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CITY OF SANTA FE, NEW MEXICO

RESOLUTION NO. 2023-__

INTRODUCED BY:

Councilor Jamie Cassutt

Councilor Renee Villarreal

A RESOLUTION

PROPOSING A BALLOT QUESTION TO BE SUBMITTED TO THE CITY OF SANTA FE'S VOTERS DURING THE NOVEMBER 7, 2023, REGULAR LOCAL ELECTION REGARDING APPROVAL OF THE CITY ORDINANCE ESTABLISHING A HIGH-END EXCISE TAX FOR AFFORDABLE HOUSING.

WHEREAS, pursuant to NMSA 1978, Section 3-18-2, municipalities may impose an excise tax on certain services and products if the products or services taxed are named specifically in an ordinance imposing the tax and if the ordinance is approved by a majority vote in the municipality ("Excise Tax Authority"); and

WHEREAS, pursuant to the Excise Tax Authority, the Governing Body adopted Ordinance 2023-__, Creating Article 18-18, the High-End Excise Tax for Affordable Housing Ordinance; Establishing an Excise Tax on the Transfer of Certain Residential Property and Dedicating the Revenues to Affordable Housing; and

WHEREAS, Ordinance 2023-__ makes the following legislative findings regarding the need for the High-End Excise Tax for Affordable Housing:

1 A. Lower income renters are leaving the city and are being replaced with
2 higher income renters. Between 2015 and 2021, the share of renters with income
3 below \$25,000 decreased from 37% to 24%, while the share of renters with income
4 over \$75,000 increased from 18% to 30%.

5 B. A large percentage of the community's workforce who are renting cannot
6 afford to buy: Using data on home sales from the Home Mortgage Disclosure Act,
7 an analysis of renters' ability to buy relative to the price of units for sale estimates
8 that in 2021, 66% of the city's renters earned less than 120% of the 2-person area
9 median income and only 10% of home sales financed with a mortgage were priced
10 affordably for such households. It is likely that even higher income residents are
11 not transitioning into homeownership because of high housing sales prices and
12 other market conditions.

13 C. To accommodate population growth, an estimated 4,668 new units (1,399
14 rental and 3,269 ownership) need to be added in Santa Fe County by 2030.

15 D. The shortage of affordable rental home purchase opportunities has
16 significant negative effects on Santa Fe's economy, as well as for families and
17 businesses. The effects include

18 1. The local economy loses revenue when employees live elsewhere
19 and commute to work rather than living in Santa Fe, because people tend
20 to shop in the community where they live.

21 2. Experience in other high-cost housing markets nationally has
22 shown that, over the long term, jobs follow employees who move away in
23 search of housing they can afford to buy.

24 3. Employers struggle to recruit and retain employees and must pay
25 higher wages to compensate for high housing or commuting costs.

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4. A significant percentage of the Santa Fe workforce commutes from outside of Santa Fe.

5. Productivity suffers when employees face commutes of two to three hours on top of their workday.

6. Employers note that the availability of workforce housing is one of the more serious or critical problems in the city of Santa Fe.

E. The city has adopted a five-year housing plan, identifying the city’s housing needs, priorities, goals, and strategies.

F. Pursuant to the New Mexico constitution’s affordable housing exemption to the “anti-donation clause” and state enabling statutes governing the use of public funds for affordable housing, the city established its affordable housing trust fund in Article 26-3 SFCC 1987 to provide or pay all or a portion of the costs of acquisition, development, construction, renovation or conversion, financing, operation or owning affordable housing or infrastructure to support affordable housing.

G. The affordable housing trust fund requires, but currently lacks, a meaningful dedicated source of revenue, which means

1. Current requests for affordable housing funding far exceed the amount of funding available in the Affordable Housing Trust Fund in any given year.

2. There is a significant need for additional affordable housing that is more flexible than available through federal funds and that can better address unique local needs.

3. Multi-year strategic funding is challenging.

H. The community development commission and City’s public review

1 process involving committees and governing body review provide oversight for
2 the Affordable Housing Trust Fund.

3 I. It is in the public interest to impose a duly approved high-end excise tax
4 to fund the affordable housing trust fund.

5 **WHEREAS**, the Governing Body wishes to submit Ordinance 2023-__ to the City’s voters
6 for approval; and


7 **WHEREAS**, a resolution is the formal expression of the will of the Governing Body, and
8 is used by the City to describe a proposed ballot question and submit it to the electors; and

9 **WHEREAS**, NMSA 1978, Section 1-16-3, requires the City to “file a resolution proposing
10 the ballot question” with the county clerk, not less than seventy (70) days before the election at
11 which the ballot question is proposed to be submitted to the voters.


12 **NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE**
13 **CITY OF SANTA FE** that the Governing Body hereby proposes to submit the following question
14 to the City’s voters on the ballot of the regular local election on November 7, 2023:

15 **PERMANENT FUNDING FOR AFFORDABLE HOUSING THROUGH EXCISE**
16 **TAX ON RESIDENTIAL PROPERTY PURCHASES OVER ONE MILLION**
17 **DOLLARS**

18 Should the City of Santa Fe create a new dedicated funding source for the City’s
19 Affordable Housing Trust Fund for affordable housing by imposing a three percent
20 (3%) excise tax on the transfer of high-end residential property, imposed on the
21 portion of the purchase price exceeding one million dollars (\$1,000,000), with the
22 amount above which the tax is imposed increased annually by an amount
23 corresponding to the previous year’s increase, if any, in the consumer price index
24 for the western region for urban workers?

25 For the High-End Excise Tax for Affordable Housing 

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Against the High-End Excise Tax for Affordable Housing 

BE IT FURTHER RESOLVED that the City Clerk shall present this ballot question to the Santa Fe County Clerk no later than August 29, 2023.

PASSED, APPROVED, and ADOPTED this _____ day of _____, 2023.

ALAN WEBBER, MAYOR

ATTEST:

KRISTINE MIHELICIC, CITY CLERK

APPROVED AS TO FORM:

Erin McSherry
Erin McSherry (Jul 21, 2023 16:16 MDT)

ERIN K. McSHERRY, CITY ATTORNEY