

# Housing For All in Greater Santa Fe

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## Housing For All in Greater Santa Fe

The mission of the Santa Fe Association of REALTORS® (SFAR) is to enhance members' ability to conduct their individual business successfully and with professional competency. Established in 1948, SFAR is a not-for-profit trade association with a membership comprised of nearly 1000 Realtor® members representing a wide range of real estate professionals in the greater Santa Fe region including the City of Española and Los Alamos and Rio Arriba Counties.

As part of its guiding principles, SFAR works to support a thriving community for all by:

- *advocating for measures aimed at increasing the availability and affordability of housing to all residents of Santa Fe in the area where they work, play, and shop;*
- *pursuing reasonable, incentivized, market-driven growth strategies that meet the region's housing needs, expand homeownership opportunities, help revitalize Santa Fe, build attractive and livable neighborhoods, thus allowing for continued economic prosperity and acknowledging that housing is a key economic driver in our community; and*
- *recognizing Santa Fe as an international tourist destination committed to providing a unique and authentic visitor experience through a wide variety of housing and stay options while preserving Santa Fe's existing historical character, among other principles.*

A new resource, the HOUSING SUPPLY ACCELERATOR PLAYBOOK, aims to move the needle on inventory. The guide, produced by industry groups and informed by NAR, highlights multiple success stories from REALTOR® associations helping to expand supply. The Playbook finds a number of locally driven solutions around the country where communities are experimenting, innovating and restoring housing options to support increases in housing supply. Housing supply solutions include promoting transit-oriented development; creating land banks and community land trusts; permitting missing middle housing; supporting rehab and repair roofs, reducing parking minimums, allowing accessory dwelling units, changing building codes; shortening permitting times, and providing pre-development capital. Housing advocates can check out this new tool that encourages ways to [work with local leaders to tailor housing supply solutions for the Santa Fe area](#).

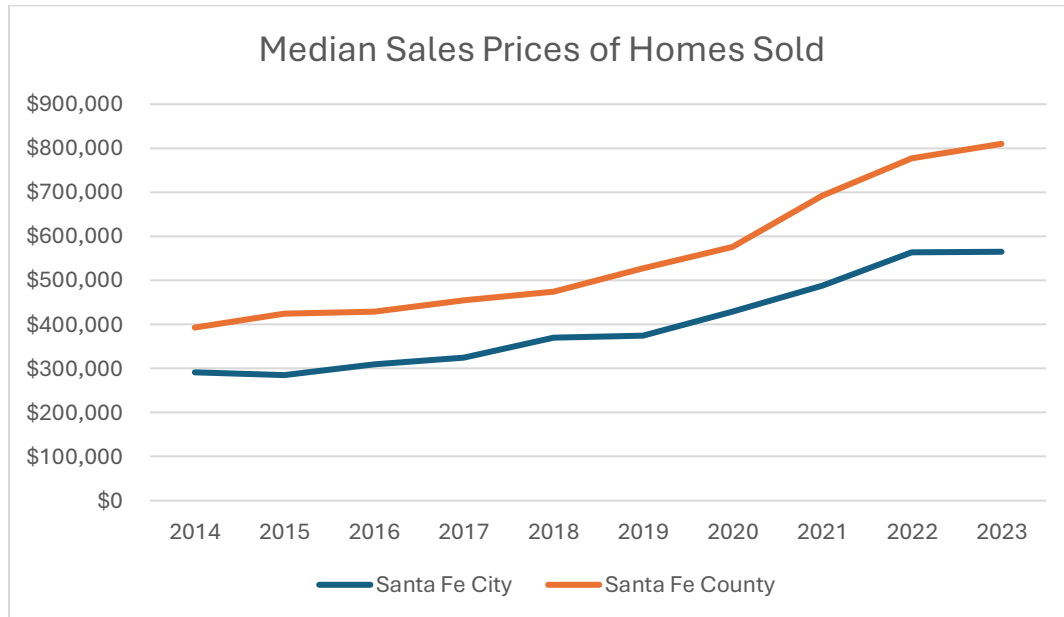
With these principles and key resources at hand, the Santa Fe Association of REALTORS® offers the following information, data, background, resources, and recommendations to help grow housing for all in the Santa Fe community.

## A QUICK LOOK AT THE CURRENT SANTA FE HOUSING MARKET

Over the last few years, housing prices have continued to move upward in the backdrop of historically record low inventories in the Santa Fe housing market. Housing affordability remains a critical market concern as both single-family home and condominiums/townhome prices have increased.

### 2023 Year End Housing Data

According to the Santa Fe Association of REALTORS® Multiple Listing Services, single family homes, condominiums, townhomes and mobile home sales in the City and County of Santa Fe reached a total volume of \$1.43 billion in 2023. The median price of single family homes in the City of Santa Fe was \$565,000 with total of 727 homes sold in 2023. During 2023, Santa Fe County noted 632 single family home sales with a median at \$810,000. Overall condominium and townhome sales in the City and County of Santa Fe totaled 375 units with a 2023 year-end median price of \$433,800.



## 2<sup>ND</sup> QUARTER 2024 SANTA FE HOUSING DATA

Homes sales in the City of Santa Fe rose by 5.3% this quarter with 218 units sold versus 207 units sold in the 2<sup>nd</sup> Quarter of 2023. The median price of homes rose by less than 1%, increasing from \$605,000 in the 2<sup>nd</sup> Quarter of 2023 to \$608,000 this quarter. In Santa Fe County, the number of homes sold in the 2<sup>nd</sup> Quarter dropped by 18.2% from 176 units sold in Q2 2023 to 144 units in Q2 2024. Santa Fe County’s median home price rose just under 2% from \$800,000 in the 2<sup>nd</sup> Quarter of 2023 to \$812,078 this quarter. The overall volume of home sales dropped from \$363.8M in 2023 to \$333.6M in the 2<sup>nd</sup> Quarter of 2024 or by 8.3%.

The combined total of condo and townhome sales in the city and county fell slightly this quarter to a total of 113 units sold compared to 118 units sold in the 2<sup>nd</sup> Quarter of 2023. The median price of condos and townhomes increased by 6.4%, rising from \$426,500 in the 2<sup>nd</sup> Quarter of 2023 to \$454,000 in Q2 2024. Total land sales for the

city and county combined were down from 74 to 39: a drop of 47.3%, or nearly half the number of sales in the 2<sup>nd</sup> quarter of 2023. Overall median land prices jumped by 25% from \$140,000 in 2<sup>nd</sup> Quarter of 2023 to \$175,000 this quarter. Yet the volume of land sales fell by 31.5%, from \$16.4M in the 2<sup>nd</sup> Quarter of 2023 to \$11.2M in Q2 2024.

The Quarterly Indicators report drills down market statistics for single family homes and condos/townhomes in the City and County of Santa Fe – excluding other areas and properties in the Santa Fe Region MLS. Looking at the data, the association finds that the inventory of single family homes for sale in the City and County of Santa Fe increased by 19.4% from a total of 360 in the 2<sup>nd</sup> Quarter of 2023 to 430 this quarter with a 3.9 month’s supply of inventory. Days on Market until Sale tracked at 41 days for single family homes and 41 days for condos/townhomes this quarter.

According to 2024 SFAR President, Joshua Maes, Santa Fe City home sales picked up during this quarter while prices remained relatively stable. Buyers continued to face average 30-year mortgage rates of around 7%. At the same time, the number of listings increased in recent months giving buyers more inventory from which to choose compared to last year.

As the country emerged from the pandemic, record-setting home sales occurred with a homebuying frenzy as interest rates began to creep up with the lifting of COVID-19 market controls. Growing inflation along with serious supply chain disruptions placed even more pressure on home prices and rents. These housing concerns has led to a pressing desire by housing advocates and local governments to better collaborate in addressing the growing need for abundant and diverse housing across the spectrum in the Santa Fe community.

## REALTOR® SUPPORT FOR LOCAL GOVERNMENT HOUSING SOLUTIONS

Over the last ten to fifteen years, the Santa Fe Association of REALTORS® has endorsed, encouraged or supported many policy initiatives to increase housing growth in the Santa Fe area. Specific programs and initiatives are listed below.

## OVERLAY DISTRICTS FOR DIRECTED GROWTH

The Santa Fe Association of REALTORS® (SFAR) monitored with great interest efforts by the City of Santa Fe to encourage and incentivize redevelopment along St. Michael’s corridor. In support of the initiative, the Association successfully attracted grant funding from the National Association of REALTORS® Smart Growth program to funding a housing study, corridor property owner education and advocacy, and a website to promote development opportunities.

In 2016 with strong support from SFAR, Santa Fe City adopted the Midtown LINC (*Local INnovation Corridor*) Overlay District that incentivizes redevelopment by minimizing development extractions in exchange for potential new tax revenues. Santa Fe City owns a property within the Midtown LINC Overlay District. The property known as the “Midtown Campus” has been identified by the City as a critical component of its directed growth. Over the last few years, the City has created a Master Plan for the Midtown District, enacted a Metropolitan Redevelopment Agency for the Midtown District, along with a number of RFPs and agreements to attract further utilization and redevelopment of existing structures. The City has prioritized and is seeking infrastructure development funding for the Midtown District.

## INCLUSIONARY ZONING FORBEARANCE

As a result of the housing crisis beginning in 2008, the Santa Fe area along with much of the nation has not built enough housing to meet growing population needs. Santa Fe local governments in an effort to provide affordable housing adopted a policy called inclusionary zoning which requires developers to build a certain percentage of affordable units in a project as part of the approval process. The cost to build the affordable units is subsidized by the market rate units in the project generally increasing the cost of market rate units.

To help jumpstart housing starts coming out of this housing crisis, Santa Fe County proposed using available funds to offset inclusionary zoning costs for developers. A few years after this step, Santa Fe County amended its inclusionary zoning regulation by reducing the percentage and allowing credit for affordably priced market units.

Santa Fe City's response to the housing crisis creatively utilized Capital Improvement Project monies for down payment assistance and reduced its inclusionary zoning program percentage. More recently, Santa Fe City has used a flexible approach to its inclusionary zoning policy to grow housing developments. Lots are donated to the Santa Fe Habitat for Humanity for development. It is an innovative solution to help defray the costs associated with meeting the city's inclusionary zoning policy.

According to most research and practice, inclusionary zoning generally performs best when set at around a 10% requirement, meaning developers are required to designate roughly 10% of new housing units as affordable housing, as this balance strikes a middle ground between providing enough affordable units while still maintaining developer viability due to the fact that subsidized costs associated with the affordable units must be absorbed by market rate units. Santa Fe County's inclusionary zoning program tracks more closely with this recommended percentage.

Santa Fe City's inclusionary zoning program is set at 20% while allowing projects with 12 units or under the option of paying a fee-in-lieu of building a unit. As part of the City's Land Use Code Rewrite, additional incentives are being proposed provided mostly in the form of increased density to developers willing to construct a greater number of affordable units in a project beyond the current 20% inclusionary zoning requirement.

***The Santa Fe Association of REALTORS® strongly supports creative and flexible methods to meet City and County of Santa Fe inclusionary zoning regulations.***

## LOW-INCOME HOUSING TAX CREDIT PROJECT SUPPORT

Affordable housing development projects that can successfully attract Low Income Housing Tax Credits (LIHTC) have been supported by local governments through a variety of ways. Public land can be donated for the project, fees may be waived, and infrastructure may be provided to the project at low to no cost. Accessing these tax credits is very competitive, local governments that provide key support demonstrate the communities' investment in affordable housing placing projects in a more advantageous position to be awarded tax credits. Santa Fe City has been successful through the years in identifying and supporting affordable housing projects. When requested, Santa Fe Association of REALTORS® has endorsed specific projects.

## MULTI-FAMILY DEVELOPMENT INCLUSIONARY ZONING MODIFICATIONS

For a number of years following the housing crisis, Santa Fe City's Affordable Housing Department found little to no multi-family housing projects were being constructed. In response, City staff and elected leaders amended the multi-family inclusionary zoning law to offer a fee-in-lieu-of option for these developments instead of constructing low-income rental units. In December 2019, Santa Fe City increased these fees for multifamily developments and added other flexible methods of meeting the intent of its multi-family inclusionary zoning program. In addition, the City removed multi-family projects with 10 or fewer units from the inclusionary zoning regulation with only a fee-in-lieu-of payment required. According to the Santa Fe Association of REALTORS 2022 State of Housing Report, Multi-family construction has jumped from 326 units built from 2006 to 2008 to 1880 units in more recent years 2019 to 2021, much of this growth can be attributed to the City's change in policy.

## GROWING NEED FOR RENT SUBSIDIES

Santa Fe City responded to a growing need for rental subsidies by providing emergency rental assistance allowing renters to remain in their homes or helping them secure new housing. Since 2015, over 600 households have been assisted with payments for rent, utilities, deposits, and arrears. The Santa Fe Association of REALTORS® has supported the use of funds for rental assistance and has directly funded similar efforts by local charities.

## ACCESS TO THIRD PARTY LAND USE VENDOR

The Santa Fe Association of REALTORS® supported enabling legislation to permit land use third party vendors to expedite real estate development in Santa Fe City. A work group created to advance land use policies that grow housing offered a presentation on the concept documenting the need for more housing (7000 plus units by 2035) based on area job growth. A benefit will be additional property tax revenue collected by the City of Santa Fe as a result of the new housing. Essentially, a business model will be created by enabling city law to allow a third party vendor to issue building permits and other required land use administrative steps when a project has been approved for an additional fee. Other cities across the country have established similar permissive laws including the southwest cities of El Paso and Tucson. Setting up third party vendor businesses to support land use work is not expected to displace existing workers but better address the ebbs and flows of real estate development. Enabling legislation was drafted and advanced by city leaders in April 2023.

Santa Fe City has entered into a contract with a nationally respected firm (SAFEbuilt) that will provide support to the Land Use Division through the use of a system called Third Party Plan Check. This system, in use at dozens of municipalities throughout the country, will give the members of our community the opportunity to expedite the permitting process (with additional costs paid by the owners, not the taxpayers), and give the very busy City staff the chance to work on other projects that might have suffered from lack of time for the task.

## FUNDING LOCAL AFFORDABLE HOUSING PROGRAMS

In the last decade, there have been several efforts to provide a more permanent, reliable revenue source to help fund affordable housing programs and activities in the Santa Fe community and across New Mexico.

In 2019, local Realtors® monitored state legislation (Senate Bill 7) on behalf of the New Mexico Association of REALTORS® that would have allowed a local option occupancy surtax on short term rentals collected from visitors or tourists to defray affordable housing costs. By allowing only those communities where short term rentals may have the potential to impact housing costs, Santa Fe Realtors® agreed to monitor the legislation recognizing that only a handful of New Mexico cities would likely pass such a local option tax. Additionally, the new tax increased the cost of renting a property for tourists or visitors but would not increase the cost of buying or renting a property. The legislation was introduced by Senator Peter Wirth and the bill failed to advance.

In 2020, City Councilor JoAnne Vigil Coppler, Realtor® member and former president of the Santa Fe Association of REALTORS®, introduced an amendment to an ordinance that would further control short term rentals in the City of Santa Fe. The amendment to the city ordinance would have dedicated short term rental Gross Receipt Tax (GRT) collected by visitors or tourists to the city's Affordable Housing Trust Fund. The amendment attracted strong support from Santa Fe's housing advocates including SFAR. A fact sheet created during the debate surrounding short term rentals indicated substantial revenue from short term rental GRT.

Research suggests that in some communities, short term rentals can modestly increase housing and rent prices. Short term rental gross receipts taxes, among others, are now collected readily and easily by online vendors such as AirBnb and VRBO due to state law. Prior to this state law requirement, it had been more difficult to ensure that these taxes were collected from short term rental properties. Dedicating short term rental GRT monies to affordable housing is attractive as it creates no impact on property owners or buyers in the City of Santa Fe.

While city leaders state that short term rental gross receipts taxes cannot be accurately tracked, if one analyzes short term rental lodgers tax collections which is a percentage of each rental, it is possible to estimate that the city is currently receiving between \$1.75M and \$2M annually from short term rental gross receipts taxes. It is the association's perspective that these short term rental gross receipts taxes have been utilized by the City of Santa Fe to help the city meet its earmark of \$3M annually for the Affordable Housing Trust Fund over the last several years.

While short term rental GRT has not been dedicated specifically for housing, these monies remain available to local governments that collect them for governmental purposes.

In April 2021, two new dedicated funding sources for the city's Affordable Housing Trust Fund became law with the support of the Santa Fe Association of REALTORS® and local housing advocates. City ordinance 2021-10 dedicates occupancy taxes collected on the 31<sup>st</sup> and subsequent days on lodging rentals to the trust fund. City ordinance 2021-11 allows for one half of the percentage of net proceeds on the sale of certain city-owned land and buildings from January 1, 2021 for a set period of time with a sunset clause. It remains unclear if these monies are being deposited into the city's Affordable Housing Trust Fund as the most recent trust fund reporting does not account for the sources. The Association has alerted city leaders to these revenue reporting concerns.

## GROWING ACCESSORY DWELLING UNITS

Santa Fe City allows Accessory Dwelling Units (ADUs) by right. Casitas, as ADUs are more commonly called in New Mexico, are a local tradition. These smaller units with many benefits for homeowners,



communities, and housing supply are not nearly as common as they could be. In 2019, Santa Fe City modestly relaxed regulations to encourage the construction and use of ADUs for both long- and short-term rentals under certain conditions to diversify housing options for residents and visitors. SFAR supported these measures along with the Santa Fe Housing Action Coalition.

In 2023, the Santa Fe Association of REALTORS® received a National Association of REALTORS® Housing Opportunity grant to host a meeting to develop a comprehensive campaign to increase the construction of Accessory Dwelling Units or Casitas in the City of Santa Fe by creating and providing “off the shelf” unit development plans available at no cost to consumers. A meeting with key stakeholders took place in April 2023 to identify barriers, needed resources, and partner roles. Two important resources were identified as part of this effort: [AARP’s Accessory Dwelling Units Model State Act and Local Ordinance](#); and the [City of San Diego’s Companion Unit Handbook](#). As a result of the gathering, stakeholders envisioned the development of a Casita Handbook to help guide the construction of accessory dwelling units or casitas in the City of Santa Fe.

**HOTEL CONVERSION SUPPORT**

During the COVID-19 pandemic, private and government entities found real estate conversion opportunities. Investors for years looked to older hotels as a way to have a ready-built property suited for a multitude of needs: condos, affordable housing, student housing and assisted living. Some have found success in converting hotels to other real estate classes, but interest in redeveloping hotels to other uses has grown over the course of the pandemic due to the financial strain it has caused hotel owners. Extended-stay hotels can be converted into multifamily properties with the existing kitchenette with a lower redevelopment cost. Senior-living conversions benefit from full-service hotels because they have conference spaces that can be turned into general-purpose rooms and industrial kitchens allow for cooking meals.

In 2020, Santa Fe City agreed to access \$2 million in federal coronavirus relief funding to finance the purchase of a hotel (Santa Fe Suites) on St. Francis Drive to house people affected by the pandemic. The Santa Fe Suites 122-units were converted into studio apartments for people housed in temporary shelter, as well as renters who have lost their jobs or whose incomes have been substantially reduced as a result of the economic downturn from the coronavirus pandemic. Similarly, Santa Fe County approved distributing \$500,000 in CARES Act funding to purchase a motel in Española for shelter to be managed by Española Pathways Shelter.

**SANTA FE CITY LAND USE DEVELOPMENT CODE PROJECT & GENERAL PLAN UPDATE**

In 2023, Santa Fe City contracted with consultants to rewrite its Land Use Code. The project goals are to create a new Land Development Code that provides consistent, user-friendly regulations that are easy to understand and simple to administer; reflects best contemporary planning and land use practices; offers clear guidance so that development reflects community goals for future growth; and effectively implements the new Santa Fe General Plan.

Two advisory groups have been established to monitor and provide feedback on the code rewrite, a Technical Review Working Group (TAG) and a Community Advisory Work Group (CAWG). A representative from the Santa Fe Associations of REALTORS® is serving as a member of the CAWG and through this representation has established a cadre of REALTOR® members to assist with the review of these proposed changes to the

City's Land Use Code. Phase I of the project is nearing completion and is scheduled to be adopted by Santa Fe City Council in early 2025. There remain opportunities for all members of the Santa Fe Association of REALTORS® to engage city leaders and land use staff as the proposed changes are published, considered, and adopted.

In June 2024, REALTOR® members also participated at a public meeting where the project was rolled out to the housing and building community. City Land Use staff offered a [detailed outline of the City's Land Use Code Rewrite Project](#). The presentation laid out the City's Project goals and timeline. The Phase I proposed draft includes new incentives for housing developers to encourage more affordable housing units. It lays a foundation for the encouragement of casita development, duplexes, triplexes and fourplexes by providing definitions for these housing structures.

Lastly, Santa Fe City is in the final stages of coordinating its Land Use Department resources with consultants to begin a long overdue General Plan update which is a part of this critical Land Development Code Project.

## SFAR HOUSING PRESIDENTIAL ADVISORY GROUP 2024

In early 2024, Santa Fe Association of REALTORS® 2024 President, Joshua Maes, established a Housing Presidential Advisory Group (PAG) with the goal of researching sustainable solutions to meet Santa Fe's growing housing needs.

With inventories remaining at record lows, increased mortgage rates, and New Mexico state leaders budgeting unprecedented levels of funding for housing including the New Mexico Mortgage Finance Authority, the real estate community is engaging its members to create a path forward toward housing for all. These efforts will build on the Santa Fe Association of REALTORS® decades of direct funding support for local housing programs, member advocacy for policy initiatives to grow housing opportunities while protecting private property rights, hands-on Realtor® volunteer engagement with housing agencies, and Realtor® education.

Presidential Advisory Groups are formed by presidents of local, state and national Realtor® associations to tackle vital internal or external issues facing associations and communities. Presidential Advisory Groups or PAGs are charged with addressing challenges that are better served by accessing a wide range of thought leaders, experts and resources. Many are established with a budget and timeframe to complete their work.

President Maes has charged the Housing PAG with identifying achievable and workable solutions to grow housing to help the Santa Fe community provide housing for all. To kick off the Housing PAG, former SFAR President Kurt Hill, was recruited by President Maes. Kurt was instrumental in leading a regional, multi-housing conference and served on the Mayor's Housing Taskforce alongside area housing advocates who collaboratively crafted a housing plan of action. Chair Hill has recruited a broad mix of Realtor® members and affiliates with experience and passion in addressing affordable or attainable housing opportunities – many of whom have worked with first time home buyers, workforce buyers along with friends and family trying to squeeze into the Santa Fe home market.

As part of its work, the Housing PAG members reviewed and provided input to this updated housing report.

The Santa Fe Association of REALTORS® strongly supports housing for all. Affordable housing is good for the community, good for the local economy, and good for the real estate industry. SFAR's Housing PAG

continues to meet with a variety of housing advocates, housing organization leaders, affordable housing developers, among others, to engage and understand current housing opportunities in the Santa Fe community.

## SANTA FE LAND USE WORKING GROUP (LUWG)

The Santa Fe Land Use Working Group (LUWG) is composed of representatives from the Santa Fe Area Home Builders Association, the Santa Fe Chapter of the American Institute of Architects, the New Mexico Roofing Contractors Association and the Santa Fe Association of REALTORS®. The group was formed to collaborate on education and advocacy to help shorten wait times for plans, permit approvals, and inspections for housing. Toward this end, the Santa Fe Land Use Working Group advocates for policies and information sharing that can improve efficiencies; help with identifying and supporting funding for needed resources within the city budget for land use; and be allies in the implementation and training technologies or protocols that improve the overall land use system.

To begin its work, the Santa Fe LUWG conducted surveys of its members to help instruct ways to improve the land use planning and permitting process sharing the results with Santa Fe City and County land use staff and elected leaders. Additionally, the Santa Fe LUWG advocated to provide for a Third Party Vendor review to assist with land use approvals and permitting. More recently with a leadership transition at the City of Santa Fe Planning and Land Use Department (PLUD), the Santa Fe LUWG has advocated for the following:

**Provide Over-the-Counter permits for simple applications:** Re-roofing, window replacements, stucco, fences, portals - all these currently require onerous permit processes that frustrate trade professions and the public. Collateral impacts include an increase in the amount of UNPERMITTED work among unscrupulous professionals or desperate homeowners trying to seal their roofs before a monsoon hits. This leads to lost economic revenue for the city and presents public safety risks.

**Emphasize Staff Support.** More staff training on systems and codes will benefit the Department. Funding for key PLUD staff positions could make tools like Third Party Plan Review and Electronic Plan Review work the way they're intended to and would bring the Department further into the 21st century, like many cities in our State.

**Develop performance standards** with targeted timelines for staff when reviewing permit applications. This seemingly obvious tactic would give the public reasonable expectations for timely delivery of permits and members of the design and construction industries more certainly on the feasibility to take on new projects.

**Create a written Code Interpretation Book** will bring a refreshing degree of clarity to the community. While some codes are rigid and clear, many building or zoning codes are ambiguous and up to the interpretation of staff and permit applicants. Today, the City may offer different interpretations of codes when there are staff changes. This fosters chaos and uncertainty in the community and increases costs.

**Create a written Appeals Process.** Permit applicants need a clearer process for how to move forward when there is a stalemate over code interpretation. A formal process to

resolve differences of interpretation, in a timely manner, will foster greater equity and accountability in the system.

**Re-Build a culture where permit applicants are treated as clients**, revenue engines supporting the local economy, and allies in the effort to build our city's future. The people who use the services of the Department are not an inconvenience, they are the reason the Department exists

## HOUSING MATTERS – FEDERAL RESPONSE

In 2022, the White House unveiled an action plan to deploy federal resources to address the nationwide housing supply gap. Financial resources focused on local governments have been allocated in the form of direct funding, pilot programs and incentives. [The White House's Housing Action Plan](#) encourages new approaches to Commercial-to-Residential efforts by tweaking existing programs and expanding resources like the Commercial to Residential Federal [Commercial to Residential Federal Resources Guidebook](#). Expanding access and usefulness of federal funding programs to local governments is a proven approach to helping local leaders tackle challenges effectively. Despite this progress, the Administration believes substantial work remains to fully meet housing needs across the country.

## THE WHITE HOUSE HOUSING SUPPLY ACTION PLAN.

The Plan is designed to ease the burden of housing costs over time, by boosting the supply of quality housing in every community. The Plan includes legislative and administrative actions that will help close America's housing supply shortfall in 5 years, starting with the creation and preservation of hundreds of thousands of affordable housing units in the next three years.

The Plan will also help renters who are struggling with high rental costs, with a particular focus on building and preserving rental housing for low- and moderate-income families. The Plan's policies to boost supply are an important element of bringing homeownership within reach for Americans who, today, cannot find an affordable home because there are too few homes for sale in their communities. And it will help reduce price pressures in the economy, as housing costs make up about one-third of the market basket for inflation, as measured by the Consumer Price Index.

Under the Plan, the Administration will:

***Reward jurisdictions that have reformed zoning and land-use policies with higher scores in certain federal grant processes***, for the first time at scale.

***Deploy new financing mechanisms to build and preserve more housing where financing gaps currently exist***: manufactured housing (including with chattel loans that the majority of manufactured housing purchasers rely on), accessory dwelling units (ADUs), 2-4 unit properties, and smaller multifamily buildings.

***Expand and improve existing forms of federal financing, including for affordable multifamily development and preservation***. This includes making Construction to Permanent loans (where one loan finances the construction but is also a long-term mortgage) more widely available by exploring the feasibility of Fannie Mae purchase of these loans; promoting the use of state, local, and Tribal government COVID-19 recovery funds to expand affordable housing supply; and announcing reforms to the Low Income Housing Tax Credit (LIHTC), which provides credits to private investors developing affordable rental housing, and the HOME Investment Partnerships Program (HOME), which provides grants to states and localities that communities use to fund a wide range of housing activities.

Ensure that more government-owned supply of homes and other housing goes to owners who will live in them – or non-profits who will rehab them – not large institutional investors.

While estimates vary, Moody’s Analytics estimates that the shortfall in the housing supply is more than 1.5 million homes nationwide. This shortfall burdens family budgets, drives up inflation, limits economic growth, maintains residential segregation, and exacerbates climate change. Rising housing costs have burdened families of all incomes, with a particular impact on low- and moderate-income families, and people and communities of color. Beyond the proposed investments discussed above, the Administration is taking the following steps:

***Partner with the private sector to address supply chain disruptions for building materials.***

Administration leaders will meet with representatives from the building industry to explore additional actions that the federal government and the private sector can take in partnership to help turn the record number of homes under construction into completed homes where Americans can live. The Bipartisan Infrastructure Law included funding for wildfire resilience, forest management, and reforestation that will promote the health and resilience of our forests and timber supply. In addition, the Department of Commerce announced that it had reduced duties on softwood lumber shipments from Canada, as part of an independent and quasi-judicial process.

***Promote modular, panelized, and manufactured housing*** – and construction R&D. Innovations in homebuilding, including manufactured, modular, panelized, precut, and additive construction, hold promise for increasing housing productivity and thus housing supply. HUD will highlight these and other technologies that can benefit affordable housing construction during the Innovative Housing Showcase on the National Mall in June 2022. HUD is also working to assess hurdles to modular and panelized housing posed by inconsistent state and local inspection requirements and standards, which limit economies of scale and potential cost savings. The Department of Energy also recently awarded \$32 million in funding to support 30 next-generation building retrofit projects that will dramatically improve affordable housing technologies. These technologies include prefabricated, super-insulated wall retrofit panel blocks and 3D-printed modular overclad panels.

***In March 2024, the President’s Budget was released featuring proposals to cut housing costs, boost supply, and expand access to affordable housing.*** The Administration has made progress toward delivering this reality for the American people. The homeownership rate is higher now than before the pandemic, and there are more housing units under construction right now than at any time in the last 50 years. This increase in construction is contributing to a flattening rental market after years of increases.

## THE BIDEN ADMINISTRATION’S 2024 BUDGET

***Builds and Preserves More Than Two Million Housing Units.*** America faces a longstanding and nationwide shortfall in affordable housing that has been growing for decades. In May 2022, the Administration released a Housing Supply Action Plan that included administrative and legislative actions to close the housing supply shortfall in five years. The Administration has already delivered on many of those commitments, added new areas of focus including commercial-to-residential conversions, and will continue to build on the historic number of multifamily units under construction through additional administrative actions that: make it easier to build and preserve affordable, multifamily housing; advance the production and preservation of homes like accessory dwelling units and manufactured housing; and incentivize state and local governments to reduce barriers to affordable housing development.

***Expands the Low-Income Housing Tax Credit (LIHTC).*** LIHTC is the largest Federal incentive for affordable housing construction and rehabilitation. The Budget invests \$37 billion in expanding this tax credit in order to boost the supply of housing that is affordable for low-income renters. Specifically, the Budget permanently increases the allocation of tax credit states receive. It also reduces the private activity bond financing requirement from 50 percent to 25 percent in order to leverage more private capital into LIHTC deals and

build more units of affordable housing. And it repeals the qualified contract provision and right of first refusal provision – both of which allowed some owners of LIHTC units to exit requirements to keep rents at affordable levels. These proposals would build or preserve 1.2 million affordable rental units.

***Creates a New Neighborhood Homes Tax Credit.*** The Budget proposes a new Neighborhood Homes Tax Credit, which would be the first tax provision to directly support building or renovating affordable homes for homeownership. At a cost of \$19 billion over ten years, the credit would cover the gap between the cost of construction and the sale price for rehabilitated or newly constructed single-family homes in low-income communities, encouraging investment in homes that would otherwise be too costly or difficult to develop or rehabilitate – and spurring investment and economic activity in communities that have long suffered from disinvestment. The tax credit would be provided on the condition that the home is occupied by low- or middle-income homeowners. This proposal would lead to the construction or preservation of over 400,000 starter homes in communities throughout the country.

***Incentivizes More Housing Supply through Housing Innovation.*** The Budget includes \$20 billion for competitive grants to incentivize State and local jurisdictions and tribes to expand supply. The grants will fund multifamily developments, including commercial-to-residential conversions and projects near transit and other community amenities; support planning and implementation grants to help jurisdictions identify and remove barriers to building more housing; launch or expand innovative housing models that increase the stock of permanently affordable rental and for-sale housing, including community land trusts, mixed-income public development, and accessory dwelling units; and construct and rehabilitate starter homes. This Budget also requests up to \$100 million—\$15 million over the FY23 enacted level—to continue the Pathways to Removing Obstacles to Housing program, which helps local governments to remove barriers to building more affordable housing.

***Increases Banks' Contributions Towards Building Affordable Housing.*** The President is proposing that each Federal Home Loan Bank double its annual contribution to the Affordable Housing Program, which will raise an additional \$3.79 billion for affordable housing over the next decade and assist nearly 380,000 households. These funds will support the financing, acquisition, construction, and rehabilitation of affordable rental and for-sale homes, as well as help low- and moderate-income homeowners to purchase or rehabilitate homes.

***Preserves Public Housing through Rehabilitation and Redevelopment.*** Over 1.7 million Americans live in public housing, and over half of those households are led by seniors or people with disabilities. The Budget proposes a one-time a one-time \$7.5 billion investment to address the capital needs of more than a hundred thousand distressed public housing properties nationwide, which is on top of the recurring annual investments of \$8.5 billion to enable public housing agencies to operate, maintain, and make capital improvements to the approximately 900,000 public housing units. Providing additional funds for public housing rehabilitation and modernization is critical to providing safe and sustainable living conditions for all – and to ensuring housing shortages aren't exacerbated.

***Provides New Project-Based Rental Assistance (PBRA) for Extremely Low-Income households.*** Eleven million of the 44 million renter households in the U.S. have extremely low incomes—incomes at or below the Federal poverty level or 30% of the area median income. Producing and preserving housing that is affordable for those households—and ensuring rents remain affordable for those households—is a critical component of tackling the Nation's housing challenges that often requires additional subsidy. The Budget includes \$7.5 billion in funding for new HUD Project-Based Rental Assistance (PBRA) contracts, which are long-term contracts with private for-profit or non-profit owners to rent new affordable housing units. These new contracts, in combination with other low-income housing programs and incentives, will attract development capital for the creation of new affordable homes for America's most vulnerable families.

***Increases the Supply of Affordable Housing Financed by Existing HUD programs.*** During the Biden-Harris Administration, HUD has allocated \$4.35 billion in funding to build and preserve affordable rental homes and make homeownership a reality for thousands of families. In collaboration with states, cities, local elected

officials, stakeholder organizations, and local community development partners, HOME has assisted over 45,000 households since 2021. The Budget provides \$1.25 billion for the HOME Investment Partnerships Program (HOME) to construct and rehabilitate affordable rental housing and provide homeownership opportunities. This investment would help create or preserve 12,000 units of housing and provide more than 6,000 households with tenant based rental assistance. In addition, the Budget provides \$931 million to support housing for older adults and \$257 million to support housing for persons with disabilities.

**Supports Affordable Housing in Rural Areas.** The Budget provides \$2.1 billion for USDA’s housing programs, an increase of \$191 million over the 2023 enacted level, and continues the proposal to eliminate the low-income borrower penalty that requires individuals to repay subsidy costs for Single-Family Direct loans. Housing funding reflects the Administration’s priority to preserve low-income multifamily (MF) housing in rural areas by increasing the MF Housing Preservation and Revitalization program to \$90 million, \$54 million over the 2023 enacted level, while maintaining the rest of the MF loan portfolio at the 2023 levels. The Budget also continues the proposal, known as decoupling, that incentivizes property owners to maintain property for low-income tenants in exchange for the continued federal rental assistance after the USDA loan is paid off.

**The Administration also plans to explore updating the statutory definition of manufactured housing**—for example, through amending the chassis requirement—with the goal of identifying options that could provide manufactured homebuilders with more design flexibility and consumers with more options beyond local site-built homes for single-family homes and accessory dwelling units.

## MAKING HOMEOWNERSHIP A REALITY FOR MILLIONS OF FIRST-TIME AND FIRST-GENERATION HOMEBUYERS

**Achieving and maintaining homeownership is the primary way that American families build wealth and create economic security.** In response, the current Administration implemented a series of measures that protected homeowners from foreclosure during the pandemic, including enhanced loan modifications to resolve delinquencies. In addition, the American Rescue Plan’s Homeowner Assistance Fund has helped over 400,000 homeowners catch up on their mortgage payments and utility costs and avoid foreclosures. These actions have not just helped keep foreclosures below pre-pandemic levels but have led there to be fewer foreclosures under President Biden than any President in recent history. In 2023, the Administration also lowered Federal Housing Administration annual mortgage insurance premiums by about one-third, saving more than 680,000 Americans—including many first-time homebuyers—an average of nearly \$900 over the first year of their mortgages with continued savings in subsequent years. But limited inventory and high interest rates continue to make it difficult to become a homeowner for the first time and prevent existing homeowners from right-sizing their house to fit their households’ evolving needs. **That’s why the Administration’s 2024 Budget calls on Congress to:**

**Provide Mortgage Payment Relief for First-time Homeowners.** President Biden is calling on Congress to pass a Mortgage Relief Credit that would provide middle-class first-time homebuyers with a tax credit of up to \$10,000, paid over two years. This is the equivalent of reducing the mortgage rate by 1.5 percentage points for two years on the median home, to help more than 3.5 million middle-class families purchase their first home over the next two years.

**Provide Incentives to Unlock Starter Home Supply.** Many existing homeowners have lower rates on their mortgages than current rates, making homeowners more reluctant to sell, even in circumstances where their current homes no longer fit their household needs. To unlock starter home inventory and allow middle-class families to move up the housing ladder and empty nesters to right size, the President is calling on Congress to provide a one-year tax credit of up to \$10,000 to middle-class families who sell their starter home, defined as homes below the area median home price in the county, to another owner-occupant. This proposal is estimated to help nearly 3 million families.



**Launch a First-Generation Down Payment Assistance Program.** The Budget provides \$10 billion for a program to target down payment assistance to first-time homebuyers whose parents do not own a home and are at or below 120% of the area median income or 140% of the area median income in high-cost areas. This would help an estimated 400,000 homebuyers. Eligible activities would include costs in connection with acquisition such as down payment costs, closing costs, and costs to reduce the rates of interest on eligible mortgage payments. The Budget also includes up to \$50 million for a HOME Down Payment Assistance Pilot that would reduce mortgage down payments for first-generation as well as low-wealth first-time homebuyers.

**Promote Rental Affordability and Fairness, and Make Progress Toward Universal Housing Vouchers for Extremely Low-Income Households** While around 2.3 million low-income households receive rental assistance through the HUD Housing Choice Voucher (HCV) program, another roughly 10 million are eligible and do not receive assistance due to funding limitations and wait lists. The Administration has secured rental assistance for more than 100,000 additional households through the American Rescue Plan and the 2022 and 2023 appropriations bills. And in January 2023, the Administration announced a Blueprint for a Renters Bill of Rights, which enumerated principles to shape Federal, state, and local action, and announced agency commitments to strengthen tenant protections and encourage rental affordability.

**Create a Housing Voucher Guarantee for Extremely Low-Income Veterans.** An estimated 398,000 veteran renter households with extremely low incomes currently do not receive rental assistance and have what HUD terms “worst-case housing needs.” These veterans: 1) have incomes that do not exceed the higher of the Federal Poverty Line or 30 percent of the Area Median Income; 2) either pay more than half of their income for rental costs or live in housing with severe problems such as faulty heating or plumbing; and 3) receive no housing assistance. Over a ten-year period, HUD would expand rental assistance to extremely low-income veteran families, starting with an allocation of 50,000 targeted vouchers in 2026 and paving a path to guaranteed assistance for all veterans in need by 2034.

**Create a Housing Voucher Guarantee for Youth Aging out of Foster Care.** Approximately 20,000 youth exit foster care annually, typically between the ages of 18 and 21, and these young people face greater obstacles to maintaining housing and experience higher rates of homelessness and housing instability compared to the general population. To ensure these young people are stably housed and better able to focus on their education or building a career during this difficult transition, HUD would provide guaranteed housing voucher assistance for all youth aging out of foster care beginning in 2026.

**Support the Housing Choice Voucher Program.** The Budget provides \$32.8 billion, an increase of \$2.5 billion (including emergency funding) over the 2023 enacted level, and an increase of \$7.0 billion, or 27 percent, since the start of the Administration.

**Continue to Invest in Fair Housing Programs.** The Budget includes \$86 million for targeted and coordinated fair housing enforcement, education, and outreach to prevent and redress housing-related discrimination.

**Advance Efforts to Prevent Evictions and End Homelessness** During the pandemic, the Administration stood up a first-of-its-kind national eviction prevention infrastructure, which helped 8 million renter households at risk of eviction and kept evictions below pre-pandemic levels. In late 2022, President Biden released All In: The Federal Strategic Plan to Prevent and End Homelessness. The Administration’s roadmap is not only about getting people into housing, but also ensuring that they have access to the support, services, and income that allow them to thrive. The plan focuses attention on homelessness prevention and actions to ensure an adequate and diverse stock of affordable housing, renter protections, and social service supports. The plan also seeks to promote and expand eviction-prevention reforms, including those advocated as part of the Biden Administration’s implementation of the Emergency Rental Assistance program. The Budget seeks to continue the policies that are most effective in preventing avoidable evictions and help hard pressed American families stay in their homes, even during hard times.



**Bolster Efforts to Prevent and End Homelessness.** To prevent and reduce homelessness, the Budget provides \$8 billion for a grant program to rapidly expand temporary and permanent housing strategies for people experiencing or at risk of homelessness. Funds from this proposal would support non-congregate emergency shelter solutions, interim housing, rapid rehousing, permanent supportive housing, and rental housing for extremely low-income households experiencing housing instability or homelessness. The budget also provides over \$4 billion in Homeless Assistance Grants, a \$427 million increase from the 2023 enacted level and \$1.1 billion, or 35 percent, above the 2021 enacted level. In addition, the Administration plans to use approximately \$100 million in program recaptures to fund coordinated interventions to support nearly 11,000 additional homeless individuals and families. The Budget also provides \$505 million for Housing Opportunities for Persons with AIDS, serving a population with a disproportionately high rate of homelessness and providing a critical link to services.

**Support, Solidify, and Encourage State and Local Reforms to Avoid Evictions.** The Administration stood up a historic national eviction prevention infrastructure during the pandemic, helping keep eviction filings 20% below historical averages, even after the eviction moratorium ended. The Budget provides \$3 billion to build on these efforts, with a focus on upstream prevention and eviction diversion, improving renters' access to resources, and making the legal process for renters fairer. This funding can be used to develop or implement policy reforms and program improvements such as providing emergency rental assistance or other forms and new models of rent relief, and expanding access to legal counsel, housing counselors, and court navigators. The Budget also includes an additional \$10 million for HUD's Eviction Protection Grant Program, which provides legal assistance to low-income tenants at risk of or subject to eviction and has served over 25,000 households.

**Create More Housing Stability for Older Adults.** To counteract the growing numbers of older adults who are experiencing homelessness or at risk of homelessness, the Budget includes a \$3 billion grant program to help communities provide targeted support for older adults in unstable housing situations and support those currently experiencing homelessness. Eligible uses include short- or longer-term cash assistance to cover rental arrears or other housing costs to prevent eviction, emergency home modification or emergency relocations, provide resources to help cover unexpected financial shocks (e.g., medical/health costs), and other legitimate needs determined by the grantee.

## NATIONAL ASSOCIATION OF REALTORS® LEGISLATIVE PRIORITIES

Realtors® are working on advancing legislative proposals that will effectively address the housing shortage. The U.S. housing market is facing 14 years of underproduction leaving the country still lacking 4.7 million homes. Middle-income buyers are feeling the inventory shortage the most with about 375,000 listings in the price range of \$250,000 and under missing from the market. These homes are needed to help enhance the net worth of our families as homeowners have 40 times the net worth of renters. In the last decade, middle-income homeowners have accumulated more than \$125,000 in wealth due to price appreciation alone.

The National Association of REALTORS® (NAR) is working to address these concerns by changing American's tax laws to make it easier to access housing. NAR's federal legislative priorities include:

- Cosponsoring the bipartisan **More Homes on the Market Act** to incentivize more long-term owners to sell their homes by increasing the maximum amount of capital gains a homeowner can exclude on the sale of a principal residence and annually adjusting it for inflation;
- Cosponsoring the bipartisan **Neighborhood Homes Investment Act** to attract private investment for building and rehabilitating owner-occupied homes by offering tax credits that create a pathway to neighborhood stability through sustainable homeownership. Providing this powerful incentive to build and rehabilitate homes for low- and moderate-income homeowners can fill the gap in areas where it is often more expensive to develop or rehabilitate than appraisal values will support;

- Cosponsoring the **Affordable Housing Credit Improvement Act** or other legislative provisions to expand the Low-Income Housing Tax Credit and encourage investment in creating and preserving affordable housing;
- Supporting small business by preserving the 199A qualified business income deduction and keeping taxes on business income lower for independent contractors and pass-through business owners;
- Supporting commercial real estate investment and economic development by preserving 1031 like-kind exchanges; and
- Incentivizing homeownership by increasing the \$10,000 cap on the state and local tax (SALT) deduction and eliminate the penalty for married taxpayers filing jointly, who have the same maximum deduction as single filers.
- Cosponsor the **Yes in My Backyard (YIMBY) Act** (S. 1688/H.R. 3507) to encourage state and local governments to remove barriers to housing development and implement pro-growth policies.

## HOUSING MATTERS – STATE OF NEW MEXICO RESPONSE

In 2024, Governor Michelle Lujan Grisham signed several bills that will help open the door for more investments in housing, roads, bridges, and other infrastructure across New Mexico. House Bills 177, 232 and 195 enable the spending of at least \$200 million, including \$125 million in loans for new housing development, and adds more staff for infrastructure planning and development. Taken together, the new laws should reassure New Mexicans that roads will be safe to drive on, that local governments will be able to invest in new infrastructure or disaster response, and that housing will be more affordable in the future.

### HOUSE BILL 195

The housing bill the governor signed was one of her priorities in the 30-day legislative session. It allows the New Mexico Finance Authority to issue loans for housing development from a revolving fund that previously was only used for commercial development.

New Mexico lacks around 32,000 units of affordable housing, according to a study conducted by the Mortgage Finance Authority last year. Governor Grisham believes one solution is to combat homelessness and help more families live where they work or vastly increase the supply of housing across the state.

“We gotta build houses,” Governor Grisham stated. “And we gotta figure out more opportunities for affordable housing.”

Before any homes are built, the New Mexico Finance Authority must create rules for developers applying for the funds, and then it will evaluate the projects. It’s not clear how long that will take, or how long before the ribbon is cut on new housing developments. Governor Grisham is hopeful that money would start flowing out of the loan fund in July and that projects could be approved to break ground by this fall.

“We do need tens of 1000s of houses, and we needed them last year or the year before,” she said. “So we are really highly motivated.”

The \$125 million in loans is on top of \$50 million in one-time funding for a housing trust fund, plus \$20 million for programs to combat homelessness, that the governor and lawmakers have touted as the biggest housing investment in state history.

## HOUSING NEW MEXICO/NEW MEXICO MORTGAGE FINANCE AUTHORITY (MFA)

Housing New Mexico, also known as New Mexico Mortgage Finance Authority (MFA), is a self-supporting quasi-governmental entity that provides financing to make quality affordable housing and other related services available to low- and moderate-income New Mexicans. Using funding from housing bonds, tax credits and other federal and state agencies, Housing New Mexico provides resources to build affordable rental communities, rehabilitate aging homes, supply down payment assistance and affordable mortgages, offer emergency shelter and administer rental assistance and subsidies. Housing New Mexico partners with lenders, REALTORS®, nonprofit organizations, local governments, tribal communities and developers throughout the state to make these programs and services available to all eligible New Mexicans.

Recently, Housing New Mexico/MFA approved over \$72 million in Low-Income Housing Tax Credits (LIHTC) to six housing developments – including over \$1 million in supplemental LIHTC to The Bluffs Senior Apartments – as well as \$10.6 million in loans to three of those developments in May 2024. The board approved over \$71 million in LIHTC to five developments including two in Santa Fe and one in Los Alamos as follows:

Country Club Apartments in Santa Fe (~\$12.4 million in tax credits)

The rehabilitation of 62 units by Santa Fe Civic Housing Authority will include new windows, doors, siding, stairs and HVAC; renovated access and site utilities; interior rehabilitation, including extensive re-plumbing; and 26 newly constructed units.

Ocate Apartments in Santa Fe (~\$16.2 million in tax credits)

The new 60-unit development by Santa Fe Civic Housing Authority will serve households with children and will feature an open design concept with kitchen islands; interior common areas including a computer training center and kitchen; and outdoor play areas, picnic areas, community gardens and patios. Ocate is designed to create a pueblo surrounding a central plaza. The board also approved loans for Ocate Apartments from the following sources in the specified amounts:

New Mexico Housing Trust Fund (\$3 million)

National Housing Trust Fund (\$400,000)

HOME Rental Program (\$400,000)

Housing New Mexico/MFA also approved an award of over \$1 million supplemental LIHTC to The Bluffs Senior Apartments in Los Alamos. MFA originally approved over \$10 million in LIHTC for The Bluffs in 2019, and the supplemental award was requested due to increased construction-related costs.

Housing New Mexico/MFA-funded active developments are expected to have an economic impact of over \$1 billion in total development costs, nearly \$600 million in indirect economic impact, and over 7,000 jobs created.

## NEW MEXICO ASSOCIATION OF REALTORS® LEGISLATIVE PRIORITIES

### **Housing Affordability, Availability, & Accessibility**

NM REALTORS® advocate for increasing the housing inventory across New Mexico to address the growing demand for homes. Support the creation of workforce housing, including affordable housing specifically

designed for veterans, seniors, and other vulnerable populations. Endorse programs aimed at reducing unsheltered homelessness by increasing the availability of suitable housing options. NM REALTORS® oppose any legislation that seeks to repeal the rent control prohibition in New Mexico, advocating for policies that encourage the construction of new rental dwellings across the state. Support legislative efforts that incentivize the development of rental properties, ensuring a balanced approach to rental housing availability without imposing rent control measures that may hinder market growth.

### **Property Tax Policy**

NM REALTORS® support fair and transparent property tax assessments, ensuring that tax policies are equitable and predictable. NM REALTORS® stand against any transfer taxes, excise taxes, and/or stamp taxes imposed on the sale or transfer of real property.

### **Property Insurance**

NM REALTORS® support a robust & financially solvent property insurance industry with a wide variety of carriers to provide consumer choice in the marketplace.

### **Property Crime**

NM REALTORS® advocate for private property rights and support legislation which protects property and property owners from trespassing, vandalism, and theft. Communities thrive when people and property are safe.

### **Water & Natural Resources**

NM REALTORS® support legislation that ensure the availability of water and natural resources meet the needs of New Mexico and its people

### **Economic Development**

NM REALTORS® support legislation that provides jobs and encourages investment. NM REALTORS® advance initiatives that support a healthy economy in New Mexico. NM REALTORS® support statewide broadband availability.

## **HOUSING MATTERS – SANTA FE CITY RESPONSE**

Santa Fe City's housing inventory is increasing, with around 5,000 residential units currently moving through the development pipeline. Keeping up with the progress is convenient and easy with the introduction of an interactive [Residential Pipeline Map](#) created by the Planning and Land Use Department's Planning Division to help interested residents and developers track growth in the city.

The map tracks residential development at four stages: Under Review, Approved, Under Construction, and Completed. The public can access information on the number of dwelling units (DUs) and affordability mix at the project, council district, and city-wide levels. According to the City Residential Pipeline Map, there were 848 dwelling units under review, 5,022 approved, 2,686 under Construction, and 1,686 completed since 2017.

The map displays small to large-scale projects, from 4-lot subdivisions of single-family homes to 200+ unit multifamily developments. The Planning Division also coordinated with the Office of Affordable Housing to ensure data on the affordability mix was included in the map. The map shows projects in the following affordability categories:

- Small Project Fee developments have ten or few units (homeownership) or twelve units (rentals). This development allows developers to pay a small project fee instead of including affordable homes.
- Fee in Lieu Of developments are market-rate rental projects that pay a fee in Lieu of including on-site rent-restricted homes, as allowed by resolution in 2019. This only applies to rental projects.
- Included developments have price restrictions on homes that are set aside for income-qualified renters (15 percent) or homeowners (20 percent).
- ALT Compliance developments are cases where extreme financial hardship will result from including price restrictions on site, and a developer can prove that a proposed means of alternate compliance will better meet affordable housing needs.

Santa Fe City has recently crafted a [Five Year Affordable Housing Plan in May 2024](#) that is under review by city leaders, housing advocates and the public. According to the City’s Plan, there are:

- An estimated 6,559 renter households and 8,192 owner households cost burdened. The rate of cost burden continues to be extremely high among very low-income residents, but there has been a significant increase in cost burden and severe cost burden rates among middle income households; and
- An estimated shortage of 1,210 units affordable for households with income at 30% AMI or below, and a shortage of 1,807 units affordable for households with income between 30% and 50% AMI.

Briefly, the City of Affordable Housing Plan recommendations to address these affordable housing issues are highlighted below:

**INCREASING HOUSING PRODUCTION TO GROW STRATEGICALLY AND SUSTAINABLY**

***Land Donation.***

The scarcity of developable land is a major driver of housing costs. The City should maximize the available land resources through efficient infrastructure investment and continued efforts to redevelop several of its underused corridors that have infrastructure and could support rental housing, while also providing easy access to transportation. These include the Siler Road corridor and the Midtown Local Innovation Corridor District, or Midtown LINC, at St. Michael’s Drive.

***Land Use Reform.***

Current zoning laws in the city do not support the development of higher-density housing, which is essential for reducing housing costs. Therefore, as the City embarks on an extensive code rewrite, it should focus on removing barriers to housing production, updating outdated zoning standards (such as parking and height restrictions where appropriate), incentivizing redevelopment of underused corridors and commercial/

institutional areas (making code requirements more flexible), and supporting incremental infill. Additionally, creating multi-use zoning districts with variable densities would enable developers to produce what more rapidly filters into "naturally occurring" affordable housing, such as attached homes, smaller-scale multi-family buildings, etc.

***Incremental Infill.***

The City should also explore how to support Santa Fe homeowners in constructing new accessory dwelling units (ADUs), casitas, or rehabilitating existing garages into appropriate property for family or rental use and connecting residents to federal financing policies that help owners finance ADU construction, as well as toolkits for building.

***Regional Housing Policy.***

Addressing infrastructure challenges and preventing fragmented responses to regional challenges is often ineffective unless there is a robust commitment to coordination across jurisdictional boundaries. For example, although Santa Fe and Santa Fe County have stable employment growth, the surrounding counties have seen an increase in employment, specifically Los Alamos National Laboratory, which has added pressure to the housing market across the region. The city should consider partnering with neighboring counties to develop a regional strategy that housing.

***Other Costs.***

Some of the major obstacles to housing supply are the increase in construction costs, building materials, and interest rates, which are beyond the control of city officials. In response, the city can take proactive steps to expand support and financing channels for housing development to alleviate some of these challenges.

**FOCUSING INVESTMENT ACROSS THE SPECTRUM OF HOUSING AND COMMUNITY DEVELOPMENT NEEDS**

***Investment in Low- and Moderate-Income Neighborhoods.***

Acknowledging that access to public services and infrastructure—such as libraries, health clinics, community centers, public transit—is key for low-income households to retain housing stability, the City should continue capital improvement projects that address infrastructure gaps in low- and moderate-income neighborhoods, such as ensuring safe pedestrian and bicycle access like the Safe-Routes-To-School project.

***Strategies for Mobile Home Communities.***

Mobile homes represent an important stock of affordable housing, many residents of mobile home communities experience challenges due to frequent increases in lot rent, fees, and utility costs, which can lead to their displacement. To tackle this issue, some communities are opting to collectively buy and own the land, a strategy proposed by the non-profit organization Resident Owned Communities USA. This group provides financial and technical support to a network of co-ops in different states.

***Displacement Mitigation.***

Work to provide assistance to homeowners with needed repairs. Among low-income renters, a local support would be the reestablishment of free, bilingual landlord/tenant counseling services. The current provider

charges a fee that is unaffordable for those most in need of assistance. This may be remedied by the City providing financial subsidies for the program and/or working with another entity to develop the program.

## SUSTAINING AND EXPANDING SERVICES FOR RESIDENTS WITH HIGHEST HOUSING INSTABILITY RISKS.

### ***Solutions Around Homelessness.***

While identifying appropriate housing is the core to support persons experiencing homelessness, it is vital to coordinate service delivery to adequately support the holistic needs. The City of Santa Fe is an active member in the S3 coalition, created as a result of the COVID-19 pandemic, which has built housing and provides support services for persons experiencing chronic and episodic homelessness as well as capacity building for persons with lived experiences.

### ***Permanent Supportive Housing.***

Using Covid funds, the City moved quickly to fund the acquisition of the Santa Fe Suites Hotel, which was converted into 120 units of affordable housing—40 apartments for chronically homeless individuals and 80 apartments for low- to moderate-income individuals.

### ***Non-congregate Shelter.***

At the onset of COVID, the City converted an empty dormitory at the Midtown property into short term, non-congregate shelter for unhoused residents, those needing to isolate because of COVID, and those released from institutional settings without a safe place to go. Since then, on a nightly basis, 60 vulnerable people (including families with children) have had safe shelter with 25% of households attaining long-term and affordable housing as a direct result of robust navigation services. The non-congregate shelter is proving to be a better pathway out of homelessness in Santa Fe and nationally.

### ***Safe Spaces for Sleeping.***

Sites that offer safe places to sleep (either in pallet shelters or camping spots) can provide a healthier alternative to encampment sites and other unsheltered living situations. Importantly these sites can help services providers locate their clients and as well as connect the people staying there to an array of supportive services. Sites, such as Camp Hope in Las Cruces, provide residents privacy, security, and vital sanitary services, electricity, water, and food.

### ***Rental Assistance and Voucher Programs.***

Using local funds ensures that rental assistance programs can be nimble and flexible and meet the needs of tenants where they're at, rather than requiring them to meet onerous eligibility criteria for federal assistance. The assistance could be used for a variety of needs including rent, utilities, rental/utility arrears, rental deposits, etc. Given the lengthy development process for the creation of new, rent-restricted homes, rental assistance helps low-income renters compete for units and provides more options.

### ***Landlord Engagement.***

The City should consider working on landlord recruitment and programs to develop partnerships with private landlords and property managers—which is especially helpful in tight rental markets where there is a critical need for quick housing placements. The City should consider providing incentives such as bonus payments, extra security deposits, risk mitigation funds, or payments for holding vacant units for people experiencing

homelessness. The City could also consider supporting training programs for social workers and housing advocates to help manage and expand landlord relationships.

## SANTA FE CITY HOUSING 2023 ANNUAL REPORT

### **Office of Affordable Housing Funding Sources and Process**

The Office of Affordable Housing administers a range of funding sources, including one-time allocations, such as funds from State Capital Outlay, the American Rescue Plan Act, and the CARES Act. However, the primary funding streams that the Office of Affordable Housing oversees are the Community Development Block Grant and Affordable Housing Trust Fund, which provide meaningful funding for housing and homeless services every year.

### **Affordable Homeownership**

33 Santa Feans bought homes with mortgage assistance loan  
14 homeowners improved the safety and comfort of their homes  
15 home sites prepared for construction in Tierra Contenta  
*City's Investment: \$1,197,058.61*

### **Affordable Rental**

58 rental home conversions initiated at the Lamplighter Inn  
360 affordable rental homes renovated or upgraded  
10 affordable rental homes for seniors designed for future construction  
*City's Investment: \$3,108,882.80*

### **Emergency Housing Assistance**

622 Families and Individuals kept their homes or were provided safe places to stay.  
*City's Investment: \$1,043,970.37*

### **Public Services**

804 SFPS students and their families received social support and housing services  
582 households received shelter services or supportive housing  
*City's Investment: \$1,100,788.17*

### **Community Development**

Planning and design completed for a Safe-Routes-To-School path to El Camino Real Academy.  
*City's Investment: \$84,484.43*

### **Santa Fe Homes Program and Other City-Provided Support resulted in:**

26 income-qualified homebuyers bought newly constructed, price-restricted homes  
4 affordable homes were kept affordable through resale  
228 affordable homes are under construction or approved for building permits  
187 affordable homes are proposed for future construction



## SFAR SANTA FE CITY LAND USE INTERVIEW PROJECT

In response to feedback from the regulated community regarding the need for more housing, the Santa Fe Association of REALTORS® reached out to interview individuals and developers. City land use projects ranged from complex developments to home renovations.

Most interviewees started their projects with positive expectations recognizing that the Land Use Department has gone through several leadership changes over the last 5-6 years. There remains no staffing for long range planning. Out of date planning is driving today's development, some of which contradicts and overlaps, making stakeholder engagement unproductive. Both developers and property owners raised concerns regarding retaliatory actions by staff and inspectors throughout the project's life. This concern is great enough that criticisms go unstated, and as a result, unaddressed. It was observed that the Land Use Department's electronic applications are more often than not incomplete leading to wait times and action voids.

The association focused on those who had interacted with Santa Fe City's Land Use Department on projects in the last few years to garner their feedback on ways to improve the process and grow housing. Interview feedback included the following land use issues: project and staff expectations; customer service; code interpretation; meeting project deadlines, approvals, building permits and inspections; value of land use fees to services provided; Early Neighborhood Notification (ENN) process; public review process; and suggested code or policy recommendations. Based on these issue areas, please find a synopsis below of interviewees feedback:

**Project & Staff Expectations** ranged from not high based on past experience to professional, competent, responsive and helpful with coordination to advance the project or renovation. In general, those with hired consultants who have developed relationships with city staff expressed the highest level of positive expectations. Interviewees found the city land use staff and processes systematically to be more predictable, consistent and marginally more efficient.

**Customer Service** feedback generated a variety of comments with a general observation that the division does not operate with a "customer service orientation". Many of those interviewed raised concerns about the lack of urgency regarding inquiries or requests; non-responsiveness preCOVID and more problematic after COVID; a project can languish for weeks without any communication from staff; the inability to access the staff except digitally during COVID-19 as sometimes visiting the office could help resolve issues; lost applications or files; invention of restrictions when none existed pushing the need for legal review or action; and strong recognition by many that the department is understaffed. In contrast, other interviewees found that staff can be very knowledgeable, demonstrate a high level of technical expertise, and be extremely helpful during the life of a project. Others noted that there remain some disparities among staff level of technical proficiency. Higher level staff appear more likely to work to resolve problems while rank and file don't seem as invested in resolving issues. Lastly, several respondents observed that the city's current legal staff for the department demonstrate a high level of knowledge and professionalism.

**Code Interpretation** solicited comments with interviewees observing that staff-driven code interpretations are generally more restrictive if there is any level of ambiguity. Others shared that staff has become more open to applicants making their case for certain code interpretations to allow a project to move forward as desired.

**Meeting Project Deadlines, Approvals, Building Permits and Inspections** garnered the most feedback from interviewees. Concerns were raised about delays and especially placing an applicant in contractual default with significant project delays. Project delay costs were noted for an owner at up to \$20,000 a month and for a developer at \$40,000 a month. Interviewees shared that approvals or permits can take months and a lot split up to 10 months. It was stated that a transparent process of tracking approvals and building permits is no longer available. Many found that the building permit process is antiquated along with the cashier system with several interviewees constantly contacting the land use department – sometimes just to ensure an email has been forwarded. Respondents shared that inspectors can act capriciously, seeming to nitpick a project, and may demand opportunistic improvements or changes on site that were not required for approval. Others found that inspectors have generally improved in the last few years.

**Value of Land Use Fees for Services Provided** feedback noted that large projects seem to be priced fairly; however, smaller projects can be extremely expensive with one respondent speculating that the land use department has become a profit center.

**Early Neighborhood Notification** responses generally noted that the step as currently constructed creates an unnecessary adversarial process. Others shared that the step attracts more residents with time on their hands who can be engaged in the process while those with growing housing needs who are working or struggling to meet basic needs are unable to advocate for a new development. Some found that while outreach is valuable, especially if the neighborhood has accessed experts and comes with well-informed improvements, other efforts result in burdensome, additional conditions that are imposed simply to placate neighborhood opposition. It was noted that staff, at times, as a result of this outreach has been the target of slurs and insults, along with the homeowner, developer or consultant.

**Public Review Process** feedback focused on the lack of support from City Council for housing that meets project approval conditions which is frustrating and counterproductive. Most shared that planning commission and other development reviews seem to track well, are generally fair, and meet deadlines. Of note, several respondents stated that the Historic Design Review Board makes arbitrary decisions and that the regulations need to be overhauled to more precise, consistent, and fair to applicants. Several interviewees observed that the current public review process with the facilitation of digital meetings has improved the acrimonious room atmospherics and has allowed the public to better view presentations along with project details that are normally focused on decision-makers.

## SANTA FE CIVIC HOUSING AUTHORITY

The Santa Fe Civic Housing Authority provides housing services to low-income residents in the Town of Bernalillo, Rio Rancho, Sandoval County, Mora County, Los Alamos County, City of Espanola and City of Santa Fe. The Authority distributes and manages 1,000 Housing Choice Vouchers (formerly Section 8).

The Santa Fe Civic Housing Authority (SFCHA) has been the primary provider of affordable housing to citizens within Santa Fe City. Since 2010, SFCHA has completed seven different tax credit projects providing 644 LEED platinum certified units within the City of Santa Fe. Cumulatively that represents approximately \$110 million dollars of investment in projects that are affordable to both moderate and low-income families and seniors. All of its projects are occupied at or above 98% and compete favorably with market units currently being built but at a steep discounted rent for the tenants.

In 2020, the Santa Fe Civic Housing Authority received approval for a new infill affordable development project (Calla Resolana) close to parks, schools, jobs, and transportation that will add 11 project-based vouchers and 34 other units for working families below 60% AMI. This project was completed in the second quarter of 2022 and is fully leased. In addition, the authority has purchased two apartment complexes over the last 5 years with the goal of keeping them affordable moving forward. Over this same period, the SFCHA has purchased two parcels of 20 acres and 7 acres for future projects and is in the process of an additional 24 acre purchase.

## HOUSING MATTERS – SANTA FE COUNTY RESPONSE

Santa Fe County has approved several housing projects that will have address the shortage of inventory. The Esencia de Santa Fe development in the Community College District includes 710 lots with plans for about 80 homes offered at rates considered affordable or below market rate. The County’s Sustainable Land Development Code requires 8% affordable units in subdivisions of 5 to 24 parcels and 15% affordable units in subdivisions of 25 or more. It is one of several projects being developed in Santa Fe County to the south of the city. County officials have pinpointed this as an area for future growth and recently completed a multimillion-dollar road improvement project near Santa Fe Community College. Two other planned affordable housing projects south of the city will help increase affordable housing stock – a multi-family 240-unit called Cresta Ridge off of NM 14 and a 310-unit project in the same area.

Santa Fe County has the following goals which aim to address existing barriers and constraints to housing development in Santa Fe County. Housing alternatives take many forms and, given the scale of the affordable housing need, are all important in facilitating a healthy housing market capable of providing for the diverse needs of Santa Fe County residents and the new people who want to migrate here.

## ADDRESSING THE HOUSING SHORTAGE

A shortage of housing units in the greater Santa Fe area is identified as the most significant factor inhibiting the accessibility and provision of affordable housing units. The shortage includes housing across the price spectrum, from luxury housing to extremely low-priced housing for low-income families. Because a shortage of higher-priced housing for higher-income families results in the displacement of lower-income-families who insufficiently compete for access to a limited housing stock, all housing development improves overall market supply and access.

If Santa Fe would like to provide adequate housing for existing households that live or work within the whole Santa Fe area (City and County), it will need to add approximately 17,216 housing units to the housing stock between the beginning of 2022 and the beginning of 2025 (5,738 units per year). Note that this number does not include economic growth, tourism, or the full impacts of in-migration.

Santa Fe County is currently permitting a few hundred units per year and the City of Santa Fe is permitting about one thousand units annually. Allowing between 1,000 and 1,500 units per year should satisfy historically relevant annual growth rates and modest population projections but is not expected to satisfy the existing shortage of housing and associated problems like rising prices and displacement of existing residents. This means that current City and County policies are likely to maintain but not improve the housing shortage and its related symptoms.

To directly tackle the housing shortage, Santa Fe County should aim to permit two or three times as many housing units as it currently allows and should develop strategies that ensure new housing will meet the County's environmental, social, and financial growth management priorities. In July 2023, Santa Fe County adopted its [Affordable Housing Plan](#) focusing on the following recommendations:

## CHANGES IN LAND USE POLICY

The following land use recommendations are intended to decrease housing development costs, increase the supply of market rate housing, and are particularly intended to encourage the development and construction of affordable housing units. Unlike financial subsidies and aid programs which require financial and administrative resources, the following land use recommendations cost relatively little to implement and should reduce administrative burdens.

1. Chapter 13 – Inclusive Affordable Housing Amendments  
Amendments to Chapter 13 can remove development barriers and incentivize the construction of inclusive, affordable housing developments. Correctly implemented, these amendments could feasibly result in the construction of one to two hundred additional housing units each year with a particular incentive to build affordable housing accessible to low- and moderate-income households.
2. Sustainable Land Use Code (SLDC) – Amendments Removing Existing Housing Barriers  
Structural and significant SLDC amendments can result in more equitable land development policies which prioritize housing and increase the environmental, social, and economic sustainability of development. If the County is serious in remedying the lack of access to housing and alleviating the displacement of low-income families, multiple hundreds of housing units could be achieved per year across a range of housing price points. Federal funding may be available to address identified housing barriers.

## LAND USE PRACTICES AND POLICIES

Data analysis is essential in understanding and prioritizing regulatory amendments but data and associated analysis is difficult to find and utilize. Santa Fe County should:

1. Create better tracking tools to clearly demonstrate the number and types of units approved or denied by the County including the length of time it takes between initial submission, final approvals or denials, and the receipt of vertical building permits if applicable. Entitlement periods of over 18 or 24 months create significant regulatory barriers to affordable housing.
2. Create tools to record potential regulatory barriers, inconsistencies, and interpretations related to the SLDC. Excel is an easy tool to record issues identified by staff and interpretations of the code should be clear and publicly available. These recorded issues and interpretive solutions should increase the consistency of code applications and should contribute to regular code updates.
3. Santa Fe County regularly changes the code to address specific issues but should also schedule a reoccurring time to implement “omnibus” or miscellaneous code updates.

## COLLABORATION WITH OTHER ORGANIZATIONS NON-PROFIT ORGANIZATIONS

Santa Fe County has good relationships with shelter and housing service providers and should continue to identify opportunities to collaborate and partner on a variety of services. External non-profit organizations

can sometimes increase efficient distribution of services or expand the development capacity of a program. The County expects to contract out programs like the Rehab Program and Down Payment Assistance to a third party.

Santa Fe County funds non-profit housing services which pay for navigation, flexible funds to respond to an enrolled person's emerging or immediate crisis involving housing, transportation, utilities, access to food, personal safety, or other unmet social determinants of health.

The County should also consider creating non-profit or quasi-governmental organizations which could engage in property acquisition, distribution, management, and development. This could resemble the City of Santa Fe's relationship with the Tierra Contenta Corporation or the Railyard Corporation or could alternatively embody the partnership between the City of Albuquerque and the Sawmill Community Land Trust.

### ***For-Profit Organizations***

The vast majority of housing development and property management is led and managed by private, for-profit organizations and any attempt to modify the housing market or address market failures should incorporate a close understanding of the types of market forces and incentives that drive private, for-profit organizations. If Santa Fe County wants to address the housing shortage and an acute lack of affordable housing development, it must work with private development to do so.

In addition to addressing regulatory land use barriers, the County should identify its capacity to:

- Enter into public-private partnerships,
- Acquire and dispose of land,
- Fund land and infrastructure improvements.

It should also explore innovative financial assistance tools to achieve feasible affordable housing including but not limited to:

- Tax Increment Development District (TIDD)
- Tax Increment Financing (TIF)
- Bond Issuances

### ***Housing Authority Developments***

The Santa Fe County Housing Authority provides safe, decent, and sanitary housing to low-income households in Santa Fe County. Programs include the development and management of affordable housing, the distribution of funds for rehabilitation and infrastructure, and the distribution of vouchers. These programs are covered in more detail in later parts of this chapter. According to the Housing Authority's strategic plan, it will create 200 units per year.

### ***Joint City/County Commitments***

In 2022, the City of Santa Fe and Santa Fe County entered into a formal agreement acknowledging affordable housing priorities and establishing general goals. Collaboration and consistency between the two jurisdictions is critical. The agreement areas include:

- 1) **PRESERVATION AND PREVENTION:**  
Increase resources and develop strategies to prevent homelessness, including the preservation of existing affordable housing and enhanced utilization of social services; increased financial supports, such as the City and County Affordable Housing Trust Funds, to prevent homelessness and stabilize those who are precariously housed; and support for local regulation and land use policy changes that increase housing stability for residents.
- 2) **EMERGENCY SHELTER:**  
Create and further develop collective community agreements specific to emergency shelter provision, including expanding options for emergency shelter care to include safe and legal outdoor sleeping spaces and non-congregate shelter and improving shelter access to housing and supportive service resources.
- 3) **BUILDINGS/HOUSING UNITS:**  
Quantify the need for additional affordable units and, through new construction, conversion, subsidization, and redevelopment, increase the local affordable housing stock inventory with a goal of at least 100-200 units per year.
- 4) **INDIVIDUAL VOUCHERS/PROGRAM BASED VOUCHERS:**  
Increase funding for housing vouchers, both short- and long-term, and develop strategies to ensure that those vouchers can be flexibly utilized in ways that promote equity and housing choice; and ensure that existing voucher programs are expended in full.
- 5) **SUPPORTIVE SERVICES:**

Ensure all interested individuals and families participating in housing programs have high-quality crisis intervention, behavioral healthcare, and other supportive services to maintain safe housing. **SYSTEM INFRASTRUCTURE:**

Continue development of the community-wide homeless response system, which includes strategic planning and clarifying the roles, function, and authority of each partner. The system development will include collective identification of system gaps through collecting accurate data, creation of cooperative strategies to address gaps, and consistent cross-agency communication on funding opportunities, housing initiatives, and overall system development.

## SANTA FE COUNTY HOUSING PROGRAMS

The following programs are recommended through this housing plan and through previous efforts of the Santa Fe County Community Development Department. Together, the programs constitute a comprehensive approach to the needed provision of housing services and ultimately increase the accessibility of affordable housing.

### ***Housing Trust Fund***

Santa Fe County's Housing Trust Fund will be used for the production, preservation, and rehabilitation of affordable rental housing and affordable housing for first-time homebuyers through the acquisition (including assistance to homebuyers), new construction, reconstruction, or rehabilitation of housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition, and other expenses, including financing costs.

### ***Home Rehabilitation & Energy Efficiency Program***

Santa Fe County Home Rehabilitation & Energy Efficiency Program is an expansion of the current Happy Roofs Program. The Rehabilitation Program is for attached, detached single family, modular and mobile homes. Rehabilitation is for both home ownership and rental opportunities. Rehabilitation is for individuals who own or agree to rent out to households at 100% AMI or less. The affordability period is for 30 years and rentals will be inspected annually. Full rehabs will be adhered to the current building code; however, rehabs will exceed energy code requirements. Santa Fe County Housing Trust and Federally funded. This program will be contracted out to a third party providing one-time grants of up to \$50,000 to homeowners for critical repairs and hazard mitigation. Rather than building new housing, this program aims to keep residents in their homes.

### ***Down Payment Assistance***

Down payment assistance (DPA) is a SFC program that provides grants to prospective homebuyers. To obtain down payment assistance the applicant must submit an application and supporting material. The maximum down payment assistance shall be 3 percent of the purchase price or the amount required to complete and qualify for the first mortgage. The annual gross income of an applicant for down payment assistance may not exceed 100 percent of the area median income. Assistance shall be determined using the information obtained by the County or its designated agent using a desktop underwriting system. This program will be contracted out to a third party.

### ***Inclusionary Zoning***

Inclusionary Zoning is an administrative procedure which requires the developer to provide affordable housing as part of the development review procedures. SFC will provide alternate means of compliance including fee in lieu of and offsite approvals. Zoning designations with access to county supplied water and sewer will have the highest percentage requirements. Lower percentages of affordability will be required where less infrastructure services are required. All proposed residential units are required to adhere to these zoning requirements. SLDC chapter 13 will also include a new definition for an inclusive affordable housing development in addition to an affordable housing unit. This program will be internally run by the county. Affordable housing will be defined as what housing is affordable to 100 percent of medium income or less. Developer incentives in order to facilitate onsite affordable housing will be enhanced. This program will be run internally by County staff.

### ***Foreclosure Prevention***

SFC's Program and Policy establishes an equitable process through which staff will review situations that threaten the possession of affordable homes, make decisions concerning the issues threatening the transaction, and, when necessary, purchase homes that will be lost. Options that are available are: refinancing; loan modification; mortgage assistance; and voluntary sale. The financial assistance is in the form of a mortgage that shall not exceed 24 months or \$5,000.00. This program will continue to be run by the County.

### ***County-Created Third-Party Development Entity***

The Santa Fe County Housing Authority has created the Nueva Acequia Developers, LLC, a limited liability corporation that will act as the agency's development arm for the Nueva Acequia affordable housing development. Nueva Acequia will be a 130-unit affordable multifamily complex located on the south-side of



the City of Santa Fe and will be adjacent to the Housing Authority's existing Jacob D. Martinez public housing site. The creation of the Nueva Acequia Developers LLC, and the Nueva Acequia multifamily complex, will be the Housing Authority's first attempt at affordable housing development through the Low-Income Housing Tax Credit Program.

### ***Use of County Owned Land***

The County of Santa Fe continually reviews and assesses any land holdings that may be used for the development of Affordable Housing. Currently the former Public Works facility on Galisteo is in a pre-development stage of assessment. This program is internally run by the county.

### ***Loan Program***

SFC Loan Program will provide capital for owner occupied, rental, single family housing, modular, mobile homes, and Accessory Dwelling Units (ADU) located in the unincorporated County of Santa Fe. Loans can be used for full or partial rehabilitation, increasing energy efficiency, utility improvements, or the simple purchase of materials and equipment, such as solar arrays. Interest rates will vary from zero to two percent. This program will be contracted out to a third party.

### ***Renter Assistance Program***

Santa Fe County will develop a voucher program for emergency rental needs in the future, but the immediate priority is in building and preserving affordable rental units. Due to the extreme lack of housing supply, existing voucher holders are having difficulties or are otherwise unable to find units where they can use their vouchers. This program will leverage Federal Homeless Funds and be run by the Housing Authority.

### ***Developer Incentives***

Santa Fe County's program will be for developments that either provide "lower income" affordable units under 80% AMI (inclusionary zoning requirements) or for those which provide 100% of the units at "moderate" affordability levels and encourages a developer to voluntarily provide some kind of community benefit in exchange for building incentives. Some of the types of incentives offered by SFC can include height, density, reduced parking requirements, fee waivers, open space requirements and expedited County approvals.

### ***Landlord Tenant Hotline***

Santa Fe County's Hotline will be used to assist both tenants and landlords with questions regarding their rights, lease agreements and the contents, tenant duties, repairs, upkeep, and many other resources.

### ***Developer Capital Incentives***

The Capital Developer Assistance Program can assist with acquisition, new construction, and rehab of multifamily and non-congregate shelters/transitional housing. It can also be used for capital expenditures for infrastructure, site enhancements, and security enhancements. It is intended that some of these funds will come from state legislative capital appropriations and federal appropriations.



## Financing Assistance

There are several financing mechanisms available for making infrastructure improvements and community improvements for affordable housing developments. They can be a combination of State or federal grants, local sales and property taxes, land or property specific taxes from special districts, and user fees. Financing Strategies are the means by which these funds can be leveraged through various mechanisms including debt financing, special district formations, tax increment financing and other value capture techniques. Below is a listing of financing mechanisms that are available for infrastructure financing:

**Multifamily Housing Revenue Bonds:** These are issued to provide tax-exempt and/or taxable financing for the construction or rehabilitation of multi-family housing projects for low-income individuals pursuant to the County Revenue Bond Act and Municipal Housing Law.

**Public Improvement Districts (PIDs):** PIDs are authorized to finance various kinds of infrastructure and improvements, including water and sewer systems, streets and trails, parks, electrical systems, gas and telecommunications systems, public buildings, libraries and cultural facilities, school facilities, equipment and related costs of operation and administration. PIDs are funded through: (i) levying property taxes on land within a PID, (ii) imposing special levies based on benefit to property, front footage, acreage, cost of improvements (or other factors apart from assessed valuation), or (iii) by providing for use charges for improvements or revenue-producing projects or facilities. PID taxes, levies and charges may be pledged to pay debt service on bonds or other indebtedness issued by a PID.

**Tax Increment Financing (TIFs):** the method by which the growth of the tax base in a designated development area is used to finance infrastructure development in that area, is limited and more recent than that of other jurisdictions. This method of financing has been expanded and refined with TIDDs.

**Tax Increment Development Districts (TIDDs):** A Tax Increment Development District, or TIDD, is a tool which couples the growth of the tax base in a designated development area with the financing of infrastructure improvements in that area. Tax increment financing is a method of financing public improvements through the reimbursement of tax receipts that are received over and above the receipts stream that existed prior to the new development—i.e., the taxes generated by a new project are used to finance infrastructure.

## SANTA FE COUNTY HOUSING AUTHORITY

The Santa Fe County Housing Authority currently manages 198 Public Housing units located at three scattered housing neighborhoods. Law enforcement officers reside in all **three housing neighborhoods**.

The **Valle Vista Housing Neighborhood**, located off State Rd. 14, initially consisted of 100 public housing units. As a result of renovation and sale, 29 public housing units have been sold or are for sale leaving 71 units available for rent in the neighborhood. The neighborhood has an on-site office and manager as well as a satellite Boy's & Girls Club located in the community center. The Housing Authority has built 12 new townhomes scattered throughout the neighborhood that will be sold to qualifying families under the Homeownership Program. Three of these town homes have been sold leaving nine available for sale. The neighborhood has active Resident Council and Block Leader Programs, both which meet monthly.

The **Valle de Esperanza Housing Neighborhood**, located in Santa Cruz, has a total of 61 units available for rent. As well as being surrounded by views of the mountains, this housing neighborhood includes the Abedon Lopez Senior Center and a satellite Boy's & Girls Club. The Housing Authority is in the process of establishing

an office in the neighborhood and implementing part-time on-site management. The neighborhood has a Resident Council that meets monthly.

The **Camino de Jacobo Housing Neighborhood** has 68 units available for rent. The neighborhood includes a satellite Boy's & Girls Club located in the community center. The neighborhood also has an active Resident Council. The Housing Authority's Administration Office is located in this neighborhood.

The Santa Fe County Housing Authority reached 100% completion on the schematic design for its new, 120-unit Nueva Acequia affordable multifamily project. Additionally, the County Housing Authority strategically secured and is administering \$2.58 million in outside capital funding for site infrastructure and residential rehabilitation projects at its three public housing developments.

### ***Housing Choice Voucher Program***

The Housing Authority currently manages 241 Housing Choice Vouchers (previously called the Section 8 Program). The Housing Choice Voucher Program assists qualifying families with rental assistance in the private market within Santa Fe County. Once a family comes up on the waiting list and the Housing Authority determines that the family still qualifies for assistance, the family will be issued a "Voucher." The Voucher allows the family to seek and secure a housing unit that is inspected by Housing Authority staff to ensure that it is decent, safe, and sanitary and to also ensure the unit meets the family's needs. Once the unit is approved, the family enters into a lease agreement with the landlord, and the Housing Authority enters into a Housing Assistance Payments (HAP) Contract with the landlord.

### ***Family Self Sufficiency Program (FSS)***

The Family Self-Sufficiency ("FSS") Program is a contractual program that is available only to existing Public Housing residents, VASH, Mainstream and Housing Choice Voucher participants. The program is designed to help families become self-sufficient and off of welfare assistance within a five-year period. The Housing Authority provides housing assistance and works closely with agencies in the community that provide needed resources to participating families. The family enters into a five-year Contract of Participation with the Housing Authority and sets specific goals to be achieved over the term of the Contract. As part of the Contract, the Housing Authority opens an escrow account for each participating family and any time there is an increase to the family's earned income during the term of the Contract, money is deposited into the family's escrow account. Upon successful completion of the Program, the family receives the balance in their escrow account.

The Housing Authority also provides monthly training to these families in the areas of healthcare, parenting, financial management, budgeting, stress management, employment preparedness and training, homeownership, and life-skills training.

### ***Resident Opportunity and Self-Sufficiency Program ("ROSS")***

The Resident Opportunity and Self-Sufficiency ("ROSS") Program is designed to assess the needs of public housing residents and coordinate available resources in the community to meet those needs. The ROSS Program works to promote the development of local strategies to coordinate the use of assistance under the Housing Authority's Public Housing Program. A primary function of the ROSS Program is to connect participating residents with public and private resources, including supportive services and various resident empowerment activities. The services provided to ROSS Participants should enable participating families to

increase earned income, reduce or eliminate the need for welfare assistance and make progress towards achieving economic self-sufficiency. In the case of elderly or disabled residents, the services provided by the ROSS Program should help improve living conditions, allowing residents to age-in-place.

### ***Homeownership Voucher Program***

The Housing Choice Voucher Home Ownership Program offers eligible individuals or families the opportunity to own their own home. Instead of making monthly payments to a landlord, the family will make their own mortgage payment and Santa Fe County Housing Authority will make mortgage assistance payments to the lender. As with any other program there are requirements which must be met.

To be eligible to participate in this exciting program the family or individual must:

- Currently receive Housing Choice Voucher rental assistance
- Have maintained their voucher rental assistance for a minimum of one-year
- Be enrolled in the Family Self-Sufficiency Program
- Meet the HUD definition of “first-time homebuyer”
- Enter into a Statement of Homeowner Obligations
- Attend and successfully complete homeownership counseling classes
- Provide the required down payment of at least 3% of the purchase price, of which a minimum of \$500.00 must be paid from the individual’s or family’s personal resources.
- Must be employed on a full-time basis (except in the case of elderly or disabled families). Full-time is defined as not less than 30 hours per week.
- Elderly/disabled individuals or families may qualify depending on the amount of monthly Social Security or SSI payments.

### ***Special Programs***

#### **Veterans Assistance Supportive Housing (VASH) Program**

- The VASH Program is a supportive housing program in partnership with the Veterans Administration facility in Santa Fe, New Mexico. The HUD–VASH program combines HUD Housing Choice Voucher rental assistance for homeless veterans with case management and clinical services provided by the Department of Veterans Affairs at its medical centers and in the community.
- The Veterans Administration facility will refer all eligible HUD-VASH families to the Santa Fe County Housing Authority. All interested veterans must contact the VA in Santa Fe to see if they qualify for assistance. Veterans Affairs Santa Fe, NM Should Add info on MOU with Trust and Realtors

#### **Mainstream Voucher Program**

- The Mainstream Voucher Program functions in the same manner as the Housing Choice Voucher Program; however, Mainstream Vouchers are only provided to individuals who are non-elderly (under the age of 62) and are disabled.

## HOUSING MATTERS – LOS ALAMOS COUNTY RESPONSE

Los Alamos County Council has approved a new Affordable Housing Plan to begin addressing the acute housing shortage affecting Los Alamos and the nation. This comprehensive plan outlines goals, strategies and tools to support housing production to provide diverse, affordable housing options for residents across all income levels.

The Affordable Housing Plan, which was developed with input from a wide range of interested organizations and community members, outlines a strategic approach to tackle the county's current and future housing needs. The plan includes a mix of public and private sector initiatives, focusing on expanding housing availability, promoting affordability, and ensuring essential workers, including teachers, healthcare providers, and small business employees, have access to suitable housing within the county.

### Key Highlights of the Approved Plan:

- **Increased Housing Supply:** The plan calls for the development of 1,300 to 2,400 new housing units between 2024 and 2029. This range is designed to meet current housing demands while also allowing for future economic and community growth.
- **Affordable Housing Targets:** The plan sets targets, to designate new units as affordable for low- and moderate-income households. Additionally, the county aims to issue 10-15 homebuyer assistance grants and 15-20 small-scale rehabilitation grants annually.
- **Diverse Housing Options:** Recognizing the need for a variety of housing types, the plan emphasizes the development of low-, and moderate-income, “missing middle” housing, including compact, efficient, and higher-density housing options that are essential for accommodating different income levels and household sizes.
- **Public-Private Partnerships:** The plan encourages collaboration between public entities and private developers to maximize resources and accelerate the development of affordable housing. Case studies included in the plan highlight successful models that can be adapted for Los Alamos.
- **Long-Term Economic Resilience:** By addressing the housing shortage, the plan aims to enhance the county's economic vitality. The availability of affordable housing is crucial for retaining essential workers, supporting local businesses, and maintaining a high quality of life for all residents.

The approval of this plan marks the beginning of a concerted effort by Los Alamos County to ensure that housing is accessible to all, fostering a vibrant community that can sustain its unique character and economic strength. Los Alamos County Housing Plan can be found [here](#).

Additionally, Los Alamos County is working collaboratively with neighboring entities including the City of Española, Rio Arriba County, Sandoval County and Santa Fe County to host a Housing Summit in May 2025.

## HOUSING MATTERS – RIO ARRIBA COUNTY RESPONSE

The Rio Arriba County Housing Authority provides families in the community with secure, safe, clean, and affordable Housing without discrimination. The Rio Arriba County Housing Authority manages public housing units while abiding by good, financially sound property management practices. The authority is committed to

servicing their residents in a manner that demonstrates professional courtesy, respect and caring. The Rio Arriba County Housing Authority provides Public Housing at two locations and maintains the Housing Choice Voucher Program.

### ***PUBLIC HOUSING PROGRAM***

The Rio Arriba County Public Housing provides 29 housing units in Tierra Amarilla, NM and 25 housing units in Ojo Caliente, NM. Public housing is available in 1, 2, 3, 4, and 5 bedroom homes at both locations. Handicap units are available.

### ***HOUSING CHOICE VOUCHER PROGRAM (SECTION 8 PROGRAM)***

The Rio Arriba County Housing Choice Voucher Program (Section 8 Program) assists 25 families with rental assistance within Rio Arriba County. The Section 8 Voucher Program provides rental assistance and allows low-income families to find their own places to rent within Rio Arriba County.

### ***HOUSING PLAN FOR THE CITY OF ESPANOLA AND RIO ARRIBA COUNTY***

In June 2020, the City of Española adopted a resolution acknowledging a partnership between the City of Española, the County of Rio Arriba and the New Mexico Mortgage Finance Authority to expend monies for the purpose of developing an affordable housing plan to address housing concerns. It is unclear the status of the housing plan development.

## **SANTA FE ASSOCIATION OF REALTORS® RECOMMENDATIONS TO GROW HOUSING FOR ALL IN GREATER SANTA FE**

The Santa Fe Association of REALTORS® appreciates and supports many of the past efforts by Santa Fe City and County to grow housing. Santa Fe City, Santa Fe County and Los Alamos County Housing Plans to further address the region's housing crisis demands our consideration and support. The Santa Fe Association of REALTORS® supports and encourages the development of a housing plan for Rio Arriba County and the City of Española.

The County of Santa Fe is commended for providing \$11M in its current budget cycle to provide critical support for its affordable housing programs and projects. Importantly, Santa Fe County is developing two affordable rental projects on 6.6 acres on Camino de Jacobo - one with 105 units for families and the other is a 53-unit facility for seniors.

The Santa Fe Association of REALTORS®, as noted in earlier sections of this report, has taken positions and encouraged its members to support: Overlay Districts to direct growth like the Midtown LINC (Local Innovation Corridor) that minimize development extractions in exchange for potential new tax revenues; inclusionary zoning forbearance to increase affordable housing units like donating lots to Santa Fe Habitat for Humanity to meet requirements; permitting a fee-in-lieu-of option to grow multi-family units; using public monies for hotel and motel conversions for both long-term and homeless housing; rental subsidies to help with housing stability; and the relaxation of regulations to encourage the growth of casitas.

More recently, to better inform housing advocates and guide housing policies, the Santa Fe Association of REALTORS® has readily offered its housing data to the community through an annual report (<https://sfar.com/2022santafestateofhousingrpt/>)

**Growing housing needs** were identified in each of the areas below as part of each local government’s respective housing plans:

According to population projections, **Santa Fe City** will require 1,702 ownership units and 1,045 rental units to accommodate household growth by 2030. Overall, around 1,100 units affordable to households under 80% AMI will be needed, including around 530 ownership units and around 570 rental units. However, recent population and household formation trends suggest that these estimates may be an underestimate and should be considered a lower bound. Additionally, these units are needed to accommodate year-round residents and do not account for demand in second homes.

Using a methodology that focuses on existing overcrowded residents and current employee demand but which conservatively excludes, cost-burdened households, housing market competition and speculative or planned job growth, **Santa Fe County** will need to add approximately 17,216 housing units to the housing stock between the beginning of 2022 and the beginning of 2025 *or 10,330 owner-occupied household units and 6,886 renter-occupied household units.*

To accommodate housing needs over the next five years (2024-2029), **Los Alamos County** should add 1,300 – 2,400 new housing units which would equate to an average of 260 – 480 units annually. Approximately 830 units are going through the entitlement process but have not yet received a building permit, which is promising. To balance the needs and the capacity for growth, this plan recommends a modest goal of producing 150-250 units per year with least 10 percent of those units be reserved for and affordable to different classifications of low- and moderate-income households through long-term affordability protections like liens, deed restrictions, land use restriction agreements and mortgage encumbrances.

In light of these important housing need information and ongoing local efforts, the region’s real estate community has embraced recommendations to grow housing for all and urges their consideration by city and county leaders, housing stakeholders, and the greater Santa Fe community:

### STRATEGICALLY ACCESS FEDERAL AND STATE FUNDING FOR HOUSING

If the current administration’s Housing Supply Action Plan and proposed Budget are advanced, a top priority for city and county leaders should be to make every effort to take full advantage of any new programs or initiatives that could grow housing in their communities. Santa Fe City and County should take concrete steps to eliminate any needless barriers to producing affordable housing. These steps will make Santa Fe City and County eligible for any flexible and attractive funding that may be provided through innovative, new competitive grants proposed through the plan or legislation. For decades, exclusionary zoning laws – like minimum lot sizes, mandatory parking requirements, and prohibitions on multifamily housing – have inflated housing and construction costs and locked families out of areas with more opportunities.

To the extent that housing buyer tax credits and other home buyer incentives or existing programs receive greater funding support are available through federal or state governments, these programs should be embraced by the Santa Fe community and promoted by housing advocates and agencies.

### UPDATE LAND USE CODES TO HELP GROW HOUSING FOR ALL

The New Mexico Home Builders Association recently released a housing survey of its members designed to guide further research and encourage policy reforms that can improve housing attainability in New Mexico.

The data gathered from home builders and lot developers provides estimates on the cumulative cost of regulations and their impact on home prices. The survey results found that **regulations imposed by federal, state, and local governments account for an average of 38.8% of the purchase price of a new home in New Mexico.**

Building on the current and proposed efforts by Santa Fe City and Santa Fe County to revise and update their respective Land Use Codes, area local governments should consider any or all of the following recommendations to grow housing for all:

### **General Recommendations**

Ensure city and land use staff leaders are committed to implementing goals, strategies and objectives to enhance the departments' expertise, improve customer service, and the efficiency of approvals, permits and inspections.

Explore the benefits of performance and forms-based zoning and consider adopting as part of the general plan review and update. According to the National Association of REALTORS® Growth Management Fact Book 2022 Edition, in contrast to conventional land development regulations, form-based development regulations – known as “form-based codes” – are designed to place the ultimate physical form of the development in a superior position to the uses to which individual property can be put. Form-based codes are a land development regulation that fosters predictable built results and a high-quality public realm by using physical form (rather than separation of uses) as the organizing principle for the code. A form-based code is a regulation, not a mere guideline, adopted into city, town, or county law. A form-based code offers a powerful alternative to conventional zoning regulation. The **Form Based Codes Institute** expands upon the definition with the following: Form-based codes address the relationship between building facades and the public realm, the form and mass of buildings in relation to one another, and the scale and types of streets and blocks. The regulations and standards in form-based codes are presented in both words and clearly drawn diagrams and other visuals. They are keyed to a regulation plan that designates the appropriate form and scale (and therefore, character) of development, rather than only distinctions in land-use types. They are drafted to implement a community plan. They try to achieve a community vision based on time-tested forms of urbanism.

Regularly schedule and invest in affordable housing projects that can attract competitive low-income housing tax credits.

Where possible and feasible, provide infrastructure funds to advance affordable housing projects.

Eliminate single family zoning and consider allowing up to a fourplex on a legal lot of record in most districts.

Create improved transparency and clarity in regards to how the department determines the amount of water required for a project or business entity.

Reduce the specificity required in development plans. Currently, a great deal of upfront work and expense is required to generate review. Many developers have spent nearly all of their design and engineering funds before a determination is made about the project from staff. Construction level drawing detail is generally required to get a development approved. It would be more helpful to backload these costs to allow for more flexibility and help reduce costs as the project advances.

### **Customer Service Recommendations**

Institute a customer-focused orientation in the Land Use Department seeking feedback at the close of projects to help improve customer service over time.

Evaluate the cost and effectiveness of creating a Case Management system for smaller, homeowner projects to expedite reviews, approvals, building permits and inspections.

Create an Ombudsman position to facilitate problem-solving and provide superior customer support.

Establish an electronic paying system to support the Land Use Department fee payments.

Implement a 24-hour return contact policy, ensuring staff will be responsive to customer inquiries.

### **ENN & Public Review Recommendations**

Host Early Neighborhood Notification (ENN) meetings after staff can demonstrate that the project meets code and zoning requirements. Currently, ENN meetings take place before an application is officially before the city; therefore, staff cannot offer any factual details about the project.

Host ENN meetings with an experienced facilitator to maintain decorum and who can describe the purpose of the meeting as well as the roles of all stakeholders in the process.

Develop expert criteria, credentials or guidelines for individuals providing testimony (neighborhood groups, home ownership associations, engineers, architects, and other land use experts).

Institute a Walk-in/Walk-out building permit counter for designated projects.

Continue to provide meetings to the public through digital methods to increase outreach and participation. Consider changing the structure of any future in-person meetings to encourage a more collaborative and engaging public exchange of views and actions. (i.e., lower seating for decision-makers so that they are at the same eye-level as applicants and those providing testimony.)

### **Project Approval, Deadlines, Building Permits, and Inspections Recommendations**

Create and maintain a consistent electronic code interpretation manual for use by staff and the regulated community.

Develop a clear, concise, and reasonable definition of a legal lot of record for the regulated community to expedite development.

Develop protocol to improve the coordination between Historic Review Board decisions and the Land Use Department actions.

Permit administrative approval on designated developments or projects when documents or drawings are provided and endorsed by a licensed architect or engineer.

Establish accurate timelines for project approvals, permits and inspections, then establish objectives to increase efficiencies. For example, hold pre-application meetings within 10-20 days of request or reduce staff design reviews by 5 working days.



With large developments, eliminate the restriction to pore concrete slabs until Phase 1 of the project is completed or create a slab only permit. Delays between Phase 1 and Phase 2 of a large project can take the project offline for weeks.

Simplify, clarify or develop criteria for the “sign off” from the City’s Water Department on the completion of infrastructure.

Lastly, consider adopting the following 14 Strategies to Guide Land Use and Regulations promoted in the [Housing Supply Accelerator Playbook, Solutions, Systems, Partnership](#) developed through a partnership between the National League of Cities and the American Planning Association, listed below:

- Plan for increased housing supply
- Create enhanced housing elements of comprehensive plans and housing actions plans
- Initiate education, outreach and engagement campaigns on zoning and local housing supply challenges
- Take inventory of zoning regulations and other pertinent land use policies
- Explore how to update zoning districts to promote housing supply
- Update restrictive lot, building form, context requirements, and design standards
- Analyze and update property use regulations
- Facilitate housing supply into new plans for downtown and suburban redevelopment
- Take a more flexible approach to nonconforming uses
- Speed or streamline processes for housing development review and approval
- Update building codes to meet evolving community needs
- Use regulatory and policy tools to preserve and improve existing housing options
- Identify existing housing and other areas susceptible to climate hazards
- Strategically coordinate land use regulations

The Playbook provides specific steps to consider in working to implement these strategies.

## EFFECTIVELY USE CITY OR COUNTY OWNED LAND FOR HOUSING

Santa Fe City should continue its efforts to manage property assets through its Asset Development Director.

Local government land that can be developed for affordable housing should be strategically managed, developed or donated to local housing authorities or nonprofits to better attract low-income housing tax credits; local, federal or state funding; and private funding.

If developable city or county-owned property is sold, any request for proposal or private sale, should factor in the key benefit of using local labor, materials, and businesses in the construction of any residential or commercial project. City or county-owned assets are community assets and any distribution of said property should be for the benefit of the community to the extent possible.

In concurrence with the Santa Fe County’s Housing Plan, county leaders should create policies to assess all owned assets, especially land, in order to develop new affordable housing opportunities. Santa Fe County currently owns 12 parcels of vacant land, including the recent purchase of Camino de Jacobo. County-owned existing occupied buildings could also be repurposed to maximize their value or expand their footprint

for other uses. As stated above, all of these assets should be evaluated and potentially prioritized for affordable housing.

The City of Santa Fe's Northwest Quadrant Project, a master plan that calls for about 750 homes could be reconsidered for infrastructure improvements and development. The property falls between N.M. 599 and the northwest city boundary, just north of Casa Solana and west of Santa Fe Estates.

The City of Santa Fe should re-evaluate its current laws setting aside monies from the sale of certain city-owned properties for its Affordable Housing Trust Fund. It needs to regularly monitor these sales and determine if the sunset clause could be extended over time.

Similar to recently passed ordinance in Santa Fe City, local governments should consider utilizing any proceeds from the sale of government-owned assets for affordable housing.

### SPUR CONSTRUCTION OF CASITAS (ACCESSORY DWELLING UNITS)

Casitas or accessory dwelling units include mother-in-law suites and backyard cottages. By-right development of accessory dwelling units in urban and suburban localities for long-term rentals can provide more housing in existing communities. They can house family members, facilitate intergenerational living and offer rental income opportunities increasing property values and wealth-building for homeowners.

To help grow the construction of casitas (accessory dwelling units), local governments should consider developing with industry support **"off-the-shelf" pre-approved casita construction blueprints and plans**. Many national organizations are encouraging this specific policy goal while recognizing that each local government may seek innovative and localized ways to grow their development. Reducing regulations on casita, such as parking requirements and increasing the ease of development, could also boost the production of new units.

### SPUR DEVELOPMENT IN THE MIDTOWN LINC & MIDTOWN CAMPUS

The gem in the geographic center of Santa Fe, known as the Midtown LINC, ripe for redevelopment offers big benefits for multifamily and retail developers with substantial savings in fees, water and permitting, as well as liberal density and height allowances. Creative concepts for retail on ground level and apartments atop, multifamily and offices sitting along a landscaped boulevard where massive parking lots sit mostly empty are encouraged. The idea is to energize these large parking lots with restaurants, shops, coffee houses and pubs and generally great gathering places for the community.

Barely had the planning early on the LINC concept, when Santa Fe City was presented with another jewel, the Midtown Campus, previously under lease, now mostly vacated. Some 64 acres to add to the creative development of the midtown area.

Santa Fe City has developed and adopted a Midtown Master Plan, the culmination of a four-year planning effort (from 2018 to 2022) by City staff, an interdisciplinary consultant team, community members, organizations, and stakeholders. A vision for the Midtown Site is articulated jointly in the Midtown Master Plan and the Midtown Community Development Plan. These complimentary plans provide a roadmap to achieve the community's objectives for development at the Site. The Midtown Master Plan focuses on increasing housing options and accessibility, improving walkability and transportation choices, creating jobs, and advancing climate change resiliency. The documents set a goal of 1300 affordable housing units within

the Midtown area. Learn more about Santa Fe City’s Midtown Plans and current Requests for Proposals (RFPs) at: <https://www.midtowndistrictsantafe.com/planning-center/> The Midtown Master Plan presents policies and standards that help prioritize investment and regulate private development to deliver a future for the Site consistent with the community's aspirations.

Santa Fe City recently established a Midtown Metropolitan Redevelopment Agency (MRA) to oversee a 5-member commission dedicated to the planning, preservation, and redevelopment of properties designated by the city – starting with the Midtown parcel – with an emphasis throughout the process on public engagement. The association encourages Santa Fe City to continue to spur redevelopment within the Midtown LINC and Campus through economic development outreach. Santa Fe City should focus on those business and housing entities who expressed interest and offered proposals during various stages of planning development. Santa Fe City should fully utilize the attractive financing structure provided by the new Midtown MRA to attract redevelopment in the corridor.

Importantly, Midtown redevelopment activities have been funded to date by \$800,000 FY24 GRT revenue in excess of budget, \$1,000,000 2021 Legislative appropriation, \$1,100,000 2022 appropriation and \$4,900,000 2023 appropriation for a total amount of \$7,800,000. These monies will fund infrastructure planning, Phase I infrastructure design, project management, some demolition and other early infrastructure investments.

The association urges Santa Fe City to consider creating other similar Midtown LINC type districts in other keys areas of the city to better direct development or redevelopment. These overlay districts should include similar incentives including the removal of regulatory burdens, faster approvals that meet criteria and reduced fees. Even with these attractive incentives, the Midtown LINC Fiscal Impact report demonstrated that projects have the potential to generate net tax revenues to Santa Fe City.

## SEEK ALTERNATIVE WAYS TO UTILIZE VACANT HOTELS/MOTELS AND OTHER EXISTING PROPERTIES TO REPURPOSE FOR HOUSING

Building on the hotel and motel conversions by Santa Fe City and County during the pandemic, both jurisdictions should continue to explore and act when opportunities arise to convert existing properties for the purpose of providing affordable or housing to those in need.

Recognizing that the conversion of vacant hotels/motels is a win-win solution to address the underutilization of hotels/motels and help alleviate the housing shortage, the National Association of REALTORS® Commercial Real Estate Research Advisory Board recommended that research be undertaken on the conversion of vacant hotels/motels into multifamily housing to draw some insights and best practices. NAR Research undertook the research using a two-pronged methodology 1) conduct a survey of NAR commercial members about their transactions that involved hotels/motels that were planned to be converted into multifamily housing, and 2) conduct secondary research of hotel/motel conversions from company websites, SEC filings, and county records. The result was a recent report [“2021 Case Studies on Repurposing Hotels/Motels into Multifamily Housing.”](#) The report has been shared with Santa Fe City and County housing staff for their review and use.

Adaptive Reuse is another method of “recycling” an existing building for a purpose that is different from which it was originally built or designed for. Adaptive reuse can optimize the useful life of existing assets by repurposing them for new uses while maintaining their historic features and presence in the community. Key features of adaptive reuse are prevention of demolition of existing structures allowing for greater integration

into the revitalization of decaying neighborhoods, while at the same time offering an attractive alternative to new construction in terms of sustainability. These types of projects are not restricted to buildings of historic significance, however, and can be a strategy adopted in the case of any obsolete building or structure. As with any project, the architects, developers, builders, and entrepreneurs looking to rejuvenate and reconstruct a building still must perform adequate due diligence to make sure that upon completion, the project will serve the need of the market and can be competitively priced for the new intended use.

Repurposing existing structures adapts residential/commercial/industrial building inventory to current market condition. A significant benefit of adaptive reuse is that it adds to the available inventory of residential and commercial properties through the use of existing structures. The reuse of obsolete and vacant buildings for other purposes forms a very important aspect of any urban regeneration scheme. Adopting the adaptive reuse approach for the redevelopment of older vacant buildings provides added benefits to the regeneration of an urban area in a sustainable way, by transforming these buildings into usable and accessible units. The adaptive reuse strategy enables the local authority and owners of older vacant buildings in urban areas to minimize the economic, social and environmental costs of redevelopment while promoting urban expansion and development.

Toward this end, Housing New Mexico launched a new program this year called [Restoring Our Communities](#) (ROC) to help meet New Mexico's need for affordable housing units while assisting communities in reducing vacant and abandoned properties that reduce values within the community. The program will provide funding for the acquisition, rehabilitation, and resale of single-family properties with a goal to increase homeownership opportunities for low-moderate and middle-income households up to 150% Area Median Income (AMI). Housing New Mexico will work with eligible agencies to administer the program under applicable guidelines set forth in this Notice of Funding Availability (NOFA). Eligible agencies include developers, builders, corporations, limited liability companies, partnerships, joint ventures, syndicates, associations, or other entities that can assume contractual liability and legal responsibility through execution of a Performance Agreement and/or other written agreements with Housing New Mexico. Program objectives are to provide funding for acquisition and rehabilitation of vacant or abandoned properties to increase affordable housing units in New Mexico and create and preserve affordable housing and provide affordable housing opportunities for low-moderate and middle-income homebuyers. Housing New Mexico will administer \$4 million for the initial ROC program NOFA.

## ALLOW FLEXIBLE RESIDENTIAL USE OF LAND OWNED BY FAITH-BASED OR EDUCATION ORGANIZATIONS

Faith-based or educational organizations can offer free or lower-cost land for affordable housing. Creating new flexibility for residential use on land owned by religious or education organizations can boost housing supply. Consider combining this new flexibility with other standards or requirements around performance, design or affordability targeted to address housing needs and support those community institutions.

Faith-based organizations are among the most supportive communities for low-income New Mexicans and vulnerable populations like seniors. Implementing a "Faith in Housing" policy would legalize long-term, by-right low-income housing on land owned by faith-based organizations, in locations within approved Urban Development Areas with nearby access to jobs, services, green space, and transit.

In 2024, according to the Santa Fe New Mexican, "Santa Fe City purchased 25 pallet homes and invested \$1M of federal coronavirus pandemic relief funds for a "safe outdoor space" transitional housing program.

Christ Lutheran, home to 10 of the units, was the sole host site selected after the city issued a request for proposals for organizations to develop shelter communities on their property in conjunction with a nonprofit to provide wraparound services. Services — including 24/7 security, with an extra shelter designated for a security guard — will be provided by The Life Link, which also will be responsible for selecting the people who live in the units. The goal is for an individual or couple to stay in a unit for six months or less while they search for a more permanent place to live.”

Additionally, Santa Fe Public Schools has been exploring the possibility of building apartment units on school property for the benefit of teachers and employees. It is our understanding that a state budget amendment to provide monies for this project was considered by the legislature in 2024.

## LOCAL FUNDING TO GROW HOUSING FOR ALL

REALTORS® have consistently taken a position against levying transfer taxes even when the funds may help support housing programs as it does not make sense to raise the cost of housing to fund housing. But there are other reasons why these measures are unworkable.

A transfer tax is generally a percentage of consideration or a flat fee (excise tax) per unit of value. In states that levy a transfer tax, most use a flat fee with only about 20% using a percentage. Some states, including neighboring state Arizona, have adopted constitutional amendments that prohibit these types of taxes on real property mortgages or transfers.

In New Mexico, a local option real estate property transfer tax is prohibited as the state does not give local governments the authority to impose any tax on property measured on an ad valorem, per unit or other basis.

With the ongoing housing crisis across the country, many states and localities continue to consider levying transfer taxes and other associated taxes on housing. Transfer taxes are regressive by impacting entry-level lower-income homebuyers greater than buyers with higher incomes. Transfer taxes cannot be financed into the mortgage loan as it is not tax-deductible like some property taxes and must be paid-in-full at the time of closing.

Transfer taxes have a negative impact on sales with research indicating that for every percentage rate or increase there is a direct causal reduction in sales. In New Mexico, a reduction of sales would adversely impact the collection of gross receipts taxes associated with the real estate transaction. In some cases, research has demonstrated that the transfer tax reduced home sales and prices so dramatically that the overall benefit of the tax was completely diminished.

Every home sold boosts the surrounding economy since a variety of industries and businesses benefit at each stage of the process of moving into a home. In New Mexico, it is estimated that for every home sold, the local economy gets “on average” a boost totaling **\$107,800**. According to research, transfer taxes would reduce both the volume and number of home sales along with any additional economic benefits generated from those sales.

Transfer taxes remain an unpredictable source of revenue due to fluctuating economic and housing market conditions. In fact, some states will not bond against transfer taxes due to this volatility. The 2008 recession and 2020 pandemic are recent examples of how housing markets can face unpredictable and significant adjustment periods.

Once enacted, legislative changes to transfer tax laws are common. The most significant changes typically revise the statutes' applicability or exemptions, redirect fund allocations, or increase the tax rate.

Some localities and states that direct growth by providing significant infrastructure for development such as roads along with access to water and sewer could argue that a local transfer tax helps defray these upfront costs. But in New Mexico, developers are burdened with underwriting these costs through impact fees and in many cases, demanding and costly land use regulations. These additional expenses are passed on to consumers increasing the price of homes. It seems unreasonable for local governments to further capture any equity from New Mexican homes when there has been so little, if anything, invested by the government.

But there are many other ways to consider funding local housing. As a start, **local governments can budget and use substantial housing-related tax revenues like Gross Receipts Taxes (GRT) from real estate and construction along with property taxes to fund its affordable housing programs.** Property or housing-related taxes to grow housing in their communities is a simple, direct approach where government leaders recognize the value and benefit of housing and construction revenue by recycled these monies for new housing initiatives. Of note, Santa Fe City has committed \$3.0M annually from its General Fund for the past five years to address housing concerns.

Local governments can revisit the **dedication of short term rental GRT to support housing projects and programs.** Research suggests that in some communities, short term rentals can modestly increase housing and rent prices. Short term rental gross receipts taxes, among others, are now collected readily and easily by online vendors such as AirBnB and VRBO due to state law. Prior to this state law requirement, it had been more difficult to ensure that these taxes were collected from short term rental properties. Dedicating short term rental GRT monies to affordable housing is attractive as it creates no impact on property owners or buyers in local communities.

**Local governments can use housing bonds to fund permanent affordable homes,** similar to efforts that have taken place for many years in Albuquerque. Housing bonds often attract broad public support and can ensure that housing projects and goals are properly vetted when taking these bond initiatives to voters.

In September 2024, Santa Fe County Commissioners voted to support issuing up to \$70M in revenue bonds for the benefit of a proposed 312-unit affordable housing project south of the city. The development would be dedicated to residents with incomes at or below 60% AMI. Bond financing will ensure the project's affordability allowing for lower debt payments and more favorable repayment terms.

Other communities across the country have used a new source of funding, **cannabis taxes, to fund housing.** Local governments, if permitted by state law, could collect taxes on cannabis for housing projects and programs. Such an effort could certainly help bridge a researched connection with some individuals between homelessness and addiction.

## ENGAGE THE COMMUNITY AS OPPORTUNITY ZONE PROJECTS EMERGE

The National Association of REALTORS® is working with federal agencies, Congress, and community development groups to ensure that the Qualified Opportunity Zone (QOZ) program brings business opportunities for Realtors®, as well as opportunities for them to be involved in the planning of new developments and businesses within zones. For this program to be a success, new developments funded by Opportunity Funds within the zones must be chosen thoughtfully and provide benefits not just to investors but to the community as well. Santa Fe Realtors® are uniquely suited to bring local expertise and insights into

the real estate market as well as knowledge about what a community lacks and should play a role in any community coordination of QOZ developments.

### MONITOR AND EXPAND ACCESS TO THE THIRD PARTY VENDORS IN THE REGION

The Santa Fe Association of REALTORS® along with other interest groups will continue to monitor Santa Fe City's implementation of its contract with SAFEbuilt to provide support to the City's Land Use Division through the use of a system called Third Party Plan Check. This system, in use at dozens of municipalities throughout the country, will give the members of our community the opportunity to expedite the permitting process (with additional costs paid by the owners, not the taxpayers), and give the city staff the chance to work on other projects that might have suffered from lack of time for the task. To the extent that the system is implemented and becomes a reliable and reasonably-priced method to expedite housing-related projects and permits, the association would encourage other area governments to consider adopting a similar approach in their land use approval process.

### CREATE A HOUSING INCUBATOR TO SPUR INNOVATION

To spur innovation and flexibility, Santa Fe City and County should individually or collaboratively consider creating a Housing Incubator to offer grants and funding in support of housing solutions to address the region's growing housing needs.

### ESTABLISH A REGIONAL ENTITY TO SUPPORT HOUSING IN ESPAÑOLA CITY, LOS ALAMOS COUNTY AND RIO ARRIBA COUNTY

There has been discussions surrounding ways to encourage and grow housing to support the employee expansion occurring at the Los Alamos National Laboratory. To the extent that a new entity could be created that would help jumpstart or facilitate collaborative housing projects that would support this expansion, the Santa Fe Association of REALTORS® would encourage these efforts .

