



## Agenda

Regular Meeting of the  
Governing Body  
July 1, 2026 at 4:00 PM  
City Council Chambers, City  
Hall  
200 Lincoln Avenue

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### Procedures for Governing Body Meeting

1. Call to Order
2. Discussion Items
  - a. Workforce and Affordable Housing
3. Discussion Action Item
  - a. Waiver of Governing Body Procedural Rule V(B)(4)(b).
  - b. Next Governing Body Study Session Date and Topic
4. Adjourn

Persons with disabilities in need of additional accommodations, contact the City Clerk's office at 505-955-6521, five (5) working days prior to meeting date.



**Michael J. Garcia, Mayor**

## GOVERNING BODY STUDY SESSION

July 1, 2026

4:00 pm

Council Chambers, City Hall, 200 Lincoln Ave.

### Possible Topics

- I. **Housing Policy Overview** (Palmer Anderson, Office of Legislation and Policy Innovation)
- II. **State of Housing in Santa Fe** (Faviola Chavez, Director of Affordable Housing)  
**Projects Overview/Data Snapshot and Market, Trends** (Heather Lamboy, Planning and Land Use Director)
  - i. Housing Map (# projects in pipeline, completed, etc.)
  - ii. Cost of housing, median sale price
  - iii. CPI/inflation, high interest rates and reduced buying power for consumer
- III. **Existing Housing Plans, Strategies** (CDBG Consolidated Plan, Root Policy report, General Plan and Implementation Plan)
- IV. **Local Financial and Other Resources for Housing** (Andrea Phillips and Faviola Chavez)  
(staffing, coordination, AHTF-liens, proceeds from sales, General Fund \$3 million annually, high end excise tax)
  - AHTF budget
  - How can we utilize resources strategically?
  - Internal capacity in OAH
- V. **Legislative Items/Discussion** (Marci Eannarino, Office of Legislation and Policy Innovation)
  - List of legislative requests and topic areas in housing
- VI. **Questions/Discussion** (all)
  - What is the city's role in addressing housing? What can the city control/influence?
  - Strategy for use of publicly owned/city owned property?
  - What are our measures of success and how will they be measured?
- VII. **What actions/steps can we take in the next year towards this goal? Three years?**
  - Consensus on direction to staff

### City Council

Alma G. Castro, District 1  
Patricia Feghali, District 1

Elizabeth "Liz" Barrett, District 2  
Paul C. Bustamante, District 2

Lee Garcia, Mayor Pro Tem, District 3  
Pilar F.H. Faulkner, District 3

Jamie Cassutt, District 4  
Amanda Chavez, District 4

Palmer Anderson

Policy Analyst

City Attorney's Office

Office of Legislation and Policy Innovation

Policy Note – Affordable Housing Research

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**Question:**

“How can the City of Santa Fe (“City”) develop institutional mechanisms that can influence the market to produce more affordable housing?”

**Summary:**

Santa Fe has an insufficient supply of housing, and in particular affordable housing. There is a need for institutional mechanisms that can influence market forces to create more affordable housing and housing in general.

**Background:**

- Nationally, the US has been underbuilding housing for years. A 2023 US Congressional report confirms this, by citing a dearth of housing starts, meaning the number of housing units that begin construction in a given time period.<sup>1</sup>
- Average home prices in New Mexico rose by 70% and rents rose by 60% from 2017 to 2024. The latter is far above the national average of 27%. This discrepancy in New Mexico is largely due to housing undersupply and scarcity. In New Mexico, housing supply has actually decreased to half of what it was in 2019. Home prices in Santa Fe have climbed by 68% since 2018.<sup>2</sup>
- Lack of affordable housing costs the United States \$2 trillion annually. Households that are cost burdened have insufficient expendable income to effectively stimulate the economy. 70% of extremely low-income families spend over half of their annual income on rent payments.<sup>3</sup>

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<sup>1</sup> Lida R. Weinstock, “The U.S. Housing Underbuilding Gap,” *Congress.gov* (Congressional Research Service, July 10, 2023), <https://www.congress.gov/crs-product/IN12195>.

<sup>2</sup> Alex Horowitz, Seva Rodnyansky, and Dennis Su, “Restrictive Regulations Fuel New Mexico’s Housing Shortage,” *Pewtrusts.org* (The Pew Charitable Trusts, January 21, 2025), <https://www.pewtrusts.org/en/research-and-analysis/articles/2025/01/21/restrictive-regulations-fuel-new-mexicos-housing-shortage>.

<sup>3</sup> “The Problem,” *National Low Income Housing Coalition*, 2024, <https://nlihc.org/explore-issues/why-we-care/problem>.

Family health outcomes improve when a family pays 30% or less annually on housing. Stress and mental health issues are also lower among families who can better afford housing. Affordable housing has been shown to benefit domestic violence victims, as stable housing allows victims of abuse to more readily seek out and find other housing options away from domestic abuse environments. Stable and affordable housing also reduces overreliance on personal vehicles, thus contributing to improved climatic and environmental outcomes.<sup>4</sup>

## Findings:

- Current Santa Fe policy:
  - Community Development Block Grant (“CDBG”) are grants for developers, advertised through *the New Mexican* to advertise funding and scheduling. The Community Development Commission (“CDC”) views applicant presentations and funding recommendations are made in March of each year. Funding recommendations must be approved by the Governing Body in the *Draft Annual Action plan*.<sup>5</sup> The CDC is guided by the City’s five-year strategic plan. The CDC’s role is to provide recommendations to the Governing Body for the allocation of housing funds.<sup>6</sup>
  - The Santa Fe Homes program (“SFHP”) is administrated by the Santa Fe Office of Affordable Housing. The program requires all new developments in the City to provide a percentage of new units as affordable housing – specifically 20% of new developments must be affordable for those making 80% or less of Santa Fe’s Area Median Income (“AMI”).<sup>7</sup>
- Difficulties, Options Based on Empirical Data, and Shortcomings of Contemporary Trends:
  - Contemporary affordable housing strategies have much of their genesis in the 2008 sub-prime lending crisis. Inclusionary Zoning (“IZ”), Upzoning, and Tax Incremental Funding (“TIF”) remain among the most popular.<sup>8</sup>
  - TIF denotes a portion of local tax revenue that is allocated to specific geographic portions of a municipality for specific purposes – for instance, the construction or subsidization of affordable housing or the creation of Community Redevelopment Agencies (“CRA”).

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<sup>4</sup> Jeffrey Lubell, Rosalyn Crain, and Rebecca Cohen, “Framing the Issues- the Positive Impacts of Affordable Housing on Health Framing the Issues -the Positive Impacts of Affordable Housing on Health,” July 2007.

<sup>5</sup> “CDBG City of Santa Fe’s Process | City of Santa Fe,” SantaFeMn.gov, 2024, <https://santafenm.gov/affordable-housing/funding-opportunities/city-of-santa-fes-process>.

<sup>6</sup> “City Releases Five-Year Strategic Housing Plan Draft | City of Santa Fe,” SantaFeMn.gov, May 13, 2024, <https://santafenm.gov/news/city-releases-five-year-strategic-housing-plan-draft>.

<sup>7</sup> “Santa Fe Homes Program | City of Santa Fe,” SantaFeMn.gov, 2020, <https://santafenm.gov/affordable-housing/santa-fe-homes-program>.

<sup>8</sup> Lance Freeman and Jenny Schuetz, “Producing Affordable Housing in Rising Markets: What Works?,” *SSRN Electronic Journal* 19, no. 1 (2016), <https://doi.org/10.2139/ssrn.2851175>.

- Inclusionary Zoning has produced mixed results. It requires a pre-existing high demand for market rate housing in the first place in order to attract developers. In low-income areas of a municipality, this demand is often low. Additionally, data shows that IZ has contributed only modestly to the development of affordable housing when it is implemented, having produced less than 0.1% of all affordable housing in analyzed locations.
- IZ and other indirect measures do not properly address root causes of housing unaffordability.
- Chief among these root causes are the stagnation of wages for low- and moderate-income families over more than two decades,<sup>9</sup> as well as a precipitous decline in direct subsidies for affordable housing from the Federal government.<sup>10</sup>
- Upzoning:
  - Upzoning refers to changing zoning regulations to allow for increased density in municipal zones. This strategy differs from Inclusionary Zoning significantly in that upzoning directly influences the type of residential property that can be built in a given district or locale. Upzoning has proven effective in creating affordable multi-unit housing in cities such as Portland, Oregon, where upzoning was helpful in increasing housing supply and creating more diverse development outcomes.<sup>11</sup>
- Accessory Dwelling Unit (“ADU”) Programs:
  - ADUs are a novel way of creating more housing in a given municipality. ADUs can either be converted parts of existing homes, new stand-alone structures, or existing stand-alone structure.<sup>12</sup>
  - Santa Fe currently allows ADUs, however there are ways to expand and further incentivize the building or establishment of ADUs. The city of Boston’s ADU Pilot Program, for example, promoted ADUs by offering subsidized loans for homeowners interested in creating ADUs on their property.<sup>13</sup>
- Missing Middle Housing:
  - Missing middle is usually defined as the critical lack of available housing for low-to-moderate income families in all housing sectors, meaning urban, suburban, and rural. The lack of this middle housing is largely due to laws originating in the 1940s

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<sup>9</sup> Lawrence Mishel, Elise Gould, and Josh Bivens, “Wage Stagnation in Nine Charts,” Economic Policy Institute, January 6, 2015, <https://www.epi.org/publication/charting-wage-stagnation/>.

<sup>10</sup> “Historical Perspectives on Federal Housing Policy a Brief Overview of the Federal Role in Housing Provision in the United States,” accessed February 5, 2026, <https://www.historians.org/wp-content/uploads/2023/11/Housing-Handout-Final.pdf>.

<sup>11</sup> Hongwei Dong, “Exploring the Impacts of Zoning and Upzoning on Housing Development: A Quasi-Experimental Analysis at the Parcel Level,” *Journal of Planning Education and Research* 44, no. 1 (February 1, 2021): 0739456X2199072, <https://doi.org/10.1177/0739456x21990728>.

<sup>12</sup> Freeman Lance and Lei Yining, “An Overview of Affordable Housing in the United States” (Penn Institute of Urban Research, 2024).

<sup>13</sup> Kim Shanahan, “New Rules on ADUs Make for a New, Can-Do Era,” Santa Fe New Mexican, October 22, 2023, [https://www.santafenewmexican.com/news/real\\_estate/new-rules-on-adus-make-for-a-new-can-do-era/article\\_386cae78-6ee4-11ee-af5b-031d82ddaad5.html](https://www.santafenewmexican.com/news/real_estate/new-rules-on-adus-make-for-a-new-can-do-era/article_386cae78-6ee4-11ee-af5b-031d82ddaad5.html).

that made multi-unit zoning illegal in much of the United States, opting instead for suburban oriented single-family zoning.<sup>14</sup>

- Potential solutions to solving the missing middle issue include:
  - Community Land Trusts (“CLT”). Land trusts function as a way for a non-profit corporation to purchase land on behalf of a community in order to keep the land as a long-term parcel for affordable housing and other civic purposes. Generally, a single non-profit organization will purchase parcels of land in a given geographic area. The non-profit owns the land on the basis of a “ground lease”, an extremely long-term lease usually lasting around 99 years.
  - Capital funds can also be set aside specifically for developers who are willing to build middle housing in upzoned areas. These capital funds are meant to incentivize small-scale developers to specifically build this type of multi-unit housing on upzoned CLTs.<sup>15</sup>
- Social Housing:
  - The United States remains one of the most difficult countries on Earth in which to build plentiful, sustainable, and high-quality social housing. This is unfortunate considering any comprehensive affordable housing program will need a combination of market oriented and directly subsidized housing options.
  - Global examples:
  - Paris: Paris is a case study in how a strong centralized governing authority combined with clear eyed municipal leadership are critical in facilitating widespread affordable housing.
    - During the COVID-19 pandemic, Paris created a new economic development plan that includes specific metrics for how many housing units the City would build each year, construction of all new neighborhoods, and protection of green spaces in the city.
    - Large portions of housing in Paris are social housing. This is easier to achieve in France than in the United States. All of France utilizes what are known as “quasi-public developers” – corporations that are either partially or totally public utilities. Boards of directors are local elected officials, and the companies are funded by grants from the national government. These public developers build about one fifth of all housing in Paris.<sup>16</sup>
    - Inclusionary Zoning is also nationally mandated in France, with the interested addition that social housing is considered a required criterion of

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<sup>14</sup> “What Is Missing Middle Housing?,” National League of Cities, January 23, 2024, <https://www.nlc.org/article/2024/01/23/what-is-missing-middle-housing/>.

<sup>15</sup> David Garcia et al., “Unlocking the Potential of Missing Middle Housing” (Turner Center for Housing Innovation, 2022).

<sup>16</sup> Kim Dobson, “Yes, Other Places Do Housing Better, Case 3: Paris,” Sightline Institute, July 27, 2021, <https://www.sightline.org/2021/07/26/yes-other-places-do-housing-better-case-3-paris/>.

inclusion. Minimum criteria for social housing in the country hovers between twenty and twenty five percent. In US cities by comparison, this number rarely goes about five percent.<sup>17</sup>

- While many of these policy structures require a far more centralized governmental system than the United States currently employs, there are other lessons to be learned that will be emphasized when recommendations are given.
- Vienna:
  - Vienna is often cited as the most livable city in the world.
  - Approximately half of Vienna’s residents live in subsidized housing. The city invests about \$250 million annually into socialized housing. This is substantially more than most US cities invest in their public or affordable housing programs.<sup>18</sup>
  - Affordable Housing in Vienna is categorized into two types: city-owned and city-subsidized housing. In the case of city subsidized housing, developers compete for low interest loans provided by the city. Developers must live up to specific criteria, such as climate sustainability, to be selected.<sup>19</sup>
  - Unlike France, Austria’s housing policies are actually fairly decentralized in comparison.
  - Subsidies for Vienna’s social housing come from national taxes and Vienna’s regional budget. Austria’s total expenditure for affordable housing is actually less than comparable countries that primarily use tax deduction or indirect subsidy, market driven housing policies.
  - Vienna increases subsidized housing goals in conjunction with estimated population growth. Due to high levels of subsidization, the city itself is the metropolitan area’s largest landlord.<sup>20</sup>
  - The city employs “limited profit housing associations” – these developers may only profit from their properties to a limited extent. These limits help to keep housing prices low. In return, limited profit associations are exempt from Austria’s national corporate tax.<sup>21</sup>

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<sup>17</sup> Dobson, “Yes, Other Places Do Housing Better, Case 3: Paris,” July 27, 2021,

<https://www.sightline.org/2021/07/26/yes-other-places-do-housing-better-case-3-paris/>.

<sup>18</sup> Lucky Michael and Amy Denhart, “Exploring the Promises and Challenges of Vienna’s Social Housing Program,” Funders Together to End Homelessness, 2016, [https://www.funderstogether.org/vienna\\_social\\_housing](https://www.funderstogether.org/vienna_social_housing).

<sup>19</sup> Julia Simon and Ryan Kellman, “Could This City Be the Model for How to Tackle the Housing Crisis and Climate Change?,” NPR, June 15, 2025, <https://www.npr.org/2025/06/15/nx-s1-5400642/affordable-housing-environment-vienna-climate-change>.

<sup>20</sup> Wolfgang Förster, “The New Tenement: Tradition and Modernity ‘Social Housing Policies in Vienna, Austria: A Contribution to Social Cohesion,’” 2013.

<sup>21</sup> “Limited Profit Housing Construction - Socialhousing,” socialhousing.wien, n.d., <https://socialhousing.wien/tools/limited-profit-housing-construction>.

- Developers are also provided desirable subsidies for housing construction, often in the form of 1% interest loans over a 35-year payment period.
- Judging of development proposals falls under a 4-pilla system used to judge applicants: *economy, social sustainability, architecture, and ecology*.<sup>22</sup>
  - Economic criteria include basic costs, building costs, user costs and conditions of a building contract.
  - Social sustainability denotes the property’s broad-based livability.
  - Architectural concerns simply mean the structure of the building and its accessibility or environmental sustainability.
  - Ecology involves ensuring that the development contains climate-friendly construction, inclusion of green outdoor spaces, and emphasis on resource conservation.
- Projects for development are selected if they can demonstrate a satisfactory emphasis on these four criteria. The judges making developer selections are experts in architecture, urban planning, ecology, and other housing-relevant fields.

**Recommendations:**

- Zoning changes:
  - Upzoning residential zones could be a significant step in creating more opportunities for denser housing to be constructed.
  - Upzoning would, for example, allow for the expansion of ADU construction in Santa Fe, which would increase the type and amount of housing that Santa Fe residents have access to.
- Missing middle solutions:
  - Addressing missing middle housing requires multiple policy solutions.
  - Establishment of CLTs, subsidization of smaller scale developers through targeted capital funds, and again emphasizing upzoning are all critical steps in the reintroduction of missing middle housing.
- Pursuing forms of social housing:
  - Drafting of a strategic housing plan that includes policy models that have been successful on the international stage.
  - Such a plan could include:
    - A development plan that denotes the number of housing units the City should aspire to build or subsidize each year.
    - The potential establishment of quasi-public developers as is the case in Paris.

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<sup>22</sup> “The Property Developers’ Competition | Urbact.eu,” Urbact.eu, 2021, <https://urbact.eu/good-practices/property-developers-competition>.

- Strategies to seek grants from the state government for the funding of quasi-public developers.
  - Plan to include social housing as a critical criterion of new zoning regulations in the City of Santa Fe.
  - Include specific metrics for the construction of affordable socialized housing based on projected population growth in the City of Santa Fe.
  - Plan for the creation of limited profit housing associations.
  - The creation of a pillared system that is used to judge applicants for the development of affordable housing, in conjunction with desirable low interest loans for those developers that meet qualifying metrics.
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Palmer Anderson

Policy Analyst

City Attorney's Office

Office of Legislation and Policy Innovation

Policy Note –Zero Interest Home Builder Program

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- Zero Interest Homebuilder Program (“ZIHP”):
  - The program does not actually appear to be solely for Las Cruces, but rather it is a state-wide program that localities are eligible to participate in if they wish.
  - The program is for single-family homes.
  - There are specific regulations and restrictions for the program:
    - Eligible applicants for the program include:
      - “Eligible applicants include nonprofit organizations, for-profit organizations, governmental housing agencies, regional housing authorities, governmental entities, governmental instrumentalities, tribal governments, tribal housing agencies, builders, single-family developers, corporations, limited liability companies, partnerships, joint ventures, syndicates, associations or other entities that can assume contractual liability and legal responsibility by executing one or more written agreements entered into with Housing New Mexico.”
    - The ZIHP is eligible only for specific types of projects:
      - Floor plans between 950 – 1500 square feet.
      - Between 2-3 bedrooms and 1-2 bathrooms.
      - Amenities/materials must be in line with “cost effective construction”.
      - There are universal single family home design standards put forth by Housing NM that that all projects must adhere to. These include:
        - ADA compliant accessibility standards.
        - Sustainable energy and water usage.
        - Adherence to local building code compliance requirements.
        - Build design standards for landscaping, storage space, and outdoor space availability.<sup>1</sup>
    - Eligibility for home buyers:

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<sup>1</sup> “MFA 2022 Mandatory Design Standards for Development of Single- Family Housing for Homeownership,” 2022.

- Eligibility is granted for home buyers who earn up to 150% of the Area Medium Income (“AMI”), a metric that is designated by HUD for localities.
- That metric of course differs between Santa Fe and Las Cruces. Santa Fe’s AMI as of 2024 for various household sizes is as follows:

**HUD Area Median Income (AMI) effective May 1, 2024**

Santa Fe MSA	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
30%AMI	19,250	22,000	25,820	31,200	36,580	41,960	47,340	52,720
50%AMI	32,050	36,600	41,200	45,750	49,450	53,100	56,750	60,400
65%AMI	41,650	47,600	53,550	59,500	64,300	69,050	73,800	78,500
80%AMI	51,250	58,600	65,900	73,200	79,100	84,950	90,800	96,650
100%AMI	64,050	73,250	82,400	91,500	98,900	106,200	113,500	120,800
120%AMI	76,850	87,900	98,900	109,800	118,700	127,450	136,200	144,950

- There is a maximum sales price of \$250,000 to \$325,000 for each home.
  - Exceptions may be considered for high-cost counties, including Santa Fe county.
- The ZIHP is administered through New Mexico’s state-wide housing trust fund.
- Applicants who wish to participate in the program must submit applications no later than 60 days prior to regularly scheduled Housing NM board of director meetings.<sup>2</sup>
- Funding maximums that can come out of the New Mexico Housing Trust Fund:
  - A maximum of \$3,000,000 both for infrastructure development loans (up to five years) and a construction revolving line of credit (up to three years).
- Efficacy of the program:
  - After discussions with Housing NM’s program manager Joshua Howe, here are some key takeaways:
    - ZIHP was created in January of this year and was not actively marketed until sometime later. Because of this, there are no units to report as having been created from the program as of yet.

<sup>2</sup> “Housing New Mexico Launches Zero Interest Homebuilder Program to Help Address Affordable Housing Shortage in the State | Housing New Mexico | MFA,” Housingnm.org, January 29, 2025, <https://housingnm.org/about-us/news/housing-new-mexico-launches-zero-interest-homebuilder-program-to-help-address-affordable-housing-shortage-in-the-state>.

- The first complete application goes to the board of directors for approval on June 18<sup>th</sup>, 2025. This will be an important process to track.
  - That property is located in Torrance County, New Mexico, specifically Moriarty.
  - Because this is a statewide program, it is highly unlikely that anything within this program would interfere with or violate state anti-donation regulations.
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## Policy Memorandum

Date: 5.18.2026

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

From: Palmer Anderson  
Policy Analyst  
Office of Legislation and Policy Innovation  
City Attorney's Office

Subject: Updated Research on Affordable Housing

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## 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.<sup>1</sup> 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.

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<sup>1</sup> “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.<sup>2</sup> 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.<sup>3</sup>

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.<sup>4</sup> 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”.<sup>5</sup> 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 1A<sup>6</sup>, which imposes a 5% tax on total compensation for any employees in Seattle earning more than \$1 million annually when paid by employers.<sup>7</sup> The

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<sup>2</sup> “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).

<sup>3</sup> New York City Housing Authority Fact Sheet, January 2025.

<sup>4</sup> “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>.

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

<sup>6</sup> 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>.

<sup>7</sup> 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.<sup>8</sup> 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;”.<sup>9</sup>

### **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”.<sup>10</sup> 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.<sup>11</sup> The most recent round of applications for this fund opened on April 2<sup>nd</sup>, 2026, and closed on May 14<sup>th</sup> 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.

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<sup>8</sup> 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>.

<sup>9</sup> NMSA 1978 § 3-18-2(A).

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

<sup>11</sup> “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.<sup>12</sup>

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%.<sup>13</sup> 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

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<sup>12</sup> “Market Study Parameters,” accessed March 16, 2026, [https://www.nmfinance.com/wp-content/uploads/2025/01/2025\\_Market\\_Study\\_Parameters-revised.pdf](https://www.nmfinance.com/wp-content/uploads/2025/01/2025_Market_Study_Parameters-revised.pdf).

<sup>13</sup> 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 2022<sup>14</sup>, 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.<sup>15</sup> 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.<sup>16</sup> 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.

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<sup>14</sup> 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/>.

<sup>15</sup> 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/>.

<sup>16</sup> 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.<sup>17</sup> 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

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<sup>17</sup> 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.

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## Policy Notes – Landlord Registries:

- The common terminology is “Rental Registry”
- These registries, in general, are meant to support code enforcement efforts
- Some examples of Landlord registries in the United States:
  - Portland, Maine:
    - Established in response to a structure fire of a rental unit that resulted in several deaths
    - Mandatory registration for all residential rental properties - \$50 fee per unit for registration
    - Discounts for registration if units have things like working smoke alarms/sprinklers
    - Property owners have to update their information annually to remain on registry
    - Owners are eligible for fines if they don’t register within two months of each annual interval
  - Cedar Rapids, Iowa:
    - Cedar Rapids’ registry also requires landlords to complete a one-time training course on issues of compliance and code inspection
    - Short Term Rentals (STRs) are not included in the registry
    - Fees for registration and penalty fees for failure to register (fee by unit)
  - Oakland, California:
    - Oakland’s rental registry puts limits on the ability of landlords to increase rents if they do not become part of the registry
    - The city is in the process of creating an online portal where tenants can view information and registry data
    - Oakland’s Rent Adjustment Program (RAP) that created the registry also hosts regular virtual workshops on how to complete the registration for landlords
  - Concord, California:
    - In tandem with the registry, Concord’s city council conducts an annual review based on registry data in order to inform their housing policy
    - Initially relied on poor data from Craigslist and other websites in order to track rental properties, as part of the city’s Residential Tenant Protection Program – the registry was established to obtain better data on rental properties
- General Takeaways:

- It is often the case that cities will exempt properties with fewer than a predetermined number of units – usually four or five
  - This makes sense in many instances, as better data can be gathered from larger multi-unit properties – corporate landlords & rental companies also generate more tenant violations.<sup>1</sup>
- Fees for failure to register are common, as are fees for initially signing up to the registry
- It makes little sense to make rental registries optional for landlords, as there would then be no enforcement capacity or ability to ensure enough landlords would consent to such a registry.

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<sup>1</sup> Will Dominie and Sukhdip Purewal Boparai, “Corporate Wealth vs Community Health How Corporate Landlords Profit-Seeking Strategies Harm Health” (Human Impact Partners, June 2024).

# GOVERNING BODY HOUSING POLICY STUDY SESSION

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Compiled research regarding  
housing policy requests

Palmer Anderson  
Policy Analyst  
City Attorney's Office  
Office of Legislation and Policy Innovation



# CONTENT

There have been multiple policy projects completed related to the topic of housing in the city of Santa Fe (“City”). These requests have spanned multiple interests related to housing. While affordable housing remains a significant throughline of all requests submitted to the Legislation and Policy Innovation Office, this presentation serves to highlight the overall commonalities between councilors’ policy requests related to housing. Some general recommendations are also given at the end of this presentation relating to how Governing Body members could legislatively implement their shared housing policy interests and goals.



# SUMMARY

The most notable throughline of policy requests relating to housing falls into the following categories: housing affordability, accessibility, and supply.

This being the case, the following slides will summarize the policy models and programs notably used in other municipalities that relate to these topics.



# POLICY MODELS

The policy models and programs that are meant to address affordability, housing supply, and housing accessibility regularly overlap. The policy models most frequently discussed and research in relation to councilor requests are the following:

- **Zoning Reform:**
  - Multiple concerns have been raised that current zoning standards are restrictive and make it difficult to build a) sufficient housing supply, and b) types of housing that tend to be more affordable, i.e., multi-family attached units.
  - Specific interests from Governing Body members have included prioritizing inclusionary zoning instead of upzoning, as inclusionary zoning often mandates affordable or specific density requirements for homes and reforming the zoning codes in downtown/historic areas to allow for more new and dense construction in those areas.



# POLICY MODELS CONTINUED – UNDERBUILT HOUSING TYPES

Multiple research projects into housing have revealed a marked gap in what types of housing the city of Santa Fe is lacking. Overall, data shows that majority of housing units are detached single family properties. Conversely, as of 2024 only 9.9% of homes in Santa Fe are attached single family homes, and only 4.4% are apartments with only 3 or 4 units in each building.

Increasing both supply and density of housing is regularly pointed to as a helpful strategy in making housing more affordable and accessible. Zoning reform presents itself as the clearest way for a municipality to incentivize or mandate the building of currently underbuilt housing.



# POLICY MODELS CONTINUED – SHORT TERM RENTALS

Multiple research projects have been drafted regarding the presence of Short-Term Rentals (“STRs”) in Santa Fe, and the effect that these properties have on the nature of housing in the city.

Most conversations and requests for research into STRs have centered around revisiting the City’s current STR Ordinance in order to do the following:

- Increase fees for violating provisions of the STR Ordinance
- Implement a cap on the allowable number of STRs within the City or particular districts of the City
- Finding methods to better understand the true ratio of STRs to long-term residences in Santa Fe.



# POLICY MODELS CONTINUED – TENANTS RIGHTS

There has been notable interest in how to bolster tenants' rights in the City. At present, most renters' rights in Santa Fe are governed by state of New Mexico statutes relating to tenants' rights and responsibilities. Because New Mexico municipalities are prohibited from implementing rent control of any kind, interest in tenants' rights has often been discussed under the following context:

- The creation of a landlord registry to track residential properties and violations committed by landlords.
- Creating a coordinated plan from city officials to advocate to state-level decision makers in reference to the state's ban on local-level rent control measures.



# RECOMMENDATIONS

It is fortunate that there is often overlap and commonality in goals amongst Governing Body members as it pertains to housing within the city of Santa Fe. Because this is the case, one potential course of action could be:

- Governing Body members and other local-level decision makers could draft and implement a strategic plan that designates a specified timeframe in which the City's shared housing policy goals can be implemented; however, the City has previously drafted an affordable housing strategic plan, so this action could risk being redundant.
- Plan a large legislative package that includes multiple shared housing policy goals in an organized tranche of Ordinances and Resolutions.



# PENDING LEGISLATION

## 1. Clarifying Requirements for SFHP Rental Units (4/25/23)

Bill

If item 4 (Update to Fee in Lieu and Affordability Req) is passed, we can delete this request altogether because these two overlap.

## 2. Amending Fair Housing Ordinance to Include Retaliation (5/12/23)

Bill

Cassutt, Castro

## 3. Modifying the Existing Base Fee Amount for the Santa Fe Homes Program (12/4/23)

Bill

M. Garcia

## 4. Short Term Rental Ordinance (7/16/24)

Bill

Cassutt, Feghali

Status: Currently in committee review

## 5. Rental Housing Registry (7/27/24)

Bill

Castro

## 6. Study on Housing Development on Northwest Quadrant (8/27/25)

Resolution

Castro, Faulkner, M. Garcia

## 7. Support of Rent Control (10/20/25)

Resolution

Castro

## 8. Amendments to Short Term Rental Requirements (5/19/26)

Bill

Feghali, Cassutt

# State of Housing in Santa Fe

Study Session: July 1, 2026

Director Faviola Chavez



# Santa Fe Housing Need

**2,643\* housing units needed by 2050**

1,536 30% AMI

1,107 50% AMI



**Approximately 110 units per year  
to achieve this goal**

*\*Root Policy Research, Housing Conditions, Funding Review and Strategy Implementation Plan*



CITY OF SANTA FE  
AFFORDABLE HOUSING

# Housing Development 2024-2025

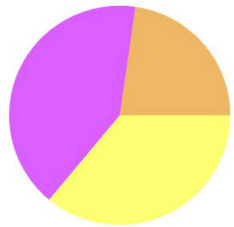
Year	Development Name	Housing Type	Total Project Units	Affordable Units Committed
2024	Zia Flats	Multifamily Rental	244	24
2025	Nueva Acequia 4%	Multifamily Rental	106	106
2025	Nueva Acequia 9%	Multifamily Rental	53	53
2024	Presidium Casa Siena Apartments	Multifamily Rental	171	25
		<b>TOTALS</b>	<b>574</b>	<b>208</b>



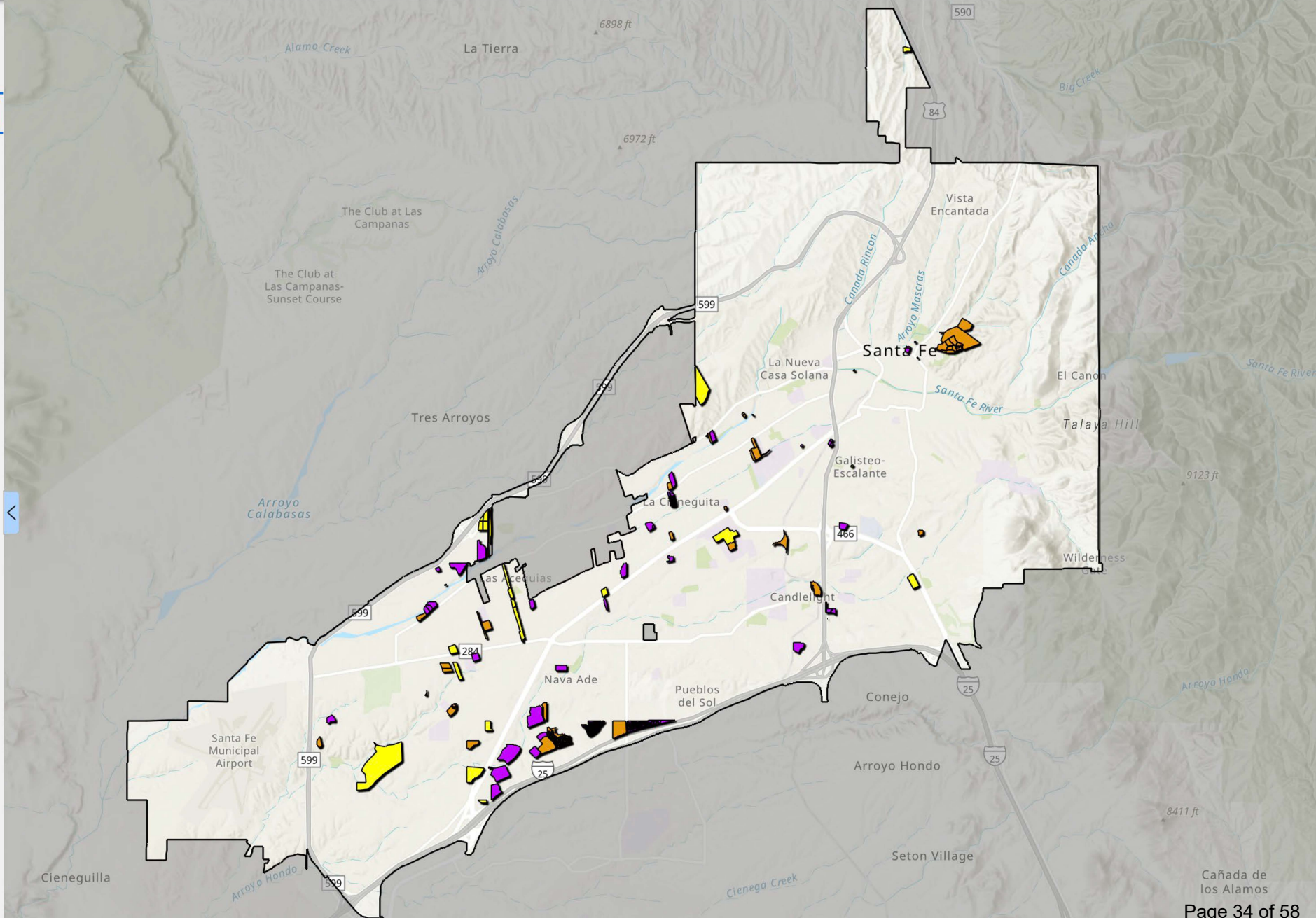


## Residential Parcel Information

### % Units Categorized by Project Status Chart



- Approved 36.017%
- Completed 41.238%
- Under Construction 22.745%



# Santa Fe Affordable Housing Programs



**Affordable Housing Trust Fund** provides funding for housing for Santa Fe residents earning less than 120% area median income (AMI). The **AHTF** has granted millions in proceeds to build or renovate affordable housing and provides rental, downpayment and closing cost assistance.



The **Santa Fe Homes Program (SFHP)** is an inclusionary zoning program enacted in 2011, which requires developers to set aside a share of new homes for rent or purchase for residents with low to moderate incomes.



The **Community Development Block Grant (CDBG)** Program provides annual grants, to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.



# 2025 Anticipated Outcomes: The Office of Affordable Housing Deployed total of \$4,181,780

## Impact 2025-2026

### Awardees and Subrecipients

Awardees and Subrecipients	Funding Source	Amount	Reprogramming	Year
TWG Affordable Housing Project - 4% LIHTC	AHTF	\$935,000		
TWG Affordable Housing Project - 9% LIHTC	AHTF	\$565,000		
SF Community Housing Trust: Development single family	AHTF	\$675,000		
Homewise: Spine Infrastructure multifamily and single family	AHTF	\$1,500,000		
Homewise: Energy Efficiency Program	CDBG	\$85,000		
The Housing Trust: Down Payment Assistance	CDBG	\$100,000	\$108,072	2023
The Interfaith Shelter Meals and Shelter	CDBG	\$45,000		
Santa Fe Habitat for Humanity Home Repair Program	CDBG	\$135,000		
SFPS – Adelante Expanded School Liaison Project	CDBG	\$40,000		
Youthworks Social Justice Kitchen Facility Renovation	CDBG	\$101,780	\$27,885	2024

<b>AHTF Total for 2025-2026</b>	<b>\$3,675,000</b>
<b>CDBG Subrecipient Total 2025-2026</b>	<b>\$506,780</b>
<b>CDBG Program Admin</b>	<b>\$126,695</b>
<b>CDBG Santa Fe Award</b>	<b>\$633,475</b>

# 2024 Outcomes: The Office of Affordable Housing Deployed total of \$4,450,465

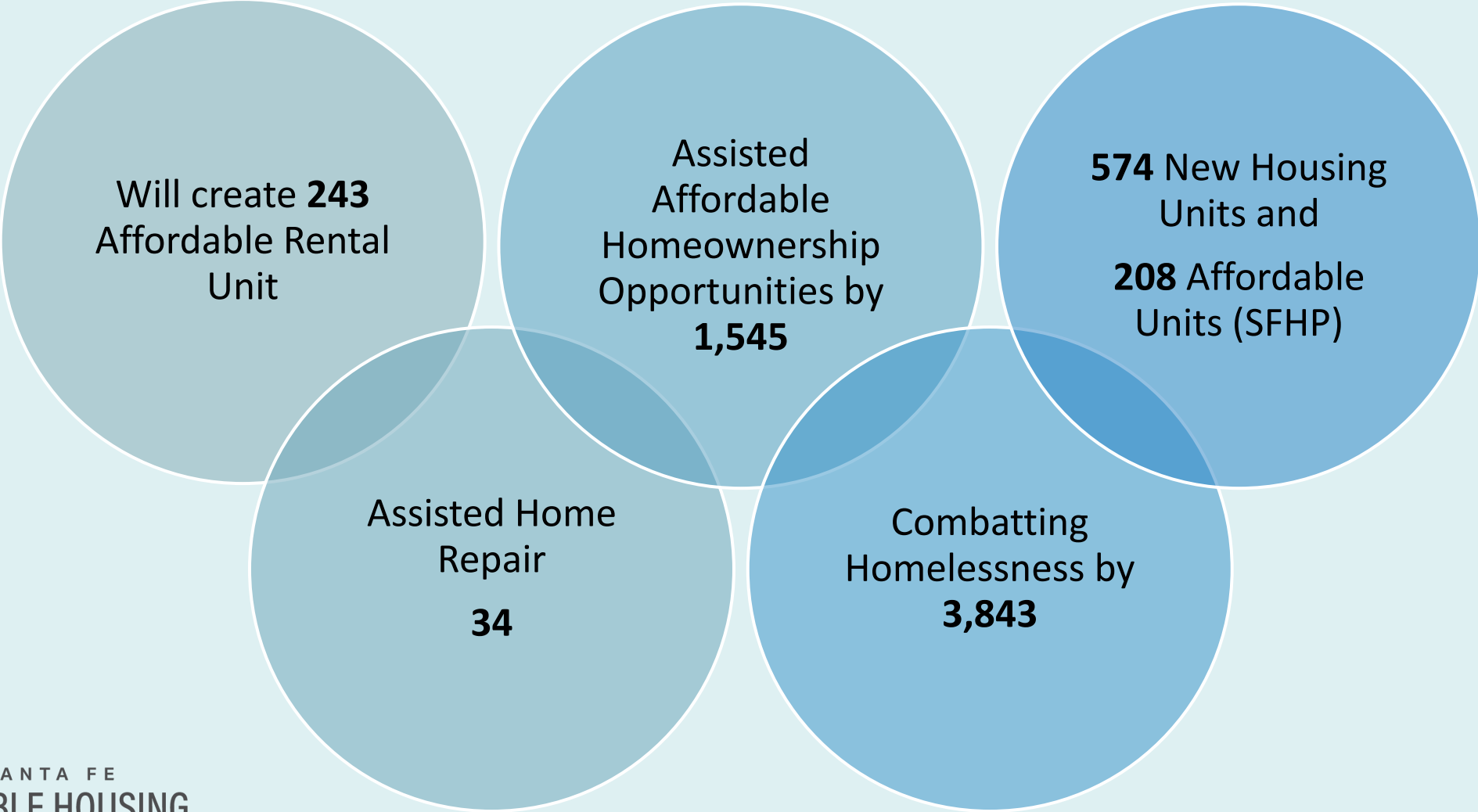
## Impact 2024-2025

Awardees and Subrecipients

	Funding Source	Amount
Homewise Down Payment Assistance	AHTF \$	600,000.00
Life Link	AHTF \$	250,000.00
NM Coalition to End Homelessness	AHTF \$	222,554.00
Santa Fe Civic Housing Country Club	AHTF \$	400,000.00
Santa Fe Civic Housing Ocate	AHTF \$	600,000.00
Santa Fe Habitat for Humanity	AHTF \$	125,000.00
Santa Fe Recovery Center	AHTF \$	60,000.00
The Housing Trust	AHTF \$	600,000.00
The Housing Trust Down Payment Assistance	AHTF \$	500,000.00
Adelante	AHTF \$	60,000.00
St Elizabeth Shelter	AHTF \$	250,000.00
Youthworks	AHTF \$	210,000.00
Chainbreaker Collective	CDBG \$	75,000.00
Santa Fe Habitat for Humanity	CDBG \$	200,000.00
Interfaith Shelter Meals and Shelter	CDBG \$	35,000.00
Adelante	CDBG \$	35,000.00
Youth Shelters and Family Services	CDBG \$	7,880.00
Youth Shelters and Family Services	CDBG \$	20,000.00
Youth Shelters and Family Services	CDBG \$	200,031.60
<b>AHTF Total for 2023-2024</b>	<b>\$</b>	<b>3,877,554.00</b>
<b>CDBG Subrecipient Total</b>	<b>\$</b>	<b>572,911.60</b>
<b>CDBG Program Admin</b>	<b>\$</b>	<b>50,205.40</b>
<b>CDBG Santa Fe Award</b>	<b>\$</b>	<b>623,117.00</b>

# Housing Impact from 2024 to 2026

The Office of Affordable Housing has served approximately:



# Opportunities to Increase Housing Production

## *AHTF Increased sustainability and fiscal responsibility*

- Recycling existing funding via loan options for construction financing
- Establishing a revolving loan fund
- Increasing affordability mechanisms
- Resale provisions for homeownership units



Dos Acequias

source: <https://www.newhomesource.com>

# Rental Example: Revolving Loan Fund

- \$500k per year to establish a \$3-4 M Revolving Loan Fund
  - Increase Financing Options
  - Low-cost Construction Financing
  - Incentivize Development in Santa Fe
- Revolves every 3 – 5 years
  - After conversion to permanent financing
- Creates 200-300 affordable units with each revolution



# Homeownership Example: Resale Provisions

## Resale Provisions

- Ensure long term affordability
  - Resale to another affordable homebuyer
- OR
- If not resold to another affordable buyer then sliding scale equity share



**City of Santa Fe**  
*Faviola Chavez*  
*Director of Housing*  
Office of Affordable Housing  
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CITY OF SANTA FE  
AFFORDABLE HOUSING



## Policy Memorandum

Date: 5.20.2026

To: Councilor Patricia Feghali

From: Palmer Anderson  
Policy Analyst  
Office of Legislation and Policy Innovation  
City Attorney's Office

Subject: Dedicated City Employee Housing

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## POLICY QUESTION

How could the City of Santa Fe create or incentivize the creation of dedicated municipal employee housing within the City of Santa Fe?

## BACKGROUND

At present, cost of living and a lack of plentiful housing that is affordable and accessible in Santa Fe, New Mexico, has made it difficult for municipal employees to find long-term housing within city-limits. While there is ample research dedicated to the specific subject of affordable housing, cities providing housing for public servants is a more limited point of inquiry, specifically in the United States. This memorandum will analyze several examples of municipalities that have undertaken or have policy models in order to provide housing specifically for public servants. Other programs such as housing incentives are also discussed.

## SUMMARY

### Housing for Public Servants Provided by Municipalities and/or Other Governments

There are several municipalities in the United States that have explored the dedication of housing to public servants. This type of housing is also commonly referred to as “workforce housing”. There is no singular accepted model for workforce housing, but this memorandum will provide multiple viable policy examples.<sup>1</sup>

In New York City, the “DC 37 Municipal Employees Housing Program” is a union-run program that is meant to help eligible public sector union members find housing. It was established in 2005 and essentially functions as a program that provides personal guidance to unionized municipal

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<sup>1</sup> “Fruition Communities,” Fruition Communities, November 27, 2024, <https://myfruition.com/clients/government/municipalities>.

employees in New York City on home buying. The program provides resources such as personalized guidance for first-time home buyers, guidance on how to access affordable housing resources, information on housing for seniors, and educational webinar opportunities.<sup>2</sup> The program does not directly subsidize employee housing.

The California Department of Housing and Community Development (“CDHCD”) outlines its stated purpose on its website, saying: “The Employee Housing Program oversees the construction, maintenance, use, and occupancy of privately-owned or -operated employee housing facilities providing housing for five or more employees to assure their health, safety, and general welfare.”<sup>3</sup> The employee housing administered by this department is privately-owned housing for five or more employees under specified circumstances. This program is enforceable through California’s Employee Housing Act (“EHA”), which regulates housing provided by employers. In this context, EHA housing is owned and operated by employers. EHA housing is subject to specific EHA regulations and standards that must be met by the employers who own and operate this housing.<sup>4</sup>

Smaller cities in the United States have also pursued or are in the process of developing workforce housing. For example, the town of Vail, Colorado, began its workforce housing program in 1998. Most of this housing is dedicated to seasonal employees and “critical” year-round employees, including police officers and heavy equipment operators such as snow-plow drivers. The town of Vail also provides an Employee Home Ownership Program (“EHOP”) which is meant to assist full-time employees in purchasing a primary residence. EHOP is essentially a loan-servicing program for down payment and/or closing costs on a home, in the value of no more than \$200,000, to be paid off over a maximum period of 15 years.<sup>5</sup> For employees who rent, the town of Vail offers interest free loans of up to \$2000 for move-in expenses. The loans are paid through payroll deductions over a six-month period.<sup>6</sup>

The town of Oak Bluff, Massachusetts, began planning for municipal workforce housing in 2023. Oak Bluff’s interest came on the heels of other coastal Massachusetts towns reserving affordable housing specifically for municipal employees. Nantucket, for example, put in a request to the state of Massachusetts’ Executive Office of Housing and Livable Communities (“EOH”) to give permanent preference to municipal employees on a publicly funded affordable housing project for newly developed affordable housing units.<sup>7</sup>

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<sup>2</sup> “DC 37 Housing Program,” Dc37.net, 2026, <https://www.dc37.net/benefits/housing/>.

<sup>3</sup> “Employee Housing | California Department of Housing and Community Development,” Ca.gov, 2021, <https://www.hcd.ca.gov/building-standards/employee-housing>.

<sup>4</sup> California Health and Safety Code, Division 13, Part 1, § 17000 – 17062.5.

<sup>5</sup> Town of Vail Employee Home Ownership Program - EHOP® Amortized Loan Product Guideline.

<sup>6</sup> “Employee Housing Opportunities | Vail, CO,” Vail.gov, 2020, <https://www.vail.gov/government/departments/human-resources/employment/employee-housing-opportunities>.

<sup>7</sup> Eunki Seonwoo, “Oak Bluffs Considers Housing Municipal Workers,” The Martha’s Vineyard Times (The Martha’s Vineyard Times, December 18, 2023), <https://www.mvtimes.com/2023/12/18/oak-bluffs-considers-housing-municipal-workers/>.

As of 2025, ground has been broken in Oak Bluff on 60 new units specifically for municipal employees. The development is a partnership between the Island Housing Trust (“IHT”) and a private investment firm. IHT is a non-profit community land trust dedicated to affordable housing.<sup>8</sup> Regarding financing for the project, “[c]ommitted funding for the new housing community includes approximately \$11 million in permanent and workforce housing financing from MassHousing, \$27.3 million from the allocation of federal and state Low Income Housing Tax Credits by the [Executive Office of Housing and Livable Communities](#) (EOHLC), \$6 million in direct support from EOHLC, \$3.6 million through IHT, and \$750,000 through the town of Oak Bluffs. [Stratford Capital Group, LLC](#), is the tax credit investor and syndicator and [Rockland Trust Company](#) is the construction lender”.<sup>9</sup>

Other municipalities opt to provide incentives and indirect supports which don’t build or provide the housing itself. Newark, New Jersey and Little Rock, Arkansas are examples of cities using such indirect incentives. Newark offers municipal employee housing assistance program that loans of up to \$10,000 at zero interest for the purpose of purchasing a home in the city of Newark.<sup>10</sup> The city of Little Rock has adopted a similar incentive system, wherein a one-time payment of \$5,000 is given to new employees to assist with the purchase of a home, or \$2,500 for rental assistance.<sup>11</sup>

### **Preexisting Programs in the State of New Mexico**

The state of New Mexico and individual municipalities in New Mexico operate workforce housing programs. At the state level, the program is officially called the Opportunity Enterprise housing Development Program. It is a \$125 million fund dedicated to housing. The function of this fund is to provide low-cost financing for development of rental and non-rental workforce housing, in addition to infrastructure financing for traditional affordable housing projects. The first round of funding makes \$30 million available for disbursement.<sup>12</sup> The fund was started in 2024, and the most recent round of applications for this fund closed on May 14<sup>th</sup> of 2026. It has not yet been announced when the next round of applications for funding will be open.

Multiple New Mexico municipalities have local workforce housing options. The village of Ruidoso currently has one workforce housing development being built, the Elk Meadows Workforce Housing Development. The project is a partnership between the village of Ruidoso, Enriched Communities LLC, and the New Mexico Housing & Community Development

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<sup>8</sup> “About Us – Island Housing Trust,” [ihmv.org](https://www.ihmv.org/about/), 2026, <https://www.ihmv.org/about/>.

<sup>9</sup> “Ground Broken for the Development of 60 New Affordable and Workforce Rental Homes in Oak Bluffs on Martha’s Vineyard,” [Masshousing.com](https://www.masshousing.com/en/press/2025-07-17-tacknash-knoll), 2025, <https://www.masshousing.com/en/press/2025-07-17-tacknash-knoll>.

<sup>10</sup> Michael Neal and Daniel Pang, “Research Report How Higher Mortgage Interest Rates Can Widen Racial Gaps in Housing Wealth the Case of Newark, New Jersey,” 2022.

<sup>11</sup> “WANTED: Public Employees Who Live Where They Work,” [Governing](https://www.governing.com/archive/gov-government-employee-housing-loans-residency-requirement.html), July 3, 2019, <https://www.governing.com/archive/gov-government-employee-housing-loans-residency-requirement.html>.

<sup>12</sup> “Governor Announces Launch of Workforce Housing Program - Office of the Governor - Michelle Lujan Grisham,” Office of the Governor - Michelle Lujan Grisham, September 4, 2024, <https://www.governor.state.nm.us/2024/09/04/governor-announces-launch-of-workforce-housing-program/>.

Corporation. Although the development is described as workforce housing,<sup>13</sup> it does not appear to be reserved specifically for village employees. Rather, the development appears to be housing catered towards both low- and middle-income local residents. Red River, New Mexico operates workforce housing properties known as Golden Eagle Lodge and Elk Ridge. Prices for units at these properties range from \$300 per month to \$1000 per month.<sup>14</sup> The construction of these units was funded with a \$1.6 million workforce housing grant from the state. Angel Fire, New Mexico, also provides opportunities to apply for workforce housing on the village’s website.<sup>15</sup> Angel Fire’s workforce housing was funded by a grant from the New Mexico Mortgage Finance Authority, also known as Housing New Mexico, with the project itself being managed by the village’s public works director.<sup>16</sup>

## RECOMMENDATIONS

There are a variety of ways in which municipalities can approach municipal workforce housing. The greatest limitation to this type of housing revolves mostly around what a city can afford, and/or what sort of financing a municipality can obtain from outside sources for the sake of municipal workforce housing.

**Programs that Focus on Access to Resources and Education:** The City could create a program similar to the DC 37 Municipal Employees Housing Program in New York City, which provides directions and educational resources for municipal employees seeking to become first-time homebuyers, among other housing-related topics.

**Employer Operated Housing Programs:** Although California’s EHA is a state-level regulation, the City could implement legislation that establishes employer-operated housing within the City. This would allow the City to operate and maintain its own stock of housing for municipal employees.

**Loans for Municipal Employees:** the City could also offer the types of interest free home loans that other municipalities offer as a means of incentivizing municipalities to live within city limits.

**Partnerships with Non-profits and Other Public and Private Bodies:** Direct subsidization and operation of municipal workforce housing will likely require partnerships with locally-based non-

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<sup>13</sup> “Village of Ruidoso Municipal Government,” Village of Ruidoso Municipal Government, June 21, 2025, <https://www.ruidoso-nm.gov/news-info/4g3s43lnjzm9yfd829b8y5f2n28d63>.

<sup>14</sup> “Workforce Housing,” Red River NM, 2026, <https://www.redrivernm.gov/community/page/workforce-housing>.

<sup>15</sup> “Angel Fire Workforce Housing Rental Application Open Now,” Angelfirenm.gov, 2022, <https://www.angelfirenm.gov/m/newsflash/Home/Detail/721?arc=1028>.

<sup>16</sup> Ellen Miller-Goins, “Model for Enchanted Circle? Angel Fire Accelerates Infrastructure, Workforce Housing,” Santa Fe New Mexican, May 11, 2025, [https://www.santafenewmexican.com/news/local\\_news/model-for-enchanted-circle-angel-fire-accelerates-infrastructure-workforce-housing/article\\_7bd5fb2e-fa3a-45a2-a281-89e7504847a9.html](https://www.santafenewmexican.com/news/local_news/model-for-enchanted-circle-angel-fire-accelerates-infrastructure-workforce-housing/article_7bd5fb2e-fa3a-45a2-a281-89e7504847a9.html).

profit organizations, such as community land trusts, and other public bodies at the state level. Additionally, the city should apply to grants and other programs provided by the state of New Mexico whenever such grants and/or programs become available, as demonstrated by other municipalities in the state.

**Taking Advantage of State of New Mexico Opportunities:** The City may also consider looking into the preexisting opportunities at the state level. Because the Opportunity Enterprise housing Development Program funds through the state are dedicated to developers and non-profits seeking to build affordable workforce housing, decision makers should coordinate with local non-profits and eligible developers to clarify how to acquire these funds in Santa Fe.

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# CITY OF SANTA FE

## Policy Memorandum

Policy Memorandum

Date: 08/22/2024

To: Councilor Jamie Cassutt

From:  
Palmer Anderson  
Policy Analyst  
City Attorney's Office  
Office of Legislation and Policy Innovation  
City Hall | 200 Lincoln Avenue  
Santa Fe, New Mexico 87504

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Subject: Policies to Reduce Vacant Homes in the City of Santa Fe

### **Question Presented:**

Which policies can most effectively reduce the total number of vacant homes in the City of Santa Fe ("City") as a means of helping to combat the City's housing shortages?

### **Executive Summary:**

The scholarship on housing supply routinely shows that the demand for housing is high, continually rising, and shows little sign of slowing down, both in the US and globally.<sup>1</sup> Below is a summary of policy recommendations based on the research summarized in this memorandum:

- Impose a vacancy tax on a tiered system so that non-state residents pay a majority of the tax.
- Implement a vacancy fee through the Office of Affordable Housing or code enforcement.
- Establish a rental registry to track and catalog available or vacant housing units.
- Implement a property buy-back/property disposition program.

### **Background:**

The definition of "home vacancy" varies but is generally recognized as a home that is unoccupied for a significant portion of the year (often around five or six months), while not being on the housing market. "Absentee ownership" describes owning a property without occupying said property for a set portion of time, again, often a majority of the year.

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<sup>1</sup> Mariona Segú, "Taxing Vacant Apartments: Can Fiscal Policy Reduce Vacancy?," February 2016.



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The City's home vacancy rate sits at about 1.5% below the national average of 6.5%, but absentee home ownership is 33%, eight percentage points above the national average of 26%.<sup>2</sup> Household income inequality in Santa Fe is severe and household income varies drastically between short geographic distances.<sup>3</sup> Many low-income families have left Santa Fe, and there is not a single census-tract within the city where a family making the median national household income can afford to own a single-family home priced at the average market rate for Santa Fe.<sup>4</sup>

Vacancy taxes have been implemented in many municipalities. This memo considers three North American vacancy taxes: San Francisco, Vancouver, and Washington D.C. San Francisco is notable because of the lawsuit that has arisen from the law's passage. This memo analyzes Vancouver's vacancy tax due to its measurable success. The memo examines the D.C. Vacancy tax for the length that it has been active as well as its relationship with other promising affordable housing programs.

San Francisco adopted its vacancy tax in 2022. The tax is based on square footage and increases each year a property is vacant. For instance, in 2024 the tax is \$2,500 each year for a property under 1,000 square feet whereas a property greater than 2,000 square feet is taxed at a rate of \$5,000 each year. The tax applies to residential buildings with two or more units in which any of the units have been vacant for 182 days consecutively or non-consecutively.<sup>5</sup> Landlord and investor associations who argued the tax is a violation of property rights by compelling property owners to occupy vacant units have sued San Francisco, and a San Francisco judge has enjoined the municipal government from collecting the tax before any collections have had an opportunity to.<sup>6</sup> It is unclear how long the legislation will be enjoined.

Vancouver adopted its tax in 2018. The tax is tiered and imposes a higher rate of taxation on foreign investors and Canadian non-residents more than Vancouver residents. Vacancy due to foreign investment is the primary reason for Vancouver's chronic housing shortages.<sup>7</sup> As such, the Vancouver vacancy tax applies to unoccupied residential foreign investment properties that have been vacant for six months or more. Whereas foreign owners are taxed at a rate of 2% of the property's assessed value, British Columbians and other Canadians are taxed at a rate of 0.5%. The tax generated about \$80 million Canadian (approx. \$58 million USD) for the 2020/21 fiscal year, which went towards affordable housing programs.<sup>8</sup> In succeeding years, revenue from the tax decreased. This decrease in revenue should be viewed positively, because it shows that

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<sup>2</sup> Randall Goodnight, "HUD PD&R Housing Market Profiles," May 1, 2021.

<sup>3</sup> "Santa Fe, NM," Data USA, 2022, [https://datausa.io/profile/geo/santa-fe-county-nm?redirect=true&social-social\\_needs=homeless#equity](https://datausa.io/profile/geo/santa-fe-county-nm?redirect=true&social-social_needs=homeless#equity).

<sup>4</sup> "Santa Fe Housing Report" (Santa Fe Association of Realtors, 2022).

<sup>5</sup> "San Francisco Municipal Code Article 29A: Empty Homes Tax Ordinance" (2022).

<sup>6</sup> Kevin V. Nguyen, "Judge Upholds Challenge to San Francisco Vacancy Tax," The San Francisco Standard, January 2, 2024, <https://sfstandard.com/2024/01/02/judge-upholds-challenge-to-san-francisco-empty-homes-tax/>.

<sup>7</sup> Josh Gordon, "Vancouver's Housing Affordability Crisis: Causes, Consequences and Solutions," 2016.

<sup>8</sup> "Speculation and Vacancy Tax: Annual Mayors Consultation" (British Columbia Ministry of Finance, October 25, 2021).



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many owners subject to the tax have sold their vacant properties thus freeing them up to the housing market.<sup>9</sup>

The District of Columbia's vacancy tax also works on a three-tiered system, with its "Class 3" tier applying to vacant residential properties taxed at \$5 per \$100 of assessed value and other tiers paying a lower rate.<sup>10</sup> The mayor of D.C. applies a set of municipal criteria to determine if a residential property is vacant/that there is no resident for whom an intent to occupy can be shown. The listed criteria are: Electrical, gas, or water meter not running, accumulation of mail, neighbor complaints, lack of window coverings or furniture, open accessibility, deferred maintenance, or the dwelling being boarded up.<sup>11</sup>

Property owners in D.C. also coordinate with the city's Property Acquisition and Disposition Division ("PADD") regarding the ownership of their vacant residential properties. The PADD encourages owners of vacant or blighted properties to rehabilitate or occupy their units and facilitate repossession if sale negotiations are unsuccessful.<sup>12</sup> If the PADD acquires a property, it sells the property to developers who convert them into affordable and market rate units.<sup>13</sup> The PADD has proven successful when implemented on blighted and vacant properties;<sup>14</sup> however, D.C. often prioritizes other affordable housing initiatives.<sup>15</sup>

### **Critiques:**

Vacancy taxes reduce home vacancy but do little to reduce the cost of available housing. If the goal of imposing the tax is to reduce the cost of housing, a vacancy tax model may fall short.<sup>16</sup> Other factors should be considered, including a lack of government subsidization and lack of

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<sup>9</sup> "Speculation and Vacancy Tax Act: Review of Act and Regulations" (British Columbia Ministry of Finance, 2022).

<sup>10</sup> "Vacant Real Property | Otr," DC.gov Office of Tax and Revenue, accessed July 12, 2024, <https://otr.cfo.dc.gov/page/vacant-real-property-0#:~:text=Class%203%2C%20vacant%20property%2C%20is>.

<sup>11</sup> "Code of the District of Columbia § 42-3131.05," 5 § (2010).

<sup>12</sup> Polly Donaldson, Polly Donaldson, "Transforming Vacant and Blighted Properties" (DC Department of Housing and Community Development, 2017).

<sup>13</sup> Donaldson, "Transforming Vacant and Blighted Properties" (2017)

<sup>14</sup> "Mayor Bowser Breaks Ground on 71 Affordable Apartments in Transit-Oriented Mount Vernon Triangle | Mayorb,," Government of the District of Columbia Muriel Bowser, Mayor, June 22, 2018, <https://mayor.dc.gov/release/mayor-bowser-breaks-ground-71-affordable-apartments-transit-oriented-mount-vernon-triangle>.

<sup>15</sup> "Affordable Housing Production and Preservation - DMPED Economic Intelligence Dashboard," DMPED Economic Intelligence Dashboard, 2019, <https://open.dc.gov/economic-intelligence/affordable-production-preservation.html>.

<sup>16</sup> Mariona Segú , "The Impact of Taxing Vacancy on Housing Markets: Evidence from France," *Journal of Public Economics* 185 (May 2020): 104079, <https://doi.org/10.1016/j.jpubeco.2019.104079>.



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supply.<sup>17</sup> Los Angeles county, for example, has increased housing affordability through its "regional housing needs allocation" policy, which combines efforts to increase housing supply with regional distribution of housing subsidies in the form of tax increment funds.<sup>18</sup> Stated differently, the program transmits shares of housing growth to various cities in Los Angeles county that experience housing shortages and then incentivizes the building of these properties through tax subsidies.

Further, high income cities with higher-than-average home prices tend to have lower rates of vacancy compared to other locales.<sup>19</sup> Santa Fe is no exception and therefore it stands to reason that vacancy is not the sole reason for housing shortages in the city then incentivizes the building of these properties through tax subsidies.

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<sup>17</sup> Jonathan Barrett, "Property Taxes as a Response to Foreign Investment as a Perceived Cause of Housing Unaffordability," *Journal of the Australasian Tax Teachers Association* 13, no. 1 (2018).

<sup>18</sup> Darrel Ramsey-Musolf, "The Efficacy of Allocating Housing Growth in the Los Angeles Region (2006–2014)," *Urban Science* 4, no. 3 (September 16, 2020): 43, <https://doi.org/10.3390/urbansci4030043>.

<sup>19</sup> Kenneth T Rosen and Lawrence B Smith, "The Price-Adjustment Process for Rental Housing and the Natural Vacancy Rate," *the American Economic Review* 73, no. 4 (September 1, 1982): 779–86.



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### Recommendations:

#### Pursuing a Vacancy Tax:

In the City, a vacancy tax could be tiered so that out of state property owners pay the highest rate, with in-state and city residents paying the lowest rates, in that order. Any new taxes in the City must be passed by ballot measure and the legality of the question requires legal research.

#### Fee vs. Tax – Avoiding Electoral Standstill:

Legislators could consider imposing fees to finance the administration of a program or government expense on which the fees are imposed.<sup>20</sup> A vacancy or absentee ownership fee would most likely fall under the rubric of an “inspection processing fee” – a fee that includes the registration and inspection of housing, property licensing, and home utility inspections.<sup>21</sup> This fee could be administered by the office administering the registration or inspection, licensing, etc. The next step would be to adopt an ordinance creating the licensing/inspection program and its associated fee.

#### Rental Registry:

Multiple US municipalities have implemented rental registries, which provide the cities with information on number of units, a property’s age, and if federal guidelines deem the property accessible in relation to the Americans with Disabilities Act (ADA) standards. Importantly, cities can use rental registries to track the rate of vacancy in a multi-unit residential building. A rental registry measure failed when brought to Albuquerque’s city council;<sup>22</sup> however, if the City’s Governing Body adopted such a measure, then it could be used in a number of ways. A rental registry for property owners can be voluntary, but it is difficult to imagine a majority of landlords willingly signing up to participate in such a registry without some form of incentive or through compulsory participation. The option of a rental registry would require further examination of legislative precedent at the state level or in other municipal governments for how such a registry can be implemented.

#### Affordable Housing Disposition Program:

The City could also explore using its nuisance abatement code, Section 10-9<sup>23</sup> to purchase and then transform blighted or vacant properties into market rate and affordable homes. The City could also consider using foreclosure or purchase through a tax sale. These strategies could all fall

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<sup>20</sup> Northwest Energetic Services, Llc. v. California Franchise Tax Board (159 Cal.App.4th 841 January 3, 2008).

<sup>21</sup> Hugh D. Spitzer, “Taxes vs. Fees: A Curious Confusion,” *Gonzaga Law Review* 38 (2002): 349–51.

<sup>22</sup> Jessica Dyer, “Albuquerque City Council Quashes Rental Property Registry,” *Albuquerque Journal*, May 1, 2023, [https://www.abqjournal.com/news/local/albuquerque-city-council-quashes-rental-property-registry/article\\_61b964ee-4c9a-5b67-b5b0-e8bf883851cd.html](https://www.abqjournal.com/news/local/albuquerque-city-council-quashes-rental-property-registry/article_61b964ee-4c9a-5b67-b5b0-e8bf883851cd.html).

<sup>23</sup> “SFCC Ord. #. 2005-1,” 10-9.3 § (1987).



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under the rubric of a city division similar to the PADD in Washington D.C. that also includes establishing a relationship with owners of vacant properties to negotiate sale or possible repossession.

It should be noted that New Mexico received funding from a federal program called the Neighborhood Stabilization Program (NSP) that provided funds for abandoned or nuisance properties to be converted into affordable housing. The program used limited funding from the federal government, which the City's Office of Affordable Housing has since expended.<sup>24</sup> Limited funding makes it difficult for the City to meet affordable housing goals set out by the state.<sup>25</sup> Transforming vacant or blighted units into affordable and market rate housing through a property disposition division that is part of city government would likely require purchasing the properties through either condemnation, tax sales, or foreclosure sales, but give these efforts longevity and remove future dependency on limited federal funding.

### **Final Remarks:**

The research makes a clear distinction between affordability and simple access to housing supply, and because of this a holistic response that combines multiple policy solutions is more likely to improve housing affordability than any one strategy if a more systemic approach presents itself as a policy goal.

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<sup>24</sup> "State of New Mexico Action Plan Substantial Amendment," *New Mexico Department of Finance and Administration* (New Mexico Department of Finance and Administration, October 15, 2019), <https://www.nmdfa.state.nm.us/local-government/community-development-bureau/neighborhood-stabilization-program/>.

<sup>25</sup> "NSP3 April 2021 thru June 2021," *New Mexico Department of Finance and Administration*, 2021, <https://www.nmdfa.state.nm.us/local-government/community-development-bureau/neighborhood-stabilization-program/>.



## Policy Memorandum

Date: 3.11.2025

To: Councilor Jamie Cassutt, Councilor Carol Romero-Wirth, and Councilor Signe Lindell

From: Palmer Anderson  
Policy Analyst  
City Attorney's Office  
Office of Legislation and Policy Innovation  
City Hall | 200 Lincoln Avenue  
Santa Fe, New Mexico 87504

Subject: Short-Term Rental Properties

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### **QUESTION PRESENTED**

#### **Question as presented on JotForm:**

The policy request included the following question: “Councilors Romero-Wirth, Lindell, and I would like to revisit our Short-Term Rental ordinance. I am interested in learning about what the impact has been since the ordinance was last changed in 2020 (I think), what recommendations are there from Land Use staff on enforcement, what have other communities with heavy tourism-based economies/housing crises implemented successfully, what policies are recommended to lessen the impact of STRs on the housing stock and housing market, how STRs impact the local economy. I think it would be helpful to have a brief 30-minute meeting with myself and the other councilors to better refine the direction of the research and specific policy solutions we are each interested in exploring.”

Updated policy question as of Policy Meeting on 8/15/2024:

How can the City of Santa Fe (“City”) improve its Short-Term Rental (“STR”) regulations such that housing is made more affordable and that the supply of housing in the City becomes more plentiful and accessible?

### **SUMMARY**

This memorandum examines possible ways SFCC 1987, 14-6.2(A)(5), the “Short-Term Rental Ordinance” could be updated in order to help housing in the City become more plentiful and accessible. This section of code, which contains regulations for STRs, was last substantively updated by Ordinance 2020-35.

### **KEY FINDINGS**

SFCC 1987 14-6.2(5), “Use Specific Standards” for “Short Term Rental Units”, currently regulates STRs. Section 14-6.2(5)(c)(vi), which covers residentially zoned properties, limits density for STRs to 50 feet of each other in a residential district (this limitation does not apply to City commercial districts). As to zoning, code enforcement staff are required to confirm the zoning of the location of a proposed STR when the staff receive an STR application. It also establishes that



applicants must specify if their property is not within 50 feet of another residentially zoned STR at the time of application. The City Land Use Director is required to reject an application that violates this stipulation. Section 14-6.2(5)(c)(vi)(B), which creates exceptions to the 50-foot rule, establishes that no more than 12 permits can be issued for a multi-unit building, and multi-unit buildings with more than 4 units cannot have more than 25% of the units in the building be STRs. Staff are required to confirm number of units and percentage of dwelling units at the time of application for an STR in a multi-unit building.

Section 14-6.2(A)(5)(a) describes “Use Specific Standards” for STRs with the purpose of ensuring that neighborhood character is not disrupted by the presence of STRs. However, the ordinance does not define neighborhood character, nor does it describe which ways the presence of STRs might infringe on this character.

Section 14-6.2 (A)(5)(b)(i) requires a city-issued business license for all STRs, as well as either a permit or registration. Whether the city requires a permit or registration depends on the property’s zoning. Section 14-6.2 (A)(5)(c)(i) specifies that permits are required for residentially zoned STRs, while Section 14-6.2(A)(5)(d)(i) specifies that registrations are required for non-residentially zoned locations, which include the Santa Fe Business Capitol-District (“BCD”) and commercial zones. The City does not currently have a comprehensive method for assessing the status of STRs in their respective zones, especially when it comes to identifying properties operating without the proper permit or registration. However, the integration of new software known as Avenu (“Avenu”), currently being acquired by the City, will aid in the City’s ability to more effectively track and respond to permitting and registration issues. For example, the Avenu system has the capacity to flag instances of a platform such as Airbnb advertising an STR property that also has not obtained the appropriate permit or registration. Currently, the primary way to track instances of STR operation without a permit/registration is through the investigation of constituent complaints made directly to code enforcement staff.

The City currently limits STR permits to 1,000 for the whole city. The number of currently permitted or registered STRs are tracked internally through Energov, the City’s intranet platform, and through a spreadsheet kept by staff. There is a waiting list for STR permit/registration applicants, also facilitated through Energov. The City of Santa Fe’s STR website currently shows Energov as being “down until July 8<sup>th</sup>”.<sup>1</sup>

SFCC Section 14-6.2 (A)(5)(v) stipulates that an STR cannot be rented more than once in a seven-day period. As of now, there is not a reliable way to track whether or not this regulation has been violated, save for direct constituent complaints to code enforcement staff. The adoption of Avenu will also aid in tracking these types of violations in real time.

SFCC Section 14-6.2 (A)(5)(e)(vii) prohibits STRs on residential property from hosting what is referred to as activities “not residential in nature”. Activities not residential in nature include special events, weddings, fund raisers, or parties with individuals not staying as guests in the specified STR. STR operators are expected to communicate these expectations with their guests.

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<sup>1</sup> “Short Term Rentals | City of Santa Fe,” SantaFeNm.gov, 2021, <https://santafenm.gov/land-use/short-term-rentals>.

Once again, the primary way that a violation of this regulation is reported to the city is through complaints from neighbors or other constituents.

The cap on guests in a given STR is limited to twice the number of beds within a property.<sup>2</sup> The number of beds is verified by a code enforcement inspector from the City's Land Use Department once an STR permit/registration has been approved. Currently, there are only two land use code enforcement officers employed by the City for this purpose.

SFCC Section 14-6.2 (A)(5)(o)(iii) outlines reporting requirements for STR platforms. Specifically, platforms are required to "provide a monthly report to the *City* that includes the web address (URL) for each property listed on the *host platform*, together with the *permit* or registration number associated with that URL".<sup>3</sup> City staff familiar with the functions of Ordinance 2020-35 have noted that that platforms do not send monthly reports, and staff need efficient and effective mechanisms to assist the enforcement of this requirement. Once again, Avenu is meant to aid in gathering better and more up to date compliance data.

## RECOMMENDATIONS

There is evidence to suggest that STRs do affect the supply of long-term rental properties as well as the affordability of housing where STRs are present.<sup>4</sup> Specifically, platforms like Airbnb tend to drive up the cost of housing more in areas that have a lower rate of owner-occupancy housing.<sup>5</sup> This being the case, there are several options for further regulating STRs by amending the City's Ordinance 2020-35 which could mitigate these effects.

### Defining "Neighborhood Character"

The definition of "neighborhood character" within the Short-Term Rental Ordinance could be more clearly defined to include the accessibility and affordability of housing. This would allow the affordability and accessibility of housing to be considered an integral aspect of neighborhood character. Next steps would be consultations with legal staff in order to clarify how housing accessibility and affordability can be included as a critical aspect of neighborhood character in the City, and staff assessing the permitting of a property should calculate the likelihood of an increase in the cost of living on the street where a property is located. The ordinance could be amended to prohibit changes in affordability caused by a particular STR permit.

### Zone and Neighborhood-Specific Regulations

Because research suggests that STR properties tend to drive up the cost of housing more in areas that have a lower rate of owner-occupancy housing, the Short Term Rental Ordinance could be amended to have stricter regulations on STRs for portions of the City that have less owner-occupant housing. Next steps would be to discern which zones or areas of the City stricter

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<sup>2</sup> SFCC 14-6.2 (A)(5)(e)(viii).

<sup>3</sup> "City of Santa Fe Ordinance 2020-35" (2020).

<sup>4</sup> Kyle Barron, Edward Kung, and Davide Proserpio, "The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb," papers.ssrn.com (Rochester, NY, March 4, 2020), <https://ssrn.com/abstract=3006832>.

<sup>5</sup> "What Impact Does Airbnb Have on Local Housing Prices and Rents?," Informs, 2021, <https://www.informs.org/News-Room/INFORMS-Releases/News-Releases/What-Impact-Does-Airbnb-Have-on-Local-Housing-Prices-and-Rents>.



regulations could apply to, based on owner-occupancy data. The introduction of Avenu in the City's STR regulatory processes has potential to help with a data-driven task such as this one.

## **Further Restrictions on Permitting, Registering, and Other Stipulations**

Further restricting STRs in the City by reducing the number of permits/licenses allowed could potentially free up housing supply for City residents. The limit on STR permits in the City is currently 1,000. Next steps would be for Governing Body members, by consulting with relevant City staff, to clarify an appropriate lower limit for STR permits. Further limits could also be placed on features of rentals, like the number of days that constitute a stay in an STR, increasing the period during which a rental is permitted from the current one rental per 7-day requirement to some duration of more than seven days with one rental of a property.

## **Including Avenu or other STR Tracking Parameters in STR Ordinance**

SFCC 14-6.2 (A)(5)(o)(iii) requires STR platforms to provide monthly reports of STR properties. Avenu is a software that can aid the City in STR compliance and monitoring by tracking STRs that are operating legally and illegally, and tracking under which STR platform (such as VRBO or Airbnb) a property is operating.<sup>6</sup> Avenu will, ideally, be a better method of tracking STRs in real time as opposed to assuming STR platforms will provide monthly reports to the City through URLs. Amending language on STR reporting to require tracking rental parameters like occupancy, adherence to restrictions on "non-residential" activities, and whether properties have obtained the correct permits/registrations will allow the City to discern more reliably if there are problematic STR properties that are not operating up to standards outlined in code. The City could revoke permits/registrations from properties with violations, thus freeing these properties up for longer term residency.

## **CONCLUSION**

### **Final Comments on Housing Affordability, Availability, and Accessibility in Connection with STR Regulations**

As previously mentioned, there are specific situations in which restrictions on STRs can improve housing affordability and access. It is also important to note that these STR restrictions have their limitations. For instance, the de facto ban on STRs that New York City implemented helped eliminate illegal listings, but has done little to improve overall supply, affordability, or generally influence that city's housing crisis.<sup>7</sup> In Los Angeles, restrictions on STRs reduced STR listings by about 50%; however, housing prices were only reduced by a 2% margin.<sup>8</sup>

Many factors exogenous to STRs have a more pronounced negative effect on housing affordability, availability, and accessibility than the existence of STRs. These hindrances range from restrictive

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<sup>6</sup> "Short Term Rental - Avenu Insights & Analytics," Avenu Insights & Analytics, September 21, 2021, <https://www.avenuinsights.com/solutions/revenue-enhancement/short-term-rental/>.

<sup>7</sup> Amanda Hoover, "New York Cracked down on Airbnb One Year Ago. NYC Housing Is Still a Mess," WIRED, September 4, 2024, <https://www.wired.com/story/new-york-city-airbnb-law-one-year-results/>.

<sup>8</sup> Hans R.A. Koster, Jos van Ommeren, and Nicolas Volkhausen, "Short-Term Rentals and the Housing Market: Quasi-Experimental Evidence from Airbnb in Los Angeles," *Journal of Urban Economics* 1, no. 24 (May 2021): 103356, <https://doi.org/10.1016/j.jue.2021.103356>.



zoning, building height limitations, lack of tenant protections, and a nation-wide problem of low housing inventory.<sup>9</sup> Specific instances in which STR regulations can positively impact housing supply and affordability have been outlined in this memo. Intensifying the restrictions on STR regulations, however, will not be likely to significantly improve housing problems in Santa Fe. Solving deeply entrenched problems of housing affordability, access, and broader housing crisis issues will require more intensive study and exploration of policy programs and models that have been specifically designed to confront these types of housing issues.

Further topics relating to STRs that extend beyond the scope of changing the City’s current Ordinance include STR policy models for regulating STRs, new staff positions for STR enforcement, and better data tracking strategies. If Governing Body members see these topics as relevant, the office of Legislation and Policy Innovation can provide research on these topics as well.

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<sup>9</sup> Brian Callaci and Sandeep Vaheesan, “The Market Alone Can’t Fix the U.S. Housing Crisis,” Harvard Business Review, September 12, 2024, <https://hbr.org/2024/09/the-market-alone-cant-fix-the-u-s-housing-crisis>.