or an SFHP manufactured home lot that is rented shall conform to the criteria set forth in the administrative procedures. Rental rates shall comply with the rates set forth in subsection 26-1.24 SFCC 1987. SFHP rental units shall comply with the minimum size, unit type(s), and other structural requirements set forth in subsection 26-1.25 SFCC 1987. SFHP developers must obtain approval for the location of SFHP rental units. The units or manufactured home lots shall have compatible exterior architectural and landscaping appearance with other units in the development.

D. Units or manufactured home lots available for SFHP rentals shall be described in a SFHP proposal in sufficient detail so that such units or manufactured home lots can be identified after construction or creation and occupancy. SFHP tenants must meet eligibility requirements at the time they initially lease an SFHP unit.

Respectfully submitted,

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Jamie Cassutt, COUNCILOR

APPROVED AS TO FORM:

Marcos Martínez
Marcos Martínez (Aug 13, 2026 10:34:29 MDT)

MARCOS D. MARTÍNEZ, CITY ATTORNEY

ADOPTED: ___________X______

NOT ADOPTED: ________________

DATE: Governing Body 8/12/2026

ATTEST:

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GERALYN F. CARDENAS, CITY CLERK