



Policy Memorandum

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To: Councilors Jamie Cassutt, Patricia Feghali, and Paul Bustamante

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Subject: Updated Research on Affordable Housing

POLICY QUESTION

How does the City of Santa Fe (“City”) find affordable and middle-income housing solutions that are not entirely dependent on market forces or entirely dependent on pre-existing city institutions?

SUMMARY

Although many affordable housing strategies rely on market forces and market incentivization to create affordable or accessible housing, these policy models can be limiting due to their reliance on for-profit and marketized solutions, which often leverage private capital in order to reduce regulatory hurdles. However, these strategies are often not responsive to housing needs that do not present a direct profit incentive. Additionally, there is interest regarding solutions for affordable or middle-income housing that are not entirely dependent on pre-existing city institutions like the City's Affordable Housing Trust Fund.

KEY FINDINGS

Civic Housing Authorities:

Civic Housing Authorities, also known as public housing authorities, are generally federally funded publicly run offices of municipal governments that manage subsidized housing. There are several examples of municipally run housing authorities in the United States, with New York City's public housing authority being the largest. New York City's housing authority (NYCHA) is responsible for one in sixteen homes in New York City.¹ The NYCHA provides a number of services to New Yorkers in relation to public housing. They provide Section 8 housing vouchers, in addition to a Section 9 conventional public housing program. Section 8 housing vouchers are funded primarily through the department of Housing and Urban Development (HUD). Section 9 relies on direct federal funding.

¹ “NYCHA - About,” www.nyc.gov, n.d., <https://www.nyc.gov/site/nycha/about/about-nycha.page>.

It is critical to remember that expanding federally subsidized public housing in the United States is aggressively limited by the Quality Housing and Work Responsibility Act, Faircloth Amendment, which Congress passed in 1998, specifying that the Department of Housing and Urban Development cannot fund construction of public housing units that would result in a net increase in the number of units which Public Housing Agencies own, assist, or operate, as set by 1998 levels.² Because of this, any public housing authority that receives federal funding in the United States is limited to preexisting public housing stock.

A further challenge for public housing authorities is the continued divestment by the Federal Government in relation to public housing. New York City, for example, currently requires approximately \$80 million in cumulative repairs to NYCHA held properties, and because of the consistent reduction in federal dollars spent on public housing, repairs like these that are often heavily dependent on federal support continue to become less and less tenable.³

There is a Civic Housing Authority in the City called the “Santa Fe Civic Housing Authority”. It is not directly related to the municipal government of Santa Fe. According to the authority’s website, the organization provides low-income rental housing and Section 8 vouchers. The organization also oversees Section 8 and low-income housing properties in Española and Los Alamos.⁴ Santa Fe County also has a housing authority—the “Santa Fe County Housing Authority”. The county’s housing authority manages 198 public housing units and 307 Housing Choice Vouchers. According to the authority’s website, “The Housing Authority also manages a Housing Choice Voucher Homeownership Program, Resident Opportunities and Self-Sufficiency Program (ROSS), Family Self-Sufficiency Program (FSS), and the Capital Fund Program (CFP). The Housing Authority’s budget primarily consists of rental income and subsidies provided by the U.S. Department of Housing and Urban Development”.⁵ At present, the Santa Fe County Housing Authority has closed the waiting list for Section 8 vouchers due to housing quotas being met. It is unclear when the waiting list will be reopened.

Some municipal governments are currently trying to remedy the difficult state of public housing in the United States. Seattle is a notable example. Seattle residents approved a ballot measure in February of 2025 known as Proposition 1A⁶, which imposes a 5% tax on total compensation for any employees in Seattle earning more than \$1 million annually when paid by employers.⁷ The

² “Office of Capital Improvements | HUD.gov / U.S. Department of Housing and Urban Development (HUD),” Hud.gov, 2021, <https://www.hud.gov/helping-americans/public-indian-housing-capfund>. 47 U.S.C. sec. 1437g(g)(3).

³ New York City Housing Authority Fact Sheet, January 2025.

⁴ “Santa Fe Civic Housing Authority | Santa Fe Civic Housing...,” Share New Mexico, 2026, <https://sharenm.org/santa-fe-civic-housing-authority/santa-fe-civic-housing-authority>.

⁵ “Housing Authority,” Santafecountynm.gov, 2026, <https://www.santafecountynm.gov/housing-services>.

⁶ Kipp Robertson, “Seattle Voters Approve Proposition 1A, Pledging Millions for Social Housing,” king5.com (KING, February 12, 2025), <https://www.king5.com/article/news/politics/elections/seattle-housing-school-levies-approved-february-special-election/281-fc4c10b3-6428-409d-a17b-bd8b9223fc23>.

⁷ Jake Johns, “Seattle City Council Unanimously Votes to Fund Voter-Approved Social Housing,” Yahoo News, February 11, 2026, <https://www.yahoo.com/news/articles/seattle-city-council-unanimously-votes-011528690.html>.

city received its first-ever funding disbursement from the tax in late 2025 – specifically an amount of \$50 million. The housing is available to people without income restrictions, and rental rates for the future housing units will be capped at no more than 30% of a household’s income. The local housing authority was approved by voters in 2023, but a dedicated funding stream was not created until proposition 1A was approved by voters.⁸ By contrast, in New Mexico, State Law prohibits cities from imposing income taxes, “Unless otherwise provided by law, no municipality may impose... an income tax;”.⁹

Possible Partnerships with the New Mexico State Government:

In terms of potential partnerships with the State of New Mexico for affordable, low, or middle-income housing, there is demonstrated interest from members of the City’s Governing Body regarding the State’s revolving loan fund. Officially called the Public Project Revolving Fund (PPRF), the fund’s stated purpose is to “finance public projects such as infrastructure improvements, road projects, water system upgrades, fire and law enforcement equipment, public buildings, hospitals and healthcare facilities, electric and broadband utilities, quality of life projects, and more. The PPRF provides both market-rate loans and loans to disadvantaged communities at subsidized rates”.¹⁰ Loan terms can be up to 30 years and are available to local governments and tribal communities.

There is also a specific Housing Development Revolving Fund (HDRF) that was created by HB195 in 2024. This fund provides loans for the construction of workforce housing and for the infrastructure of affordable housing. This loan fund is administered and overseen by the Opportunity Enterprise and Housing Development Review Board and is administered by NMFA.¹¹ The most recent round of applications for this fund opened on April 2nd, 2026, and closed on May 14th 2026. Applications for this fund also require a market study which follows a specific, extensive set of guidelines. The basic general requirements regarding the type of development are:

1. The proposed unit mix including bedrooms, bathrooms, square footage (identify as heated, gross, or paint-to-paint), estimated utility costs, and proposed net rents/prices and gross rents/prices.
2. The community’s target market and any tenancy restrictions. This may include income restrictions, age restrictions, or special needs.

⁸ Spencer Pauley, “Seattle Social Housing to Receive First \$50M from Progressive Tax on Businesses,” Yahoo News, December 18, 2025, <https://www.yahoo.com/news/articles/seattle-social-housing-receive-first-220000493.html>.

⁹ NMSA 1978 § 3-18-2(A).

¹⁰ “Public Project Revolving Fund | New Mexico Finance Authority,” Nmfinance.com, 2025, <https://www.nmfinance.com/public-infrastructure-capital-financing/>.

¹¹ “Opportunity Enterprise – Housing Development Program,” New Mexico Finance Authority, 2024, <https://www.nmfinance.com/opportunity-enterprise-housing-development-revolving-fund/>.

3. Utility energy sources and proposed utility policy (utilities included in rent).
4. Description of the proposed/existing development including:
 - a. Number of buildings and building design including:
 - i. Building type (walk-up, single-story, mid-rise, high-rise, etc).
 - ii. Number of stories.
 - iii. Exterior finish.
 - b. Common area/site amenities.
 - c. Unit features and finishes (if available).
 - d. Parking options provided including number of spaces and any parking fees.
5. For rehabilitation projects, provide:
 - a. Description of proposed scope of rehabilitation including a breakdown of hard and soft costs, if available.
 - b. An estimate of total construction cost and cost per unit.
 - c. Identify existing unit mix and rents including any existing housing subsidies. Compare current and proposed rents/prices.
 - d. Current and historical (if available) occupancy information.
 - e. An analysis of the current rent/price roll (if available) to determine if existing tenants will remain income qualified and/or able to afford the proposed rents.
6. Include the status or date of architectural plans, name of the architect, and/or a copy of the floor plans and elevations.
7. Developer's projected dates for start and completion of construction and start of lease up.
8. Description of supportive services provided for residents, if any will be provided.¹²

HDRF offers financing for a) infrastructure for affordable housing, and b) construction of workforce housing. For-profit and nonprofit entities are eligible to apply.

Gaps in Housing Unit Types in Santa Fe:

Important information can be derived from parsing what types of housing units do exist in Santa Fe and to what degree. The most up-to-date data on occupied housing units in Santa Fe from the US Census Bureau is from 2024. It clarifies that there are a total of 44,273 occupied units in the City. Of those units, 56.5%, or 25,014 are detached single-family units. Approximately 13.3% of housing units are multi-family apartment units of 10 apartments or more. Only 9% of housing units are attached, single-family units. The least common type of residential housing are apartments with only 3 to 4 units in each building, at 4.4%.¹³ In interpreting the provided data, it is clear that Santa Fe's housing landscape is not dissimilar to the rest of the United States – a majority of housing units are detached, single-family homes. There has been noted interest from local decision

¹² "Market Study Parameters," accessed March 16, 2026, https://www.nmfinance.com/wp-content/uploads/2025/01/2025_Market_Study_Parameters-revised.pdf.

¹³ United States, "Explore Census Data," Census.gov, 2026, <https://data.census.gov/table/ACSST1Y2024.S2504?q=Santa+Fe+city>.

makers in described “row-houses”, more technically referred to as attached, single-family homes. It is clear from the data that this type of housing takes up a very slim margin of the total housing market in Santa Fe. The same can be said for various types of multi-unit apartment-style housing.

Possible Corporate Capture of Housing in Santa Fe by Large-Scale Investors:

Although some realtor sources point to the fact that large investment firms have decreased their market share of housing ownership nationally since 2022¹⁴, it remains difficult to obtain time-accurate information on the level of large-scale investment firm activity in Santa Fe. At the peak of their activity, these investors were reportedly purchasing one out of every four single-family homes sold in the United States.¹⁵ Geographically, a majority of major investor-owned properties in the United States are heavily concentrated in the so-called “Sun Belt” – southern cities like Dallas, Phoenix, and Charlotte.¹⁶ At present there are not readily available numbers for this type of property ownership in Santa Fe specifically; however, Santa Fe does lie in the US Sun Belt, so it would be helpful for the City to conduct research on this specific topic in the near future.

Further Policies to Empower the City to Create Affordable Housing:

There is interest in strategies that regulate the market as opposed to strategies that simply rely on market forces to create affordable housing largely because it is difficult to maintain stable and long-term affordable housing that does not offer a direct profit incentive for doing so when market forces are involved. In this context, it is also important to focus on what is often referred to as “equity-focused housing solutions”. Equity-focused solutions contend that further deregulation of the housing market is not a sustainable solution to lack of affordability, and in many cases, deregulation can actually exacerbate the issue of lack of affordability and lack of access to housing for low and middle-income individuals and families. Several policy models fall under the rubric of equity-focused housing policy:

- Federal funding for housing construction;
- Reform of restrictive zoning laws;
- Rent control;
- Robust enforcement of fair housing regulations;
- First-generation down payment assistance; and
- Restorative housing programs for marginalized communities.

¹⁴ Naomi Tercero, “Are Big Investors Really Buying up All the Homes in Santa Fe? Here’s the Truth,” MrSantaFeRealEstate.com, March 10, 2025, <https://www.mrsantaferealestate.com/blog/are-big-investors-really-buying-up-all-the-homes-in-santa-fe-heres-the-truth/>.

¹⁵ Naomi Tercero, “How Many Homes Are Investors Actually Buying in Santa Fe, New Mexico?,” MrSantaFeRealEstate.com, May 22, 2024, <https://www.mrsantaferealestate.com/blog/how-many-homes-are-investors-actually-buying-in-santa-fe-new-mexico/>.

¹⁶ Eliza Relman and Madison Hoff, “MAP: Where Big Institutional Investors Own the Most Houses,” Business Insider, January 10, 2026, <https://www.businessinsider.com/institutional-investors-single-family-homes-cities-map-2026-1>.

In sum, equity-focused housing strategies center around creating a more socially and economically accessible housing environment through more instances of direct public sector intervention.¹⁷ While some of these models rely on more generous federal funding (such as direct funding for construction) which will undoubtedly be in short supply in the near future, others are viable strategies for municipal governments to implement.

RECOMMENDATIONS

Civic Housing Authorities – The county of Santa Fe already has a public housing authority, and there already exists one within the City of Santa Fe that is not directly affiliated with Santa Fe’s municipal government. The City could explore ways to more directly partner with the county’s housing authority or establish its own public housing authority; however, the latter may be redundant since such a housing authority already exists in Santa Fe.

Because the city of Seattle has started to receive funding disbursements for their localized public housing plan, the City of Santa Fe would also do well to find a dedicated income stream for such a project if such a social housing program proves to demonstrate interest from decision makers. In this vein, it would be important to wait and observe the resolution of the City’s first novel tax, the high-end excise tax. This will help to inform decision makers regarding the potential of a future dedicated income stream for the purposes of a social housing program, since municipalities in New Mexico cannot implement their own income tax.

Housing Development Revolving Fund – The HDRF appears to be a promising way for the City of Santa Fe to gain critical funds for the construction of affordable housing infrastructure as well as workforce housing. At present the City has never applied for the HDRF. Appropriate staff could construct an application packet during the HDRF’s next application window, as long as the City is eligible for this fund.

Underbuilt Types of Housing – The data provided in this memorandum indicates that multi-unit single-family housing and multi-unit properties of every type are underbuilt compared to single-family detached homes. Further zoning reform and incentivization of denser housing stock will be needed to increase the volume of underbuilt types of housing in Santa Fe.

Conduct Further Research on the Extent of Investment Firm Property Ownership in Santa Fe – It is extremely difficult to find collated and/or aggregated data in the presence of large-scale property investment firms in Santa Fe and what portion of the city’s residential housing stock these investors own. Although New Mexico as a state does not demonstrate the level of housing growth

¹⁷ Kyle K. Moore and Adewale A. Maye, “The Free Market Won’t Solve Our Nationwide Housing Affordability Problem: Equity-Focused Policy Is the Solution,” Economic Policy Institute, May 7, 2024, <https://www.epi.org/blog/the-free-market-wont-solve-our-nationwide-housing-affordability-problem-equity-focused-policy-is-the-solution/>.

present in other Sun Belt states, our geographic location is such that having this data on hand would be helpful when making future decisions on housing in Santa Fe.

Equity-focused Housing Solutions – If decision makers are interested in relying less on solely market driven solutions, the equity-focused housing solutions listed in this memorandum could be worth exploring as these strategies rely less on profit incentives. Instead, equity-focused housing solutions rely on the policy position that housing is an inherent right as opposed to a commodity that is bought and sold.
