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The Living Wage Proposal

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Santa Fe's strength lies in its people, and a city prospers when everyone who works here can afford to build their lives here.



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Key Details of the Proposal

Base Wage increases from \$15.00 to \$17.50 after a one-year hold on implementation.

There is a 5% cap per year and a 0% floor.

The formula for increase is a combination of CPI and the HUD Fair Market Rent.



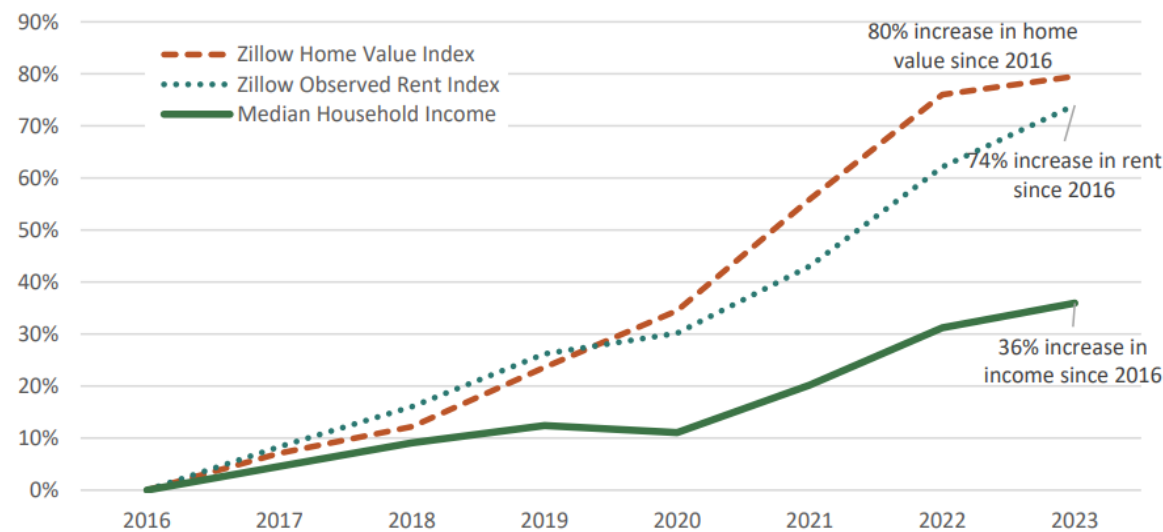
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Why are we advancing this proposal?

There is a growing gap between income and housing costs.

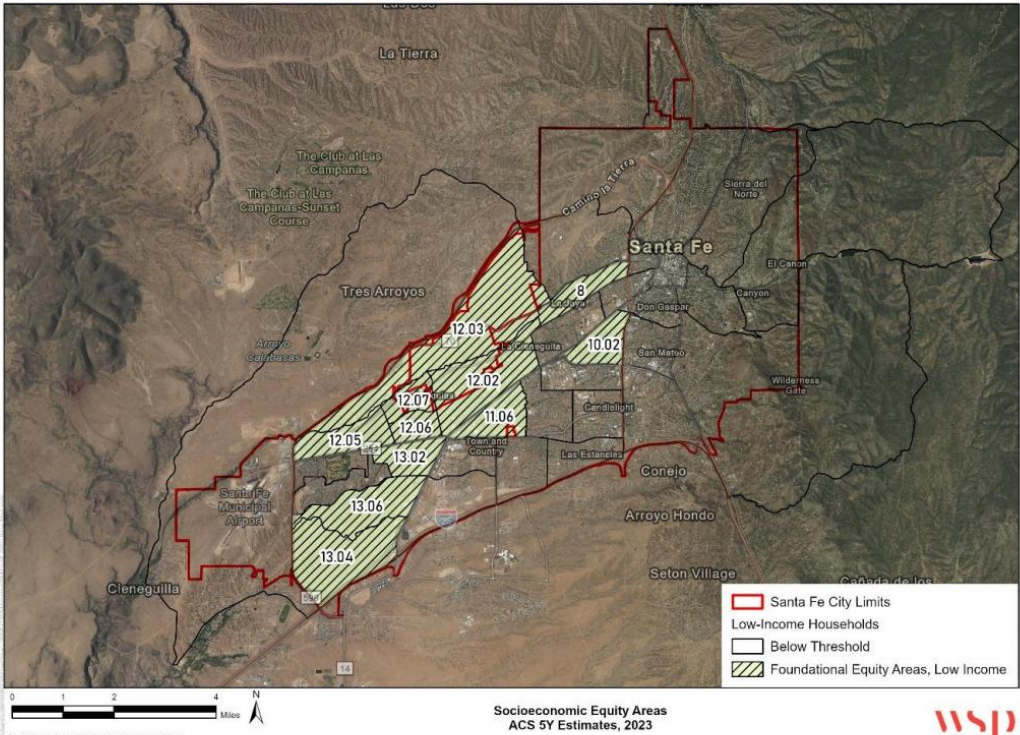
There is an increased risk of displacement concentrated in certain neighborhoods.

Figure 7-25. Changes in Income, Home Value, and Rent in Santa Fe, 2016-2023



Source: 2016-2023 American Community Survey 5-Year Estimates, Table DP04, Zillow

Figure 16-1. Foundational Equity Areas, Low-income Census Tracts



The Living Wage Proposal is one tool that will help Santa Fe thrive.

A livable community is built on ample opportunities for equitable housing, economic mobility, and inclusive development.

When these principles work together, community thrives.



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City Action to Help Make Santa Fe More Livable



We currently have over 3,000 homes in Santa Fe under construction.

We have an additional 4,000 ready to begin or already in the Planning & Land Use development pipeline.



We have been receiving and distributing millions of AHTF dollars into our community, and we anticipate that this number will increase significantly in the next year with the implementation of the 3% Excise Tax.

In addition to the Excise Tax, the AHTF receives dollars from fee in lieu developer payments, proceeds from the sale of city property, and dollars authorized by you.



Next week you will consider Phase 1 updates to the Land Use Code which will allow developers to construct more homes on their parcels when they include additional affordable homes in their projects. In addition, regulations may be adopted which will enable “infill” or development on smaller parcels of land.



This year we’ve provided business and technical assistance to over 100 local businesses and entrepreneurs, and we are leaning in with the launch of a “Go Local” campaign which encourages Santa Feans to support local businesses and workforce.

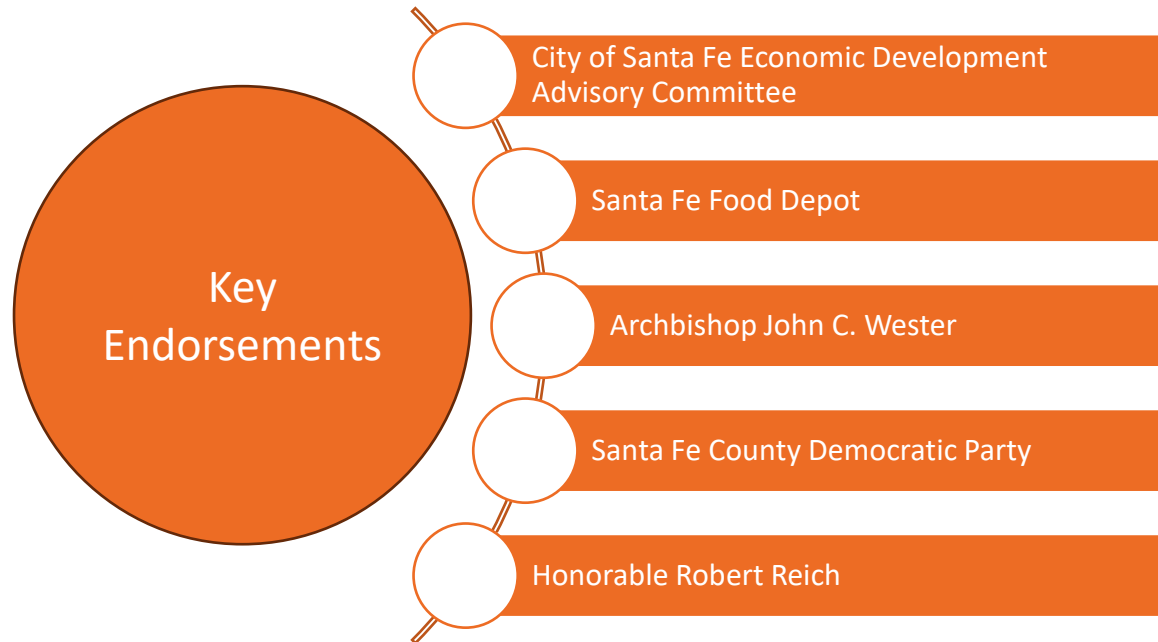
The Living Wage and Community Engagement

We learned through community engagement efforts that Santa Feans strongly support raising the living wage from \$15.00 to \$17.50.



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Key Endorsements and Community Engagement



**3 Community Meetings + 1 Public Hearing =
120 community member participants**



City of Santa Fe and Chamber of Commerce Surveys



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Over 1,400 Community Respondents



Over 85% of respondents (over 1,200 people) told us that \$15.00/hr is NOT enough.



70% of respondents (over 1,000 people) strongly support raising the living wage to \$17.50/hr.



Over 50% of Chamber Respondents currently pay their employees over \$20/hr

Residents see the living wage as one essential tool— alongside housing, childcare, and small business support— to ensure that people who work here can afford to live here.



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Who makes less than \$17.50/hr in Santa Fe?

- According to the NM Department of Workforce Solutions, over 16,000 residents in Santa Fe County earn less than \$17.50/hr. This is roughly 1 in 4 people.
- According to a recent Pollin and Wicks-Lim study titled an, “Economic Analysis of the 2025 Santa Fe Living Wage Proposal,” nearly 9,000 workers will receive a raise, equal to roughly 20% of the Santa Fe Workforce.

What industries will be primarily impacted?*

1. **Food Preparation & Serving:** 5,189 workers (31%)
2. **Sales & Related:** 2,891 workers (17%)
3. **Office & Administrative Support:** 1,971 workers (12%)
4. **Building & Grounds Cleaning & Maintenance:** 1,257 workers (8%)
5. **Healthcare Support:** 1,076 workers (6%)
6. **Transportation and Material Moving Occupations:** 1,093 (6%)

How OED Can Support Businesses and Workers



- **Business Development:**

- **Navigator Program:** One-stop intake connecting businesses to capital, training, and technical help.
 - **Micro-Grants (RDC, SPUR):** Flexible funding for local small business growth and corridor activation.
 - **Technical Assistance:** SBDC, SCORE & Other partners provide hands-on advising and mentorship.
- **OED Business Development Team:** Direct outreach, problem-solving, and data tracking to sustain business health.

- **Workforce Assistance:**

- Department of Workforce Solutions America's Job Center
- SFCC Coordinator
- **Go Local, Go Different:** Campaign driving residents to **shop, hire, and dine local first with emphasis on placemaking.**

Will raising the Living Wage in Santa Fe hurt small businesses causing layoffs and closures?

Businesses can adapt through minor productivity and retail adjustments – Pollin
Small business exemption (<25 employees) was removed early:

- Encouraged gamesmanship, violated equal pay for equal work, and made enforcement problematic.

Other cities use **uniform living wages** for simplicity and fairness – Reilly White
2007 BBER study: small business exemption “did not exist in practice”

Lower minimum wages **can** hurt small businesses:

- Workers are also consumers – Business for a Fair Minimum Wage
- Lower pay hurts competitiveness – Reilly White

Will raising the Living Wage in Santa Fe cause an inflationary spiral?

Estimated cost increases – Pollin:

- Retail: 0.2%, Hotels: 0.8%, Restaurants/Bars: 1%

Modest price effects:

- \$400 couch → \$401
- \$50 entrée → \$50.50
- Big Mac → \$7.38

Slight productivity gains offset part of costs

Major expenses (housing, fuel, healthcare) unaffected – Reilly White

No rent spike after 2004 ordinance – BBER Study

Will young people or trainees be negatively impacted by raising the Living Wage in Santa Fe?

- Higher minimum wages don't reduce teen jobs – UC & NELP
- 89% of low-wage workers are 20+, average age 36 – NELP
- Many teens support families or pay for college
- Lower youth wages only benefit high-turnover employers – NELP
- Teen employment (14–24) rose after 2004 ordinance – BBER Study
- Support training pathways, not sub-minimum wages – Reilly White
 - Internships, apprenticeships, youth programs (Santa Fe Community College)
- Evidence is that young workers benefit, and employment losses are minimal. – Reilly White

Bottom Line

- \$15/hr living wage had little impact on employers
- Community support:
 - 86% say \$15/hr is insufficient
 - 79% support \$17.50/hr
 - South Side: 89% & 84% – City Survey
- Median incomes ↑ 36%, rents ↑ 74%, home prices ↑ 80% – Santa Fe Housing Forward
- Housing production jumped since 2018- 407 to 840 units permitted/year

Bottom Line

- Wage increase helps ~9,000 workers – Pollin/Wicks-Lim
- Combined approach:
 - Living wage + affordable housing + childcare + small business support
- Total cost increase is manageable and reduces turnover.
- An indexed living wage blending inflation and rent data can enhance stability, support workers and offer employers predictability. But it must be part of a broader economic toolkit – Reilly White
- It is time to update Santa Fe's Living Wage.

Thank You

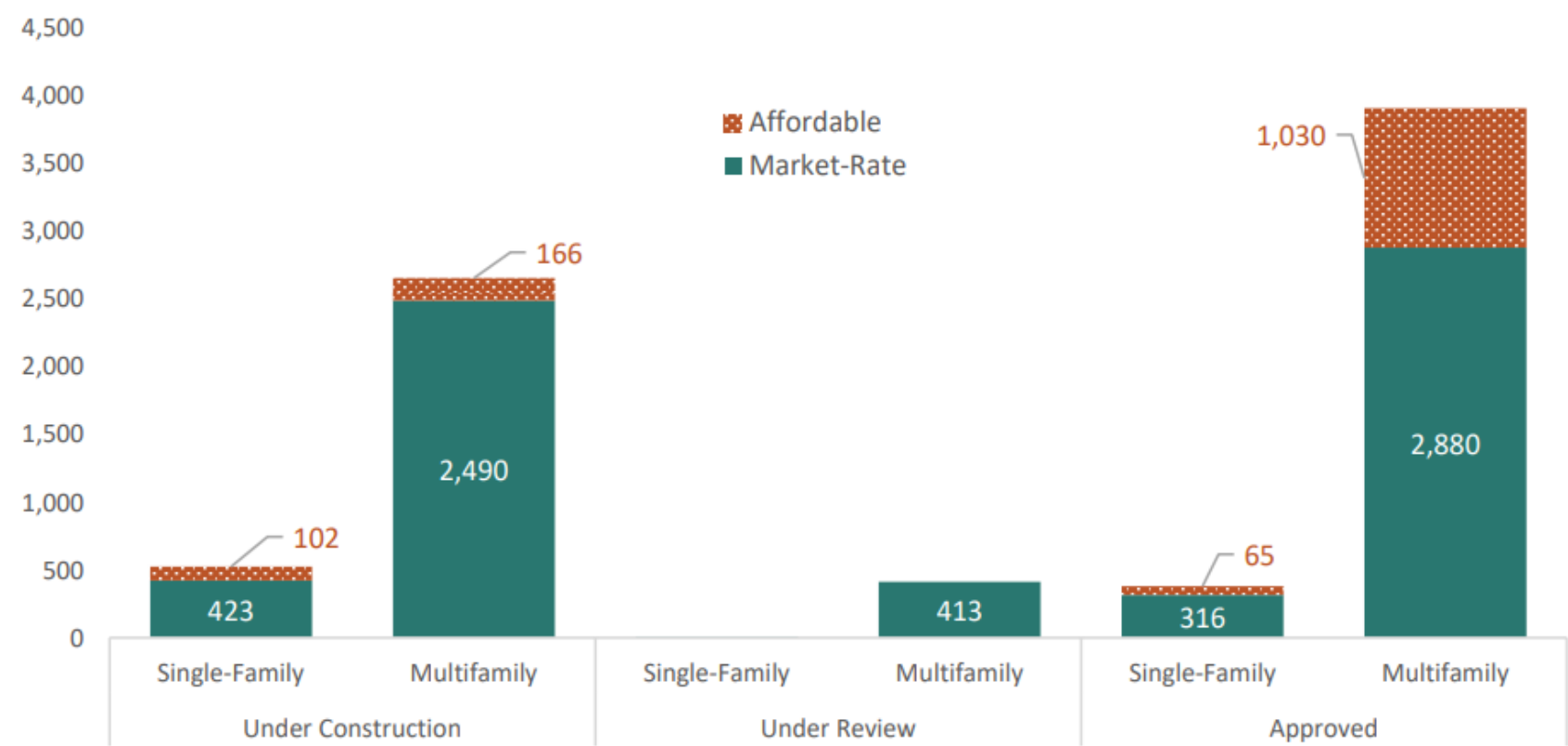
Appendix

Santa Fe Development Pipeline

Over 3,000 homes are under construction.

Over 4,500 homes are in the pipeline.

Figure 7-13. Housing Pipeline in Santa Fe, September 2024



Source: City of Santa Fe