

City of Santa Fe, New Mexico

Attachment C

**Applicant Submittals and
Development Plan**

13. Affordable Housing Correspondence

SOMMER KARNES & ASSOCIATES LLP

Mailing Address

Post Office Box 2476
Santa Fe, New Mexico 87504-2476

Street Address

125 Lincoln Ave
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Santa Fe, NM 87501

Telephone:(505) 989-3800
Facsimile:(505) 288-3601

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johnf@sommerkarnes.com
Of Counsel

February 14, 2025

Board of Directors
Tierra Contenta Corporation
c/o Lisa Gavioli
Project Manager | NV5
1807 Second Street, Ste. 40
Santa Fe, NM 87505

Re:	Project:	"Zorro Blanco"
	Owner:	ZYDECO TCVP LAND LLC
	Address:	7205 Plaza Central, Santa Fe, New Mexico 87507
	No. Units:	164 Market Rate Rental Units
	Legal Description:	TIERRA CONTENTA VILLAGE PLAZA S/D PHASE 2-C, LOT 10

Dear Members of the Board of Directors:

This firm represents ZYDECO TCVP LAND LLC ("Zydeco"), which company has applied for a development plan approval from the City of Santa Fe Planning Commission for a 164-unit multifamily residential apartment complex ("Zorro Blanco"). The Architectural Review Committee of the Tierra Contenta Corporation ("TCC-ARC") reviewed and approved the Zorro Blanco development on December 17, 2024. Zydeco must comply with the affordable housing requirements as set by Tierra Contenta Corporation Board of Directors (the "Board"). We submit this letter application for the Board's consideration of an alternative means of compliance with the affordable housing requirements for Zorro Blanco.

Zydeco proposes to donate a parcel of land in lieu of providing on-site affordable rental units, which donation would be to a qualified and experienced non-profit company that would undertake to develop the parcel into twelve (12) affordable housing units for sale to qualified home buyers. Here are the specifics of the proposal:

1. **Land to be Donated:** Zydeco would create a .689 acre parcel adjacent to Zorro Blanco.
2. **Description of Units:** The parcel will accommodate twelve (12) fee simple units having three bedrooms, a single car garage, and approximately 1,800 square feet per unit, front yards, an exterior deck, as well as required on-site parking (in addition to garages), and required open space.

SOMMER, KARNES & ASSOCIATES, LLP

Tierra Contenta Corporation

February 14, 2025

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3. **Partner:** Zydeco is in communication and negotiations with several local non-profit home builders, one of which would take the land and enter into agreements to complete the buildout and meeting the affordable housing standards for income qualified families. Zydeco's desire is to partner with a non-profit serving families at sixty percent of the Area Median Income. As the Board is aware, affordable housing for such families is not generally available in Santa Fe.
4. **Aspects of the Plan:** Attached are graphic depictions of the proposed affordable housing, including (a) Site Plan, (b) Renderings of the buildings, and (c) Floor Plans for all three (3) levels of the Units. The proposed site is located astride Plaza Central and just south of the Zorro Blanco multifamily development and leverages an existing curb cut for access, existing street infrastructure, and existing utilities, which are or will be brought to the property line. The site is suitable for residential development and does not possess any environmental challenges, such as slope or sensitive terrain. The site has been graded. A recent traffic study considered an additional twenty-five (25) units to the multifamily development traffic study, which concluded there would be no negative impact on the traffic. Additionally, the subject site is well situated to take advantage of the full benefits of future retail development, per the Tierra Contenta master plan.

We believe that this alternative means of compliance is in keeping with and best serves Tierra Contenta's overall mission and purpose to provide affordable housing of all types to the families most in need of housing. Additionally, Zydeco would be amenable to providing a partial "fee in lieu" to provide additional housing resources, which partial "fee in lieu" would be in addition to the proposed donation of land. If the Board finds that the proposal is not acceptable, Zydeco proposes to pay the "fee in lieu" required by the City's Santa Fe Homes Program. Attached is a form for a "fee in lieu" provided by the City of Santa Fe pursuant to which any "fee in lieu" would be made. By separate correspondence, I will provide a link to a Dropbox containing all of the submittals made to the City of Santa Fe for the application for a development plan approval.

SOMMER, KARNES & ASSOCIATES, LLP

Tierra Contenta Corporation

February 14, 2025

Page 3 of 3

We understand that the Board meets virtually. Please give us the date for the Board meeting and let us know if more information is needed at this time.

Sincerely,

A handwritten signature in blue ink, reading "Karl H. Sommer", with a long horizontal flourish extending to the right.

Karl H. Sommer

cc: Zydeco TCVP
Daniel Alvarado, City Staff

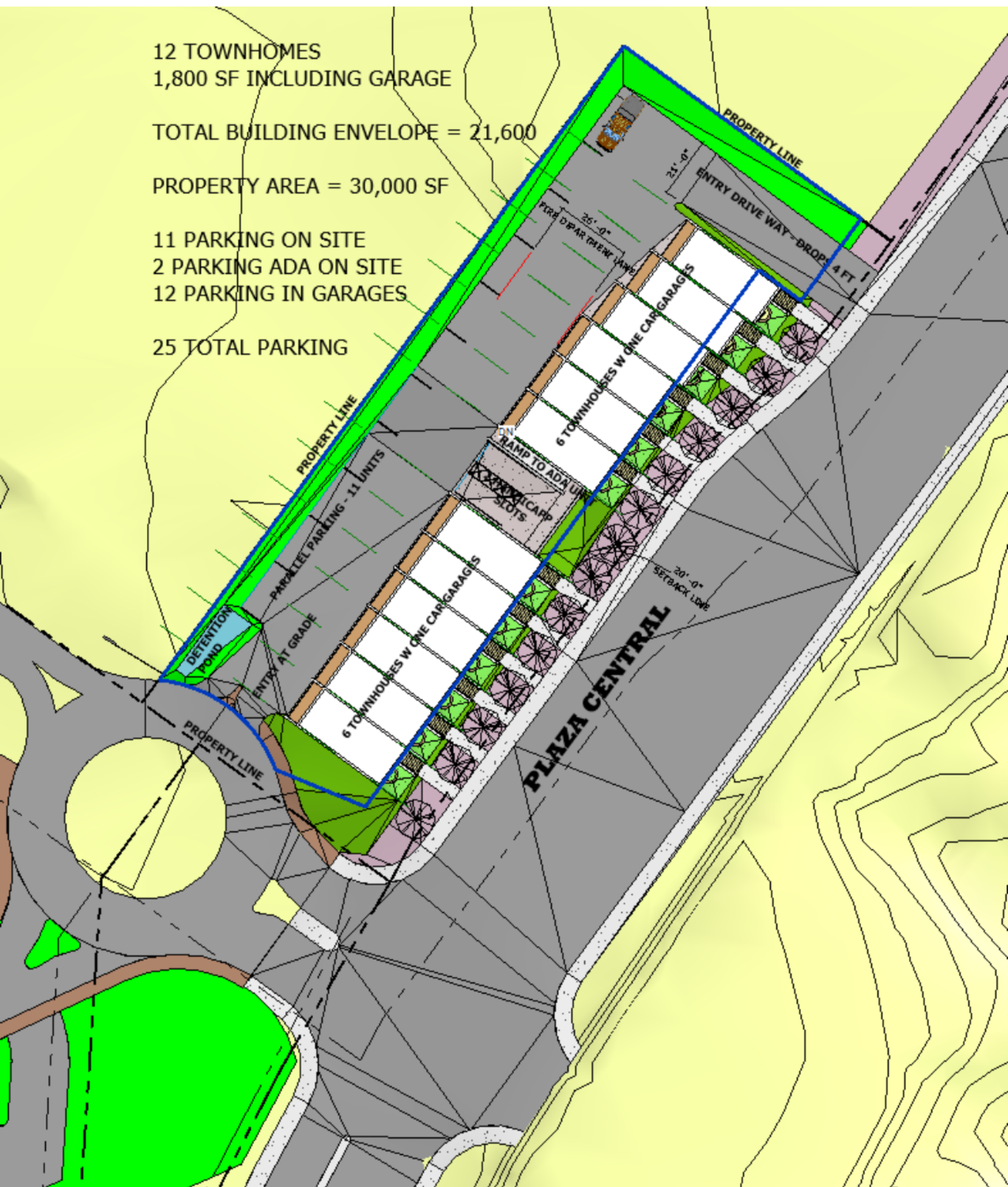
12 TOWNHOMES
1,800 SF INCLUDING GARAGE

TOTAL BUILDING ENVELOPE = 21,600

PROPERTY AREA = 30,000 SF

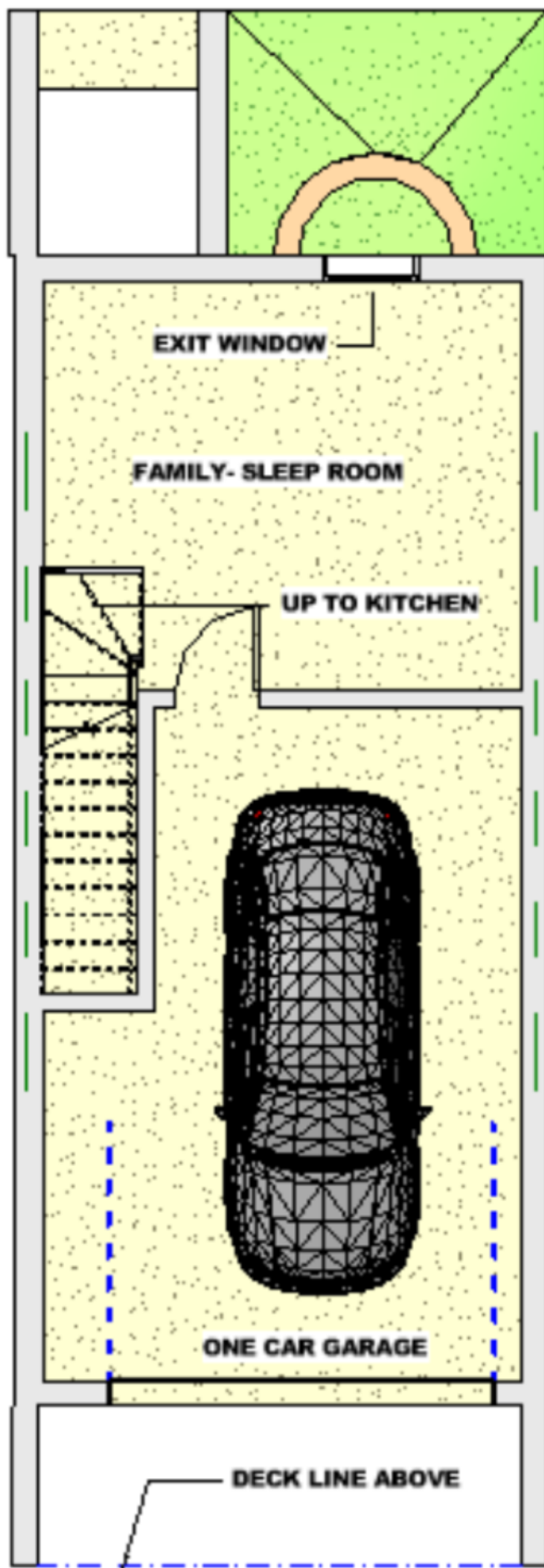
11 PARKING ON SITE
2 PARKING ADA ON SITE
12 PARKING IN GARAGES

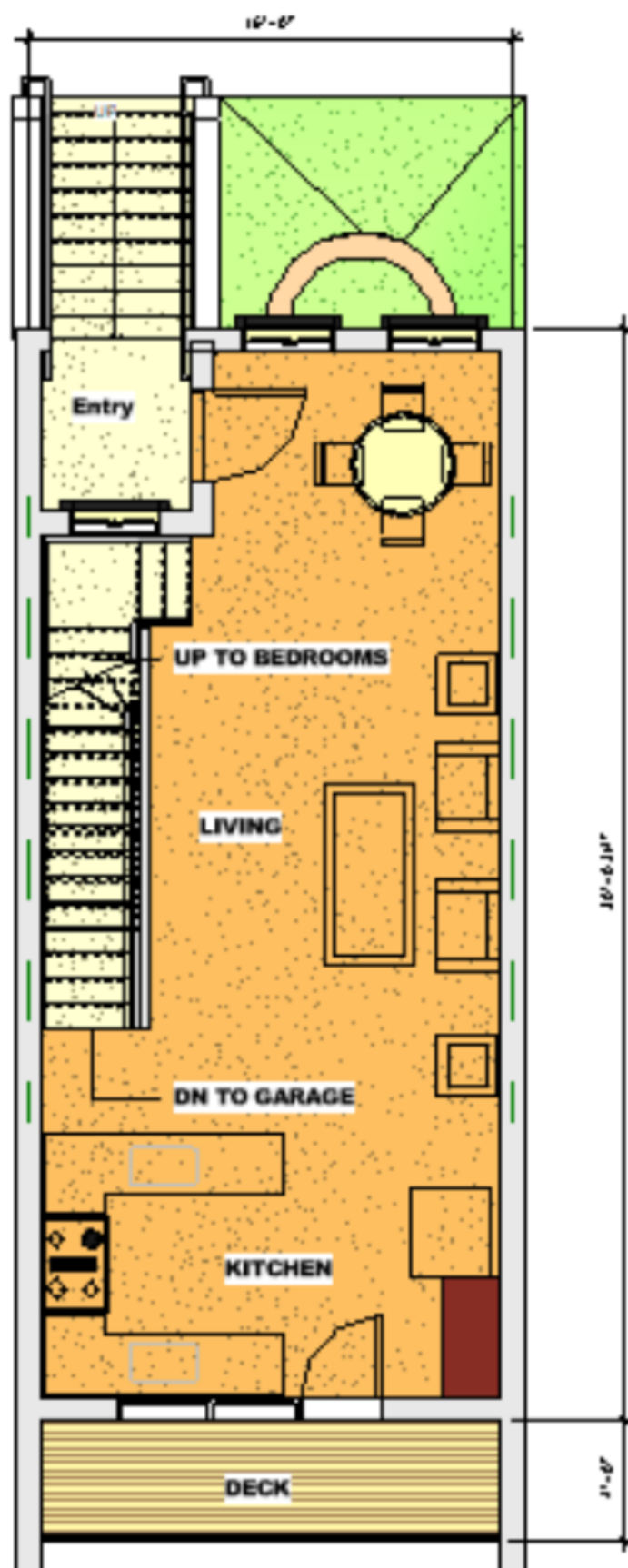
25 TOTAL PARKING

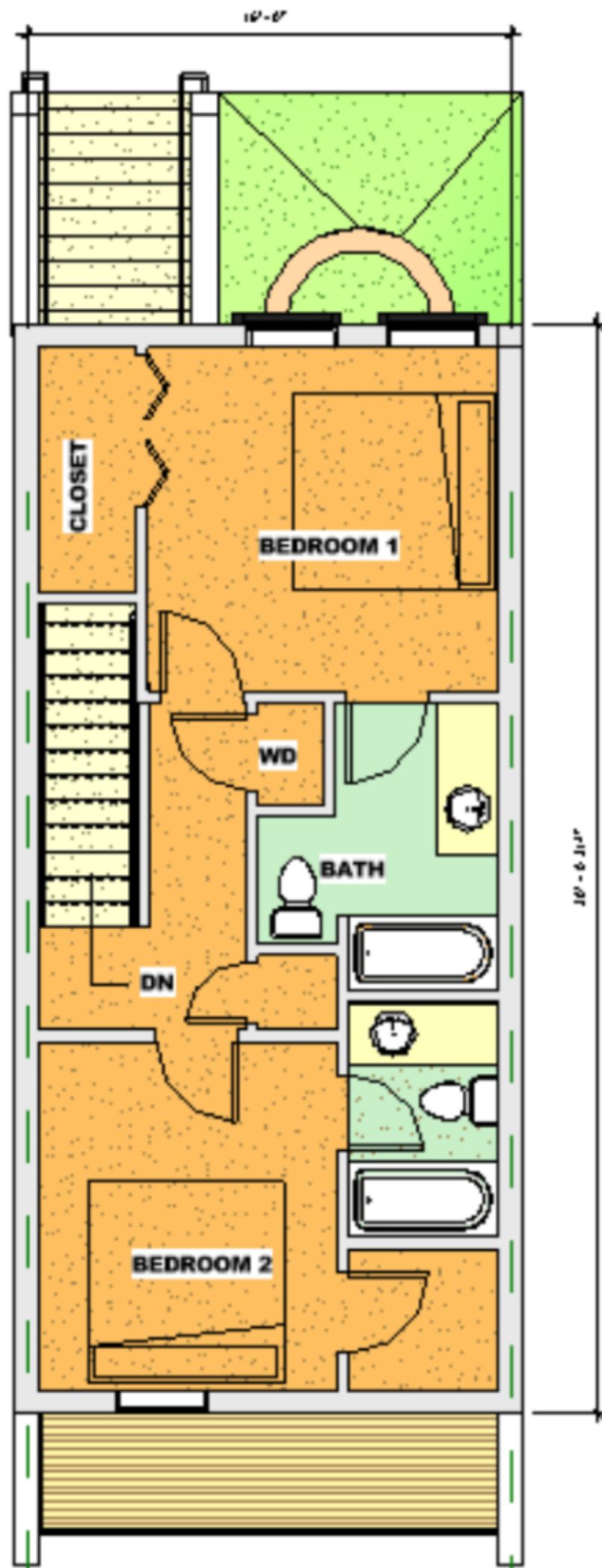












**CITY OF SANTA FE
SANTA FE HOMES PROGRAM
FEE-IN-LIEU OF RENTAL AGREEMENT**

***“Zorro Blanco”
7205 Plaza Central, Santa Fe, New Mexico***

This Santa Fe Homes Program (“SFHP”) Agreement (“Agreement”) is made and entered into this _____ day of _____, 2025, by and between the City of Santa Fe, New Mexico, a New Mexico Municipal Corporation (“City”) and Zydeco TCVP Land, LLC, a New Mexico limited liability company (“SFHP Developer”).

RECITALS

- A. **WHEREAS**, the City has duly adopted the Santa Fe Homes Program and administrative procedures (collectively, the “SFHP”) and other regulatory structures in order to ensure that private development bears its fair share of the burden of housing affordability in the Santa Fe community.
- B. **WHEREAS**, in accordance with the requirements of the SFHP, the SFHP Developer has submitted an SFHP proposal (“SFHP Proposal”), which provides the procedural prerequisite for this Agreement;
- C. **WHEREAS**, the SFHP Developer is the developer of Zorro Blanco, and in its SFHP Proposal, the SFHP Developer has proposed to develop the property as described in the document attached hereto as **Exhibit 1** (development plan), incorporated herein by reference, and hereinafter referred to as the “Property”.
- D. **WHEREAS**, the SFHP Developer desires to develop the Property subject to and upon the terms and conditions hereinafter set forth and in compliance with Sections 14-9.11 and 26-1 *et seq.* Santa Fe City Code (SFCC) 1987.
- E. **WHEREAS**, pursuant to Ordinance 2016-09, the Governing Body approved amending the Santa Fe Homes Program requirement to allow developers of rental housing to pay a fee-in-lieu instead of seeking an alternate means of compliance. Incentives for SFHP developers, as set forth in subsection 14-8.11 SFCC 1987, will not be available for these projects.

F. **WHEREAS**, it is understood that all representations made herein are material to the City and that the City will rely upon these representations in permitting or approving development of the Property.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises, the following agreements and undertakings of the parties, the City and the SFHP Developer, for themselves and their heirs, successors and assigns, hereby agree to be bound by the following terms in order to ensure SFHP compliance, and hereby agree as follows:

1. DEVELOPMENT REQUEST

A. SFHP Developer is in the process of receiving final development plan approval to build 165 rental units, priced at market rates.

B. The Developer agrees to comply with the Santa Fe Homes Program Ordinance through the payment of a fee, established on an “affordability gap” measure as per SFHP Administrative Procedures.

2. OBLIGATIONS

A. No SFHP Homes Required. Because the project meets the criteria outlined in Ordinance 2016-09, the SFHP does not require construction of any SFHP Homes on-site.

B. Fee Agreement. The SFHP Developer agrees to make a payment of **####,###** (the SFHP Payment), as calculated pursuant to the SFHP and as described in **Exhibit 2**. The payment shall be made payable to the City of Santa Fe and dedicated to the Affordable Housing Trust Fund (AHTF). The fee revenues will be used to provide tenant based, scattered site rental assistance to income-qualified renters or to provide capital support for an off-site affordable rental housing project.

C. Payment Deadline. The amount set forth in paragraph 2.B above shall be made to the City’s Office of Affordable Housing as follows:

1) The amount due will be calculated according to the SFHP pricing schedule in place when payment is made. The full payment is due at the time of building permit application.

2) If none of the previous documents are required, a copy of this Agreement and a receipt that the fee has been paid shall be included with the application for a building permit.

3. ENFORCEMENT

A. Remedies. Failure to make the full payment required under this agreement by the time of building permit issuance will result in any or all of the following sanctions, depending upon which the Office of Affordable Housing judges to be the most effective and appropriate given the circumstances:

- a) Withholding the recording of plats or plans,
- b) Withholding or revoking building permits,
- c) Issuing stop work orders, and
- d) Withholding or revoking certificates of occupancy.

B. Other Remedies Available. It is understood and agreed by the SFHP Developer that the remedies provided under Section 4.1 of this Agreement are non-exclusive. This Agreement shall not restrict the City's recourse to any remedy available under the law including, but not limited to, liens and litigation.

C. Notice. The City agrees to provide written notice pursuant to the SFHP of any violation or alleged violation of the terms and conditions of this Agreement. The SFHP Developer will give the City written notice of any violation or alleged violation of the terms and conditions of this Agreement. Both parties will give the other party thirty days to cure any violation or alleged violation of this Agreement.

City of Santa Fe:
Office of Affordable Housing
PO Box 909
Santa Fe, NM 87504-0909

SFHP Developer:
Zydeco TCVP Land, LLC
428 Sandoval St.
Santa Fe, NM 87501

4 SUCCESSORS IN TITLE/COVENANTS TO RUN

In the event that SFHP Developer sells, assigns, leases, conveys, mortgages, or encumbers the Property to any third party, the third party shall be provided with a copy of this Agreement and shall be required to comply with this Agreement. The terms and conditions of this Agreement run with the land and are binding upon all heirs, successors, and assigns.

5. RECORDATION

The SFHP Developer agrees to put into escrow a check payable to the Santa Fe County Clerk's office to pay for recording this Agreement in the amount of \$25.00. The City will record the Agreement within ten days after the date of the last signature obtained unless the SFHP Developer pays in full the required SFHP Payment. If paid in full, the City will not record the Agreement and will return the check.

6. CITY'S ZONING AUTHORITY UNIMPAIRED

The City's rights to enforce any and all provisions of the Santa Fe City Code shall be the same as its rights generally to enforce any other ordinance, which shall in no way be diminished by this Agreement. The SFHP Developer acknowledges that this Agreement is included within the zoning authority and charter authority of the City, which is, and is hereby, accepted by the SFHP Developer as a sufficient but additional basis for this Agreement.

7. CAPTIONS

The captions and paragraph headings of this Agreement are not necessarily descriptive or intended or represented to be descriptive, of all the provisions thereunder, and in no manner shall such captions and paragraph headings be deemed or interpreted to limit the provisions of this Agreement.

8. FURTHER ASSURANCES

The parties agree to execute such documents as may be required to show the satisfactory compliance with SFHP Ordinance (SFCC 26-1) and this Agreement.

9. SEVERABILITY

If any provision of this Agreement, or the application of such provisions to any person or circumstances, shall be held invalid, the remainder of this Agreement, or the application of such provisions to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

10. NO WAIVER

No actions taken by the parties following a breach of any of the terms contained in this Agreement shall be construed to be a waiver of any claim or consent to any succeeding breach of the same or any other term.

11. NUMBERS AND GENDERS

Whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.

12. GOVERNING LAW; VENUE; INTERPRETATION

SFHP Developer shall abide by all applicable federal and state laws and regulations, and all ordinances, rules, and regulations of the City of Santa Fe. In any action, suit or legal dispute arising from this Agreement, the SFHP Developer agrees that the laws of the State of New Mexico shall govern. The parties agree that any action or suit arising from this Agreement shall be commenced in a federal or state court of competent jurisdiction in New Mexico. Any action or suit commenced in the courts of the State of New Mexico shall be brought in the First Judicial District Court.

This Agreement shall be enforceable according to its terms and New Mexico law. This Agreement is subject to the general principles of equity, fairness and reasonableness irrespective of whether such enforcement or interpretation is considered in a proceeding at equity or in law and shall be construed according to its purpose of fostering and preserving affordable housing. Any benefit to private parties arising under this Agreement is purely incidental to the purpose of creating affordable housing.

13. SCOPE OF AGREEMENT

This Agreement incorporates all the agreements, covenants, and understandings between the parties hereto concerning the subject matter hereof, and all such covenants, agreements, and understandings have been merged into this written Agreement. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in this Agreement. This Agreement shall not relieve the SFHP Developer from complying with present or future City ordinances, duly adopted resolutions, or regulations applicable to the development.

14. AMENDMENTS

This Agreement shall not be altered, changed, or amended except by instrument in writing executed by the parties hereto. Any amendments to this Agreement shall be reviewed by the Office of Affordable Housing and sent, if applicable, to the appropriate review body as set forth in

the SFHP Ordinance and then to the City Manager for approval.

15. TERM

This Agreement shall remain in force until the full payment of the SFHP Payment obligation set forth herein.

16. PUBLIC PURPOSE

The City declares, and the SFHP Developer acknowledges, that this Agreement as well as all restrictions contained in this Agreement are for public purposes.

WHEREFORE, the parties set their hands and seals this ____day of _____, 2025.

ATTEST:

CITY OF SANTA FE:

GERALYN CARDENAS,
INTERIM CITY CLERK

CITY MANAGER

APPROVED AS TO FORM:

CITY OF SANTA FE:

ASSISTANT CITY ATTORNEY

EMILY OSTER,
FINANCE DIRECTOR

Zydeco TCVP Land, LLC

By: _____
Richard Yates

Its: Manager

ACKNOWLEDGEMENTS

STATE OF NEW MEXICO)

) ss.

COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this ____ day of _____,
_____, by _____.

NOTARY PUBLIC

My Commission Expires:

Attach: Exhibit 1 - Development plan
 Exhibit 2 – SFHP Pricing & Rental schedule

Development Plan, Site Plan, Location Map

SFHP RENTAL UNIT CALCULATION WORKSHEET

The project has C-1 zoning district, permitting 165 units with applicable 15% density bonus. The project has an area of approximately 6.9 acres. The project is proposing 165 rental homes; 11 studio, 93 one-bedroom units, 59 two-bedroom units, and 2 three-bedroom units. There **are not** additional land use requirements for this site as identified in Ch. 14.

The SFHP requirement is calculated below:

= Total # of units multiplied by (0.15) = the # of SFHP rental units required
 = 165 total units x 0.15 = 24.75 SFHP unit(s) is/are required.

In lieu of providing affordable rental units, the Developer proposes to comply with SFHP through the payment of a fee as per Ordinance 2016-09.

2024 Affordability Gap Voucher

	HUD FMR	SFHP Avg	Base Gap	Base Gap before 6/30/23	Base Gap as of 7/1/24
Studio	\$ 1,171	\$ 764	\$ 396	\$ 714	\$ 793
1 BR	\$ 1,317	\$ 764	\$ 542	\$ 976	\$ 1,085
2 BR	\$ 1,535	\$ 885	\$ 650	\$ 1,170	\$ 1,300
3 BR	\$ 1,960	\$ 1,005	\$ 955	\$ 1,719	\$ 1,911
4 BR	\$ 2,044	\$ 1,137	\$ 907	\$ 1,632	\$ 1,814

Proposed Project

Unit Type	% of Total	# of Units
Studio	6.67%	11
1 BR	56.36%	93
2 BR	35.76%	59
3 BR	1.21%	2
	100%	

Steps for Calculation

1. enter # of each unit type
2. multiply # of units by 15%
3. multiply # of affordable units by fee/unit/month
4. multiply fee/month by 24 (months) = Project Fee
5. Sum Project Fee to get Total Project Fee

2024 Affordability Gap Voucher Calculation

Bedrooms	# Units	Aff'd Units	Fee/Unit	Total Fee	Fee After 7/1/24
Studio	11	1.65#	\$ 714	\$ 28,274.40	\$31,402.80
1	93	13.95#	\$ 976	\$ 326,764.80	\$363,258
2	59	8.85#	\$ 1,170	\$ 248,508.00	\$276,120
3	2	0.3#	\$ 1,719	\$ 12,376.80	\$13,759.20
	165	24.75		\$ 615,923	\$684,540

Total Fee = \$684,540

Fee per market rate unit = \$4,179

***NOTE:** The rental fee schedule is modified by the City according to Section 8.7.3 of the SFHP Administrative Procedures to reflect annual changes in the median income levels. The current SFHP prices that are in effect at the time the SFHP fees are paid determines the actual amount of the fee. The prices are updated annually.*



April 29, 2025

Zydeco TCVP Land LLC
c/o Karl Sommer
Sommer Karnes & Associates LLP
PO Box 2476
Santa Fe, NM 87504-2476

RE: Response to Zorro Blanco Affordable Housing Proposal

Dear Karl and Zydeco Development Team,

Thank you for your continued engagement with the Tierra Contenta Corporation. The Board appreciates Zydeco's willingness to explore alternative-compliance pathways and recognizes the project's potential contribution to Santa Fe's housing inventory.

After carefully reviewing your March 14, 2025, cash-in-lieu offer of \$684,619.20, the Board has unanimously determined that the proposal does not satisfy TCC's affordability aspirations or community benefit standards and cannot be accepted. Below, we'd like to review and invite further collaboration to explore possible alternatives.

TCC's 40% Affordability. Tierra Contenta's annexation agreement has 40% affordability community-wide, far exceeding the City of Santa Fe's 15% minimum. Accepting a fee aligned with the City's lower standard would undermine our mission to serve Santa Fe's workforce and families equitably. TCC's master plan calls for roughly 40 percent of all homes in the community to be affordable. A fee keyed to the City's 15 percent minimum falls well short of that target.

Tangible Housing Production/ Need for Actual Homes. Alternatives are welcome, especially if they result in tangible new affordable units—either on the *Zorro Blanco* site or elsewhere where construction is assured.

Board's Willingness to Consider a Stronger Package. The Board remains open to alternatives. We invite Zydeco to resubmit a revised proposal. TCC and our technical advisors are prepared to review potential parcels, infrastructure scenarios, or other creative solutions that can credibly deliver additional affordable homes. We liked the spirit of donating land to Habitat for Humanity, yet the parcel offered was too small and lacked a clear path to homes on the ground.

Tierra Contenta

We remain open to stronger ideas, for example:

1. *A larger—or more build-ready—parcel (on-site or off-site) donated to a qualified nonprofit builder that commits to delivering homes.*
2. *In-kind work that lowers the cost of producing affordable units (infrastructure, park improvements, trail connections, etc.).*
3. *A higher fee that reflects the gap between 15 percent and our 40 percent community goal, with funds earmarked for unit production.*
4. *A mixed approach combining land, in-kind improvements, and/or a supplemental fee.*

Next Steps. Please submit a revised affordable-housing compliance plan by the 20th of the Month so that the Board may place it on the agenda for the next month's meeting. We encourage you to coordinate with Lisa Gavioli of NV5. We value Zydeco's interest in developing within Tierra Contenta. We remain optimistic that we can achieve a solution that advances both the Zorro Blanco project and the community's long-term affordability objectives.

Sincerely,



Alexandra Ladd, Board Chair
Tierra Contenta Corporation

SOMMER KARNES & ASSOCIATES LLP

Mailing Address

Post Office Box 2476
Santa Fe, New Mexico 87504-2476

Street Address

125 Lincoln Ave
Suite 221
Santa Fe, NM 87501

Telephone:(505) 989-3800
Facsimile:(505) 288-3601

Karl H. Sommer, Attorney at Law
khs@sommerkarnes.com
Joseph M. Karnes, Attorney at Law
jmk@sommerkarnes.com

John R. Fox Attorney at Law
johnf@sommerkarnes.com
Of Counsel

May 8, 2025

VIA EMAIL TO: lisa.gavioli@nv5.com

Tierra Contenta Corporation ("TCC")
Board of Directors
c/o Lisa Gavioli, AICP
Senior Project Manager
NV5
1807 Second Street, Ste. 40
Santa Fe, NM 87505

Re: Zorro Blanco
Proposed 165 Apartment Project
Parcels Zoned C-1
7205 Plaza Central
Santa Fe, N.M.
Owner: TCVP LLC

Dear Members of the Board:

We received Ms. Ladd's letter of April 29, 2025, with the Board's response to TCVP LLC's proposal to provide affordable housing or a fee in lieu of for our apartment project, Zorro Blanco. Thank you for your time in reviewing our proposals.

Our application for development plan approval was submitted in October 2024 to the Planning Department of Santa Fe with required documents for approval or denial by the City of Santa Fe Planning Commission. In the initial submittal, TCVP elected to pay a "fee in lieu" to meet the requirements of the Santa Fe Homes Program. Since the property resides in the Tierra Contenta PUD, we could not get clarification from the City of Santa Fe about the affordable housing requirements for this parcel. Our inquiries were met with inconsistent answers. Early in our inquiries, City Staff indicated we had to comply with the Santa Fe Homes Program. After months of inquiry, we were told that the Restated Annexation Agreement for Tierra Contenta (recorded 12/13/94 at Book 1122, Page 756) (the "Annexation Agreement") obligated TCC to certain affordability standards which exempted lands within Tierra Contenta from the Santa Fe Homes Program under Section 26-1.8B.1 of the Code¹. We were instructed that the Annexation

¹ Section 26-1.8B.1 of the Santa Fe Homes Program does not apply to "a development or portion thereof

SOMMER, KARNES & ASSOCIATES, LLP

TCC Board

May 8, 2025

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Agreement provides TCC with jurisdiction and the authority to impose affordable housing requirements on residential projects. However, the Annexation Agreement does not impose specific affordable housing requirements on any particular applicant or parcel of land, i.e., there is no 40% affordability on all housing projects. Rather, TCC agreed (in the Annexation Agreement) to maintain 40% affordability *across the totality of 3,700 planned residential units*.

In a meeting on May 21, 2021, with Daniel Werwath, the previous Executive Director of TCC, Mr. Werwath confirmed that TCC accepted projects that went from 100% to 0% affordable units and had accomplished or exceeded the 40% mandate for affordability for Phase 1 and Phase 2. Historically, TCC imposes requirements on an *ad hoc* basis. It is not clear to us what mechanism is utilized to impose the affordability requirements on other properties, i.e., affordable housing agreements, covenants, etc.

The TCVP property was shown as commercial in the 2005 Master Plan and must not have been contemplated as contributing any housing to TCC's 40% obligation. The land was sold to Commercial Center @599, Inc in 2010 and was annexed and zoned for commercial uses. If housing had been contemplated, TCC would presumably have sold the property with a covenant or other written agreement requiring any housing to meet TCC's affordable mandate. If TCC has met its 40% overall affordability mandate, we wonder why the TCVP property is subject to any affordability requirement. No restrictive covenants or other agreements were imposed when TCC sold the TCVP property.

We have concluded that the Annexation Agreement imposes a general requirement upon TCC to ensure that the 40% affordability be maintained on the residential uses. The imposition is upon TCC, and TCC was in a legal position to impose the requirements on the landowners to whom property was sold. The Annexation Agreement did not vest TCC with the ability to impose requirements on properties after it sold properties, no matter how TCC operated in the past. The Annexation Agreement does not vest – nor could it vest – the power to TCC to make zoning exactions (like affordable housing) during a development approval process. Only the City of Santa Fe has that authority, which it exercised when it enacted the Santa Fe Homes Program. Again, TCC has the authority to impose requirements only when it sells properties in Tierra Contenta in order to meet its obligations under the Annexation Agreement. The Annexation Agreement's requirements for affordable housing are expressly between the City and TCC; it does not require any particular property owners who buy from TCC to do anything after the sale. Therefore, it is our opinion that the TCVP property is not subject to an agreement that would exempt it from the Santa Fe Homes Program and that the

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", and we were told the Restated Annexation Agreement qualifies as such a prior existing agreement.

SOMMER, KARNES & ASSOCIATES, LLP

TCC Board

May 8, 2025

Page 3 of 3

strictures of the Santa Fe Homes Program apply to the TCVP development plan application.

TCVP has expended a significant sum in the development approval process, and TCVP is prepared to test the legal authority of TCC to impose an affordable housing requirement on property it has sold without an affordable covenant. The proposed requirements beyond those required by the Santa Fe Homes Program has jeopardized the project's viability.

TCVP is willing to proceed with its proposal of March 14, 2025, to pay TCC an affordable housing fee in the amount \$ \$684,619.20 for the project and forego the challenge to TCC's authority (assuming the City of Santa Fe accepts the agreement between TCC and TCVP as meeting the affordable housing requirements for the TCVP property.) The \$684,619.20 represents the fee that would be paid under the Santa Fe Homes Program. We prefer to see TCC receive the "fee in lieu of" rather than the City of Santa Fe, which will be the result should our position regarding TCC's authority prove correct, or the project is abandoned.

We will appreciate your reply by May 16, 2025. If we are unable to agree by that time, TCVP will have to press the challenge outlined above and request that its project proceed before the City Planning Commission.

Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in blue ink, reading "Karl H. Sommer", with a long horizontal flourish extending to the right.

Karl H. Sommer

cc: TCVP, LLC



May 15, 2025

Zydeco TCVP Land LLC
c/o Karl Sommer
Sommer Karnes & Associates LLP
PO Box 2476
Santa Fe, NM 87504-2476

RE: Response regarding Zorro Blanco “fee in lieu” proposal

Dear Karl and Zydeco TCVP Development Team,

In response to your letter dated May 8, 2025, the Tierra Contenta Corporation Board of Directors has determined to accept your offer to pay TCC an affordable housing fee in the amount of \$684,619.20 for the Zorro Blanco project, in lieu of providing affordable housing units.

The Tierra Contenta Corporation acknowledges that Tract 51 was originally designated as “Office/Business Incubator” and was contemplated as part of a Village Center in the Tierra Contenta Master Plan and Restated Annexation Agreement (1994). When the tract was sold, non-residential uses were likely still anticipated for this tract, and as a result it is assumed that no affordable housing requirements were discussed. Since that time in response to market demand and Santa Fe’s deepening housing crisis, residential uses have been planned for Tract 51, including the proposed Zorro Blanco development.

TCC accepts Zydeco TCVP’s affordable housing fee offer, which is equivalent to the fee-in-lieu option as an alternative means of compliance required by the Santa Fe Homes Program for multifamily developments. As the TCC Board has had additional time to consider the offer, we feel it represents an effort by Zydeco TCVP to meet the spirit of the Tierra Contenta Annexation Agreement and Master Plan and to exceed the affordable housing requirements that were originally contemplated for Tract 51 when it was anticipated to be non-residential in use.

Again, we value Zydeco's interest in developing within Tierra Contenta, and we feel that this solution allows for the Tierra Contenta Master Plan and Annexation Agreement obligations to be met, for TCC to further its mission, and for the Zorro Blanco project to progress.

Sincerely,

Alexandra Ladd

Alexandra Ladd, Board Chair
Tierra Contenta Corporation



August 7, 2025

Heather Lamboy, Director
Dan Esquibel, Current Planning Division Manager
Alexa Hempel, Senior Planner
Planning and Land Use Department
City of Santa Fe
Delivered via email to: hllamboy@santafenm.gov, daesquibel@santafenm.gov,
anhempel@santafenm.gov

RE: Affordable Housing Fee In-Lieu for proposed Zorro Blanco Development

Dear Heather, Dan, and Alexa,

On behalf of the Tierra Contenta Corporation (TCC), we thank you for your dedication to expanding housing opportunities in Santa Fe. As longtime partners in this work, we recognize the complex balancing act that staff must perform—between housing supply, community expectations, planning horizons, and resource allocation. We are writing today to express concerns over the proposed Zorro Blanco development proposal and to make a request.

In reviewing the staff report and application materials for the proposed Zorro Blanco development, which is slated for review by the Planning Commission this evening, we noted that there is no affordable housing proposal or draft affordable housing agreement included. Further, the staff report references that the Santa Fe Homes Program does not apply to the development and that instead the tract is subject to the Tierra Contenta Annexation Agreement and affordable housing provisions therein but does not indicate how the development complies with these.

We respectfully disagree with the City's conclusion that affordable housing requirements don't apply to this parcel. Over nearly a year, TCC has been in communication with Zydeco TCVP Land, LLC (the Applicant). During this time, the Tierra Contenta Architectural Review Committee voted to approve the design of the project and the Board of Directors negotiated with the Developer to ensure compliance with affordable housing requirements. The outcome of such negotiations was that the Applicant would pay a fee-in-lieu of setting aside rent-restricted units. This fee would be calculated according to the City's inclusionary zoning requirement (the Santa Fe Homes Program – SFHP – SFCC 26-1.22(B)). The Developer agreed to pay the in-lieu fee and it was the Board's understanding that this requirement would be executed by the City and the fee deposited into the Affordable Housing Trust Fund.

While the SFHP would not typically apply in Tierra Contenta, the Board concluded that the SFHP requirement was triggered at the time the parcel was rezoned for residential uses, as described in SFCC Chapter 14(D)1. This trigger was not enforced at the time of rezoning and so the Board proceeded to negotiate compliance, according to the SFHP. That said, we respectfully request that the Planning Commission declare that the SFHP applies to this project as a condition of approval. The terms of this approval are mutually agreed upon by the Applicant and TCC. The Board also requests that said fee be earmarked for use in Tierra Contenta as a priority in the next AHTF application cycle.

This approach (following the competitive AHTF process) would yield a high-impact outcome aligned with both City goals and community needs. An in-lieu fee paid by the Applicant would strengthen the City's ability to maintain momentum on key infrastructure and affordability goals, especially for the remaining development tracts in Tierra Contenta, which currently lack critical infrastructure. It would also demonstrate a commitment to continuity—building on existing community trust, public investment, and the decades-long effort to make Tierra Contenta a model for inclusive and sustainable growth.

Importantly, this request does not seek to alter the City's procedures, but rather to make efficient and meaningful use of funds in a place already primed for success. The City, Homewise, and TCC each have a stake in ensuring the next and final chapter of development in Tierra Contenta delivers not only housing units, but a strong, connected neighborhood that reflects the full cultural and economic fabric of Santa Fe.

The TCC Board has unanimously voted to support this request. We appreciate your consideration and stand ready to collaborate on any follow-up needed to move this forward.

Sincerely,



Alexandra Ladd, Chair
Tierra Contenta Corporation Board of Directors

cc. Elisa Montoya, Community Development Director
Johanna Nelson, Acting Affordable Housing Director