





CITY OF SANTA FE CITY ATTORNEY

MEMORANDUM

To: Members of the Governing Body

From: Frank Ruybalid, Assistant City Attorney 

Via: Marcos Martinez, City Attorney 
MM

Re: **Appeal # 2025-11633-APPL of Case # 2024-9320.** Adjoining Property Owner Tierra Contenta Corp. Appeals the Planning Commission’s October 16, 2025, Decision Approving a Development Plan by Zydeco, LLC, for a 7.9-Acre Parcel at 7205 Plaza Central and Finding that the Development Is Not Subject to the Affordable Housing Guidelines of the Santa Fe Homes Program, SFCC Section 14-8.11(D)(3)(a).

Date: April 2, 2026, for the April 7, 2026, Governing Body meeting

The Property Owner, Tierra Contenta Corp., and its agent Homewise, Inc. (“Appellants”), have filed an Appeal challenging a decision by the Planning Commission (“Commission”) approving a Development Plan to build up to 165 multi-family residential units on a 7.9-acre lot zoned C-1 (Office and Related Commercial). The lot is at 7205 Plaza Central, just east of U.S. Hwy. 599 between Jaguar Drive and Airport Road, and is commonly called the “Zorro Blanco” development. **[Exhibit E, Staff Report, at 16]** This parcel was one of 74 divided lots in the 1,421-acre Tierra Contenta development, annexed into the City in 1985 and included in a Master Plan in 1994. **[Ex. K, Annexation Agreement, at 17]**

In a public hearing on October 16, 2025, the Planning Commission, based on a recommendation by the Land Use Staff, approved the Zorro Blanco development without requiring that it comply with the affordable housing mandate of the Santa Fe Homes Program, Santa Fe City Code 1987 (“SFCC”) Section 14-8.11. **[Ex. C, Findings & Conclusions, at 8-10]** This is because the 1994 Tierra Contenta Annexation Agreement has a provision for affordable housing, requiring the Tierra Contenta Corporation to build 40 percent of its planned 3,700 dwelling units for families earning at or below 80 percent of the City’s median household income. **[Ex. K, Annexation Agreement, at 115]** Under the City Code, “The SFHP does not apply to...a development or portion of a development that is subject to a formal written and binding agreement entered into prior to August 15, 2005 with the city or Santa Fe County in which the signatories agreed to provide affordable housing or payment in lieu.” **[SFCC Section 14-8.11(D)(3)(a)]**

Tierra Contenta Corp. appeals only the finding by the Planning Commission that Zorro Blanco is exempt from the affordable housing requirements of the SFHP. The Zorro Blanco developer, Zydeco, LLC, argues that when Tierra Contenta Corp. (“TCC”) sold the parcel where the Zorro Blanco project will be built, TCC did not include any affordable housing covenants in the deed, nor did it require Zydeco, LLC, to sign any other agreement on affordability. **[Ex. I, Affordable Housing Correspondence, at 102]**

In this “de novo” appeal, the Governing Body may uphold or reverse the Planning Commission’s decision to exclude the Zorro Blanco development from the Santa Fe Homes Program (“SFHP”). **[SFCC Section 14-2.2(F)]** A “de novo” hearing is one in which the Governing Body conducts an independent application of the law to the evidence to decide whether the facts and the law support the exclusion of this development from the SFHP.

I. BACKGROUND

A. Tierra Contenta and the Zorro Blanco Development

The Tierra Contenta Master Plan was created in 1994 and has undergone multiple phases of development, 1-A to 2-C, since its approval. 7205 Plaza Central is part of Phase 2-C. The Tierra Contenta development rests within 1,479 acres that was annexed into the City in 1985 by Ordinance # 1985-58. **[Ex. E, Staff Report, at 17]** The Master Plan was incorporated into a Restated Annexation Agreement, signed by all landowners in the development. **[Ex. K, Annexation Agreement, at 111-128]**

The parcel at 7205 Plaza Central presently is a vacant, undeveloped acreage. Multi-family dwelling units and restaurants, including fast food and takeout, are permitted in a C-1 Office and Related Commercial zone. **[SFCC Section 14-4.3(A), Table 14-7.3-1]** The Zorro Blanco project includes 17 buildings composed of 11 studio apartments, 93 one-bedroom apartments, 58 two-bedroom apartments, and two three-bedroom apartments, along with an office, community space, pool, gym and a coffee shop. **[Ex. E, Staff Report, at 17]**

Zydeco, Inc. (the “Applicant”) submitted a development plan that shows the development on 6.9 acres. On this lot size the development would exceed the permitted density of 21 dwelling units per acre, but that density would be allowed under the 15-percent “density bonus” afforded to developers who are subject to the SFHP affordable housing mandate. **[SFCC Section 14-8.11(G)(1)(a)]** If the Governing Body concludes that the SFHP affordable housing mandate does not apply to Zorro Blanco, the Applicant will amend the lot size by adding one adjacent acre of land the Applicant already owns, and recalculating the density. The Applicant has acknowledged this requirement in a notarized letter dated July 25, 2025. **[Ex. J, Lot Size Change, at 107]**

B. Covenants of the Restated Annexation Agreement

Seven landowners had parcels of various sizes within the Tierra Contenta development,

with TCC owning 860 acres, which was more than the other six owners combined. **[Ex. K, Annexation Agreement, at 145]** The City and all seven owners, including TCC, signed the Restated Annexation Agreement, and it was recorded December 15, 1994, by the County Clerk's Office. **[Ex. K, Annexation Agreement, at 124]** The Agreement included an Affordable Housing requirement, Section 7(A), which read:

Tierra shall develop approximately forty percent (40%) of the 3,700 lots or units planned for Tierra's property for families earning at or below eighty percent (80%) of the median family income of the City and for single person households earning under one hundred percent (100%) of the City median household income.

[Ex. K, Annexation Agreement, at 115] Other clauses in the Agreement required landowners to dedicate property to parks and open space (Section 9), prohibited landowners from drilling wells (Section 10(C)(5)), required Archaeological Clearance Permits for further development plans (Section 11), and required landowners to pay impact fees required by the City Code (Section 13). **[Ex. K, Annexation Agreement, at 111-128]**

To make sure all future landowners who bought property within the TC development were bound by the covenants of the Annexation Agreement, the Agreement had a requirement that any landowner selling its property must obtain a written agreement from the buyer that the buyer accepted the obligations set forth in the Agreement. Section 16, Assignments, reads:

Each Landowner shall be entitled to sell, transfer or assign all or any portion of that Landowner's rights and obligations under this Agreement provided the Landowner or the Landowner's assignee delivers to the City an agreement executed by Landowner and Landowner's assignee, acknowledging such assignment, describing the portion of the real property to which the assignment applies, and evidencing the assignee's acceptance of the rights and obligation under this Agreement.

[Ex. K, Annexation Agreement, at 122]

II. PROCEDURAL HISTORY

A. Application for Development Plan Approval

In October, 2024, Pax Consulting, LLC, agent for Zorro Blanco (the "Applicant"), submitted a Development Plan along with various plans, plat maps, elevation drawings, an archaeological clearance, traffic impact analysis, and a 22-page letter addressing the Development Plan Approval Criteria under the City Code, SFCC Section 14-3.8(D). **[Ex. G, Application Letter, at 42-67]** The Applicant addressed affordable housing, explaining that it offered to pay fees in lieu of providing affordable housing, as permitted by SFCC Section 26-1.33, Alternate Means of Compliance. **[Ex. G, Application Letter, at 66-67]** However, the Land Use Staff had determined that the Santa Fe Homes program did not apply to Zorro Blanco (nor does the Section 14-8.11(G)(1)(a) density bonus). The Applicant wrote that it disagreed

with the Land Use Staff's decision on this issue. **[Ex. G, Application Letter, at 67]**

B. Staff Recommendation and Commission Decision

In its Staff Report to the Planning Commission, the Land Use Staff recommended approval of the development proposal. **[Ex. E, Staff Report, at 17]** The Staff explained its decision why the Zorro Blanco development did not qualify for the Santa Fe Homes Program, for the density bonus, or for the fee-in-lieu alternate means of compliance: the parcel where Zorro Blanco will be built is part of the 1994 Tierra Contenta Master Plan and Annexation Agreement, which has its own affordable housing requirement (40 percent, per Section 7 of the Agreement). **[Ex. E, Staff Report, at 24]** This removes Zorro Blanco, or any other development within the TC Master Plan, from the obligations and benefits of the SFHP, per SFCC Section 14-8.11(D)(3). **[Ex. E, Staff Report, at 24]**

The Planning Commission considered the development application in its regular meeting October 16, 2025. **[Ex. D, Planning Commission Minutes, at 14]** Eight members of the Commission participated in the hearing. **[Ex. D, Minutes, at 11]** Because the chair only has a vote in the event of a tie, seven members voted. **[City Resolution # 2009-20, Art. 11, § 2(B); Ex. D, Minutes, at 11]**

Case Manager Alexa Hempel described the project application and recommended that the Planning Commission approve it. **[Ex. D, Minutes, at 14]** See also YouTube, <https://www.youtube.com/live/fRst2HrXAas?si=2FBt0jcNsX-rYw1K> at **2:04:28**. Ms. Hempel explained the Staff's decision about the affordable housing requirements, noting that the developer sought inclusion in the SFHP, planned the development for 6.9 acres and offered to pay the fee-in-lieu alternative to affordable housing. **[YouTube at 2:14:10]** Ms. Hempel explained that the Zorro Blanco development was within the Tierra Contenta Annexation Agreement Master Plan, and that Zorro Blanco was excluded from the SFHP by SFCC Section 14-8.11(D)(3). In response to the Staff's decision, Zydeco, LLC, agreed to add an acre to the plat map to meet the density restriction, Ms. Hempel said. **[YouTube at 2:15:30]**

On behalf of Zydeco, LLC, Katherine Mortimer, Founder and Principal of Pax Consulting, LLC, and Architects Tom Gifford and Aaron Bohrer addressed the Commission, talking mostly about the architectural design and functionality of the project. **[YouTube at 2:20:05]** Five Commissioners had questions about topics unrelated to affordable housing. Commissioner Kelly McReynolds asked for clarification about the addition of the extra acre that was required due to the Applicant's ineligibility for the Santa Fe Homes Program. **[YouTube at 2:51:30]** Ms. Hempel explained that the Applicant had proposed 165 dwelling units on the 6.9-acre lot in expectation that it could participate in SFHP, but because it did not qualify for SFHP it was limited to 144 units; it had to add an acre for its dwelling units per acre to equal 21, consistently with its C-1 zoning designation. **[YouTube at 2:40:18]**

One public commentator appeared in person and expressed concern about the traffic impact and said she favored affordable housing and she supported the proposed coffee shop. **[YouTube at 2:57:25]** Another commentator, appearing by Zoom, had questions about the

architectural renderings. **[YouTube at 3:01:40]** Mr. Gifford and Mr. Bohrer answered the caller's questions. **[YouTube at 3:04:30]** No agent for the Appellant, Tierra Contenta, participated in the hearing.

Commissioner Gurushabad Mirando moved, and the Commission voted unanimously among the seven voting members to approve the application. **[Ex. D, Minutes, at 14]** On November 6, 2025, the Commission adopted written Findings of Fact and Conclusions of Law reflecting its decision to approve the application. **[Ex. C, Findings & Conclusions, at 8-10]** The Findings of Fact and Conclusions of Law noted that the total acreage for the development will be 7.9, not 6.9, acres, indicating that the SFCC Section 14-8.11(G)(1)(a) density bonus for participants in the SFHP would not apply. **[Ex. C, Findings & Conclusions, at 8]**

III. APPEAL TO THE GOVERNING BODY

A. Applicable Code Sections

Under SFCC Section 14-3.17(A)(2), an appeal of a Land Use Board decision may be filed for one or more of the following reasons:

- (a) To contest non-compliance of a final action with Chapter 14 or Sections 3-21-1 through 3-21-14 NMSA 1978 (the New Mexico zoning enabling act);
- (b) To contest the application of SFCC Chapter 14; or
- (c) To appeal a decision lacking substantial evidence to support it.

B. The Appellants' Claims

In its Verified Appeal Petition ("Petition"), the Appellant claims the Planning Commission made a ruling which incorrectly interprets SFCC Section 14-8.11(D)(3), and is therefore a misapplication of a section of Code Chapter 14 (controlling Land Use). **[Ex. A, Verified Appeal Petition, at 3]**

The Appellant argues that by building 165 market-rate units, the Zorro Blanco project will not fulfill the TC Annexation Agreement's 40-percent affordable housing requirement. **[Ex. A, Petition, at 6]** TCC's agent argues that the intent of SFCC Section 14-8.11 (D)(3) is to enforce prior formal written agreements that require an applicant to provide affordable housing, which eliminates the need for the City to impose the mandates of the SFHP. **[Ex. A, Petition, at 6]** When a developer is not compelled to provide affordable housing by a prior written agreement, the presumption is that the SFHP mandates *do* apply, the Appellant argues. **[Ex. A, Petition, at 6]**

The Appellant further claims that for the Planning Commission to approve the Zorro Blanco project without an affordable housing requirement creates a hardship to the TCC Development in TC Phase 2 is not complete, and every new development affects TCC's ability to meet its affordable housing obligations under the Annexation Agreement. **[Ex. A, Petition, at 5]** According to TCC, roughly 41 percent affordability had been achieved in Tierra Contenta as of the last approved development in Phase 2-C, but the percentage of affordable housing would

drop to approximately 35 percent if no new affordable housing is required for the remainder of that phase. **[Ex. A, Petition, at 5]** This risks putting TCC out of compliance with the Annexation Agreement, the Appellant argues.

Further, Tract 51, where Zorro Blanco is located, does not have affordable housing requirements under the Annexation Agreement because its land use designation when the Master Plan was adopted was “Office/Business Incubator,” for which no housing units were contemplated. **[Ex. A, Petition, at 6]** (The site subsequently was re-zoned C-1, which permits some residential use.) Therefore, the Appellant argues, because no residential units were planned, the affordable housing requirements of the Annexation Agreement do not apply to the Zorro Blanco tract, and the SFHP should apply to the project. **[Ex. A, Petition, at 4-5]**

In all other respects, TCC supports the Zorro Blanco development. It wrote in its Appeal Petition, “[W]e are supportive of the Zorro Blanco project and do not wish to halt or impede its development. We simply ask the Governing Body to correct the Final Action, avoiding detrimental impacts to the City and to remaining development in Tierra Contenta.” **[Ex. A, Petition, at 7]**

C. The City Staff’s Position

The Land Use Staff, consistently with the position it took in its Staff Report and in the Planning Commission hearing, maintains that Zorro Blanco is not eligible for inclusion in the SFHP, is not eligible for a density bonus, and cannot opt in by agreeing to pay fees in lieu of affordable housing. **[Ex. E, Staff Report, at 24]** Read plainly, SFCC Section 14-8.11(D)(3) simply states that the SFHP does not apply to a development “or portion of a development” that is subject to an agreement pre-dating 2005 in which the signatories agreed to provide affordable housing. **[SFCC Section 14-8.11(D)(3)]** An intention of the Santa Fe Homes Program, expressed in SFCC Section 26-1.3(B) is to “*encourage* the construction of affordable housing in all areas of the city in accordance with the general plan.” Nothing expresses an intention of the SFHP to *require* construction of affordable housing.

Tract 51, where the Zorro Blanco project is proposed is clearly “a portion of a development,” and the development is subject to the Affordable Housing clause, Section 7, of the Tierra Contenta Restated Annexation Agreement. **[Ex. K, Annexation Agreement, at 144; and § 7, at 115]** In the map showing the Revised Master Plan PRC and Annexation, Tract 51 is the diagonally hatch-marked lot on the far western edge, but clearly within the TC Master Plan. **[Ex. K, Annexation Agreement, at 144]**

The Staff finds unpersuasive TCC’s complaint that to release Zorro Blanco from any affordable housing requirement creates a hardship by reducing affordable housing in Phase 2 below 40 percent, requiring TCC to build a greater proportion of affordable housing to compensate for the resulting decline. The Staff notes that TCC sold the Zorro Blanco tract in 2009 to a company, Commercial Center @ 599, Inc., delivering a Warranty Deed that made no mention of the 1994 Annexation Agreement or Master Plan. **[Ex. L, Warranty Deed, at 147-150]** This disregarded Section 16 of the Annexation Agreement, which requires TC landowners

to obtain from anybody who buys their property a written agreement acknowledging his/her obligations under the Annexation Agreement. **[Ex. K, Annexation Agreement, at 122]** See Section I(B), above, for the specific language of § 16. The written acknowledgement required by this section must be delivered to the City, according to the terms of Section 16, and the Staff has no evidence TC ever fulfilled this requirement or delivered such a written acknowledgement to the City.

Further, although the 2009 Warranty Deed does have cursory language to the effect that the transfer is “SUBJECT TO: Restrictions, reservations and easements of record,” the legal description had to be revised, and TCC issued a Corrected Warranty Deed to Commercial Center @ 599, Inc., in 2011 in which there is no reference whatsoever to any restrictions and reservations. **[Ex. L, Warranty Deed, at 151-159]** Neither the Warranty Deed nor the Corrected Warranty Deed make *any* reference to the 1994 TC Annexation Agreement or Master Plan. Commercial Center @ 599, Inc., would later transfer this property to Zydeco, LLC.

The Land Use Staff also is not persuaded that the designation “Office/Business Incubator” designation, with no planned residential units, relieved TCC from getting a written acknowledgement of the Annexation Agreement covenants. The Annexation Agreement had parks and open space requirements (Section 9), prohibited drilling for wells (Section 10(C)(5)), required landowners to pay impact fees (Section 13), and other requirements that would apply to all tracts within TC regardless whether residential units for planned for them or they were entirely industrial/commercial. **[Ex. K, Annexation Agreement, at 56]**

D. Standard of Review

On appeal, the Governing Body should determine whether there is substantial evidence to support the Planning Commission decision. The Governing Body should independently apply the Code provisions described above to the facts of this case. *See* Appendix (relevant Code provisions).

IV. CONCLUSION

In considering the Appellant’s appeal, the Governing Body must address the following question: Does the Santa Fe Homes Program apply to the proposed Zorro Blanco development at 7205 Plaza Central?

If the answer is “**no**,” deny the appeal.

If the answer is “**yes**,” state the facts that make the Santa Fe Homes Program applicable to the proposed Zorro Blanco development, and grant the appeal.

V. MOTION OPTIONS

There are two options for motions in this case:

Motion 1: I move to deny the appeal, on the grounds that evidence presented to the Planning Commission supported the Commission’s approval of the Zorro Blanco development without the affordable housing requirements of the Santa Fe Homes Program.

Motion 2: I move to grant the appeal, based on our finding that the Santa Fe Homes Program does apply to the proposed Zorro Blanco development because (*state facts supporting the finding*).

VI. LIST OF EXHIBITS

A	Verified Appeal Petition	Dec. 3, 2025	pp. 1-2
B	Appeal Petitioner’s Attachment with Description of Harm	Dec. 3, 2025	pp. 3-7
C	Findings of Fact & Conclusions of Law	Nov. 6, 2025	pp. 8-10
D	Planning Commission Meeting Minutes	Oct. 16, 2025	pp. 11-15
E	Staff Report, Planning & Land Use Department	Oct. 16, 2025	pp. 16-31
F	Maps & Photos (Attachment B to Planning Commission packet)	Oct. 16, 2025	pp. 32-40
G	Application Letter (Attachment C1 to Planning Commission packet)	Oct. 10, 2024	pp. 41-67
H	Development Plan excerpts (Attachment C11 to Planning Commission packet)	Jul. 1, 2025	pp. 68-85
I	Affordable Housing Correspondence (Attachment C13 to Planning Commission packet)		pp. 86-106
	Zydeco (Sommer Karnes) to TC Corp.	Feb. 14, 2025	pp. 87-90
	SFHP Fee-in-Lieu Agreement		pp. 91-97
	SFHP Rental Unit Calculation Worksheet		p. 98
	TC Corp. to Zydeco	Apr. 29, 2025	pp. 99-100
	Zydeco (Sommer Karnes) to TC Corp.	May 8, 2025	pp. 101-103
	TC Corp. to Zydeco TCVP Land, LLC	May 15, 2025	p. 104
	TC Corp. to Heather Lamboy, City of Santa Fe	Aug. 7, 2025	pp. 105-106
J	Letter Acknowledging Lot Size Change (Attachment C14 to Planning Commission packet)	Jul. 25, 2025	p. 107-109
K	Tierra Contenta Restated Annexation Agreement (Attachment D to Planning Commission packet)	Dec. 15, 1994	pp. 110-146
	Revised Master Plan PRC & Annexation	Dec. 6, 1994	p. 133, 144
	Schedule of Improvements		pp. 136-141
	Revised Development Program	Dec. 6, 1994	pp. 145
L	Warranty Deed to Commercial Center @ 599, Inc.	Dec. 31, 2009	pp. 147-150
M	Corrected Warranty Deed to Commercial Center @ 599, Inc.	Oct. 13, 2011	p. 151-159

**APPENDIX:
EXCERPTS FROM SANTA FE CITY CODE**

14-8.11 - Santa Fe Homes Program (SFHP)

(A) Authority

The SFHP is enacted pursuant to the authority set forth in Section 26-1.2 SFCC 1987 (Santa Fe Homes Program).

(B) Adoption of SFHP

The governing body has adopted the SFHP as set forth in Section 26-1 SFCC 1987.

(C) Responsibilities

The land use director shall:

- (1) administer and enforce all planning and land use ordinances that apply to development requests that are subject to this Section 14-8.11;
- (2) require, as part of the development review process, that the applicant prepare and submit a SFHP proposal to the office of affordable housing to assure compliance with the SFHP Ordinance;
- (3) administer provisions for development incentives in the development review process as set forth in this Section 14-8.11;
- (4) record the SFHP agreements with the respective subdivision plat or development plan at the county clerk's office; and
- (5) where applicable, invoke sanctions for noncompliance with SFHP agreements at the request of the city manager.

(D) Applicability

(1) Except as set forth in this Subsection 14-8.11(D), the SFHP shall apply to any application for development, including annexation, rezoning, subdivision plat, increase in density, development plan, extension of or connection to city utilities for land outside the city limits, and construction permits that propose two or more dwelling units or buildings or portions of buildings that may be used for both nonresidential and residential purposes and manufactured home lots. SFHP applies to the residential portion of the development.

(a) The SFHP applies to new construction, to the conversion of existing rental units to ownership units and the conversion of commercial uses to residential uses.

(b) The SFHP does not apply to a family transfer as set forth in Section 14-3.7(F)(2) or a division of land into two lots as set forth in Section 14-3.7(D) (Summary Procedure).

(c) The applicant is responsible for determining the applicability of SFHP to the proposed development and complying with the requirements of SFHP.

(2) The SFHP applies to dwelling units in vacation time share projects.

(3) The SFHP does not apply to:

(a) a development or portion of a development that is subject to a formal written and binding agreement entered into prior to August 15, 2005 with the city or Santa Fe County in which the signatories agreed to provide affordable housing or payment in lieu thereof; or

(b) dwelling unit or manufactured home lots for an elementary, middle or high school; college or university; hospital; or similar institution to be used exclusively by its employees or enrolled students and their families. If the dwelling units or manufactured homes are no longer exclusively used by its employees or enrolled students and their families, the SFHP shall apply at the time the units are converted.

26-1.8 - Applicability and Amendments to Prior Agreements.

A. The SFHP ordinance shall apply to the following actions or projects:

(1) any application for residential development including, but not limited to, annexation, rezoning, subdivision plat, increase in density, development plan, or extension of, or connection to, city utilities for land outside the city limits;

(2) building permits that propose two (2) or more dwelling units or buildings or portions of buildings that may be used for both nonresidential and residential purposes, including single family homes, multifamily housing, live/work housing, and manufactured home lots;

(3) new construction, the conversion of existing rental units to ownership units, and the conversion of commercial uses to residential uses;

(4) vacation time share projects and short term rental units, to the limited extent described in subsection 26-1.22(B)(1)(c); and

(5) any amendment to an SFHP agreement or HOP agreement that was entered into prior to June 8, 2011, so that the amended agreement meets the current requirements of section 26.1.

B. The SFHP Ordinance shall not apply to the following situations:

(1) a development or portion thereof that is subject to any formal, written, and binding agreement entered into prior to August 15, 2005, with the city or Santa Fe county in which the signatories agreed to provide affordable housing or payment in lieu thereof;

(2) a dwelling unit or manufactured home lot for an elementary, middle or high school; college or university; hospital; or similar institution to be used exclusively by its employees, enrolled students, patients, and their families. If the dwelling unit or lot is no longer used exclusively by such employees, enrolled students, patients, or families, the SFHP Ordinance applies at the time the units are converted;

(3) any non-residential portion of a development;

(4) a family transfer as set forth in subsection 14-3.7(F); or

(5) a division of land into two (2) lots as set forth in subsection 14.3.7(D).

26-1.22 - Requirements for SFHP rental units.

A. If a SFHP developer obtains a residential building permit for multifamily residential

development between January 1, 2016, and December 31, 2019, then a fee associated with such development shall be assessed in accordance with SFHP administrative procedures. If applicable, an annexation agreement, subdivision plat, or development plan shall be administratively amended to reflect the updated requirement and 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 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 development shall comply with the SFHP ordinance by either paying a fee, creating LPDUs, or affordable on-site units as follows:

(1) Fee in lieu. The SFHP developer may pay of a fee in lieu of providing on-site units, assessed according to an "affordability gap" calculation that determines the base fee, which is the difference between a FMR and the rent affordable to a renter earning sixty-five percent (65%) of the AMI.

(a) The steps of the calculation of the base fee amount, as more fully described in the administrative procedures, are as follows:

(i) multiply the total number of units (broken out by number of bedrooms) by fifteen percent (15%) to determine the number of affordable units;

(ii) multiply the number of affordable units by the base fee associated with each type of unit (broken out 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.

Signature: *Marcos Martinez*

Email: mdmartinez@santafenm.gov






Zorro Blanco Appeal (Appeal 2025-11633-APPL of Case 2024-9320)

Final Audit Report

2026-04-03

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