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7.0 Housing

This chapter describes Santa Fe's housing trends, needs, gaps, and programs. Understanding the housing needs of all of Santa Fe's residents, as well as projected future needs over the planning horizon, can help drive important land use and policy decisions during the Santa Fe Forward planning process.

7.1 Key Findings

- **Housing Projections and Gaps**
  - Santa Fe is projected to need 3,322 new housing units by 2050 to meet the expected population growth in the city, including 1,309 rental units and 1,961 ownership units. This would equate to 133 units needed per year. However, the city's population is forecast to peak around 2040, so more units will likely be needed earlier in the planning horizon if current trends continue. In addition, this figure only considers housing units needed for new population, and additional units will also be needed to address the current housing shortfall.
  - There are some notable housing gaps in Santa Fe: the majority of Santa Fe's lower- and moderate-income households, earning less than the median income of $70,000, are priced out of most homeownership opportunities in the city. There is also a deficit of rental units to serve the number of low-income households in the city, although a large number of apartments are currently under construction.
  - Many workers in the city's main industries do not earn enough to afford to buy the average home, even in two-income households, particularly for hospitality, education, and social assistance professions. Many single-income households working in the city's main job sectors would also need to pay more than 30 percent of their income to afford to rent the average apartment in Santa Fe.
- **Housing Inventory**
  - A diverse housing stock with various kinds of housing options can better serve a diversity of housing needs. Santa Fe's housing stock is relatively diverse, with higher shares of townhomes, middle housing, and apartments than the county and state. However, about two-thirds of housing in the city is in single units, either detached homes (56 percent) or attached townhomes (11 percent). Three-quarters of housing units have two or three bedrooms.
  - In Santa Fe, about two-thirds of households own their homes, a smaller share than the county and state, but higher than many major cities around the country.
  - Despite the prominence of historic architecture in the city, only 11 percent of current housing stock was built before 1950, and about half of housing in Santa Fe was built between 1980 and 2010.
- **Subsidized Affordable Housing and Homelessness**
  - Subsidized housing in Santa Fe is provided by a variety of sources. The Santa Fe Civic Housing Authority and Santa Fe County Authority together provide about 1,300 housing choice vouchers and 750 units of housing to low-income residents in the city. An additional 1,760 units of subsidized housing are provided through nonprofit developments funded through the Low Income Housing Tax Credit. Santa Fe's inclusionary zoning policy, the Santa Fe Homes Program, has resulted in almost 700 subsidized units built since 2017 or under construction and another 1,095 permitted units as of 2023.

- The 2022 point-in-time count of homeless persons in Santa Fe found 58 unsheltered individuals. Stakeholders interviewed during the development of the Consolidated Plan in 2022 indicated that there are likely more homeless individuals in Santa Fe across the varied categories of homelessness . The city and nonprofit partners operate a variety of short-term shelter programs and services for homeless individuals in the city.

- **Housing Production and Development Pipeline**
  - Housing production in Santa Fe decreased after the 2008 recession, but has since rebounded. There has been a dramatic uptick in multifamily construction in recent years, with 407 to 840 units per year permitted since 2018, partially due to regulatory changes made to the Santa Fe Homes Program, which increased development feasibility.
  - In recent years, about 11 percent of New Mexico's new housing permits each year have been in Santa Fe, up from about 2 percent per year from 2008 to 2018. This fits with recent trends of faster population growth in Santa Fe compared with elsewhere in the state.
  - There is a large housing development pipeline in the city, driven by the Tierra Contenta Phase 3 and Midtown master planned areas, as well as a number of large multifamily projects currently under construction. There are over 2,500 multifamily units currently under construction and nearly 4,000 more approved multifamily units in the development pipeline, as well as several hundred single-family units.
- **Vacation Rentals and Second Homes**
  - Santa Fe is a popular destination for tourism and second homes, although the share of these units is similar to the statewide average and peer cities, and significantly less than the share in other tourist destinations, including Taos and Sedona. Census data indicates that seasonal, occasional, and recreational homes make up about 5.2 percent of Santa Fe's housing stock as of 2023, down from 9.3 percent in 2020.
- **Housing Costs**
  - Zillow estimates rents in Santa Fe are currently around $2,075 per unit on average, an increase of 7.8 percent per year since 2016, though rents have stabilized since early 2023.
  - The typical home value in Santa Fe is about $572,000 as of early 2025, nearly double the home values a decade ago. The rate of home value increase was the steepest in 2020 and 2021 but has since stabilized, with only a 3 percent increase since early 2022.
  - Median prices for single-family homes are around $600,000, townhomes around $500,000, and condos around $450,000.
- **Housing Market**
  - There is a strong market for single-family and ownership homes in Santa Fe. Even with higher interest rates and economic instability, the inventory of available single-family homes is still lower than almost any time in the past two decades, and ownership vacancy rates are around one percent.
  - The significant influx of new apartments in the past few years has rapidly slowed rent increases, with early 2025 rents only about half a percent higher than rents a year earlier. As multifamily construction continues at a rapid pace, rent growth will likely remain limited for several years as those new units are filled. This is a positive trend for rental affordability in the city, though it will likely reduce feasibility for multifamily construction for some time after the current apartment boom subsides.

- **Housing Affordability**
  - Housing costs have risen faster than rents in Santa Fe in recent years. Median incomes in the city have risen 36 percent since 2016, whereas rents have increased 74 percent and home prices have increased 80 percent.
  - There is a gap of $260,000 between the house price that would be affordable to the median household and the median sales price in the city. Based on the city's income distribution, only about one-third of Santa Fe households would be able to afford the median home given current real estate market conditions.
  - One-third of households in Santa Fe are cost-burdened, paying more than 30 percent of their income in housing costs, down from 40 percent in 2011. Renters face higher rates of cost burden, at 44 percent, compared with 26 percent of homeowners.
  - Lower-income households face higher rates of cost burden in Santa Fe, with the majority of households earning under 50 percent of the area median income paying more than 50 percent of their income on housing costs. On the other hand, cost burden has decreased for moderate-income households (earning 80 to 120 percent area median income) over the past decade.
  - Overall, cost burden rates in Santa Fe have been remarkably consistent or decreased for many segments of the population in the past decade, contrasting with many high-cost markets in the country.
- **Existing Housing Policy Review**
  - Several housing policies from the 1999 Santa Fe General Plan have since been implemented, including fee waivers for affordable housing, inclusionary zoning, and the establishment of the affordable housing trust fund.
  - Based on its Housing and Urban Development (HUD) Consolidated Plan, Santa Fe used CDBG funds to fund homeless shelters and services to almost 1,000 youth and 745 adults, provided mortgage reduction loans to six homebuyers, and helped fund renovation and construction of 20 homes for low-income residents in the 2023 to 2024 fiscal year.
  - The 2024 Five-Year Affordable Housing Strategic Plan contains useful takeaways from community and housing provider engagement, as well as key recommendations that can help guide the policy direction of the Santa Fe Forward Housing Element.
- **Programs and Regulations**
  - The City's inclusionary zoning program, the Santa Fe Homes Program, requires that all new housing developments of 10 units or more provide a percentage of homes as affordable, in exchange for density bonuses and fee reductions. The program also contains a fee-in-lieu option for multifamily projects of any size, scaled to the project size. This program increased the flexibility of inclusionary zoning requirements in the city, leading to a significant uptick in multifamily permitting since 2018.
  - The Affordable Housing Trust Fund provides funding for housing for Santa Fe residents earning less than 120 percent area median income (AMI). It is funded through a variety of sources, including fee-in-lieu payments from the Santa Fe Homes Program and 35 percent of proceeds from land sales in Tierra Contenta, a 1,400-acre master-planned area originally purchased by the City in the 1990s and which has been sold to developers in several phases since then, with conditions, including the provisions of deed-restricted affordable ownership units. These funds have not been able to be used for the purchase of land, which could increase the effectiveness of the Trust Fund reserves.
  - The City established a Third-Party Plan Review system in 2024 in response to the need for streamlined permit processes for larger development. For an additional fee, this service is intended

to reduce the review time of building permit approvals and help ensure timely development project starts.

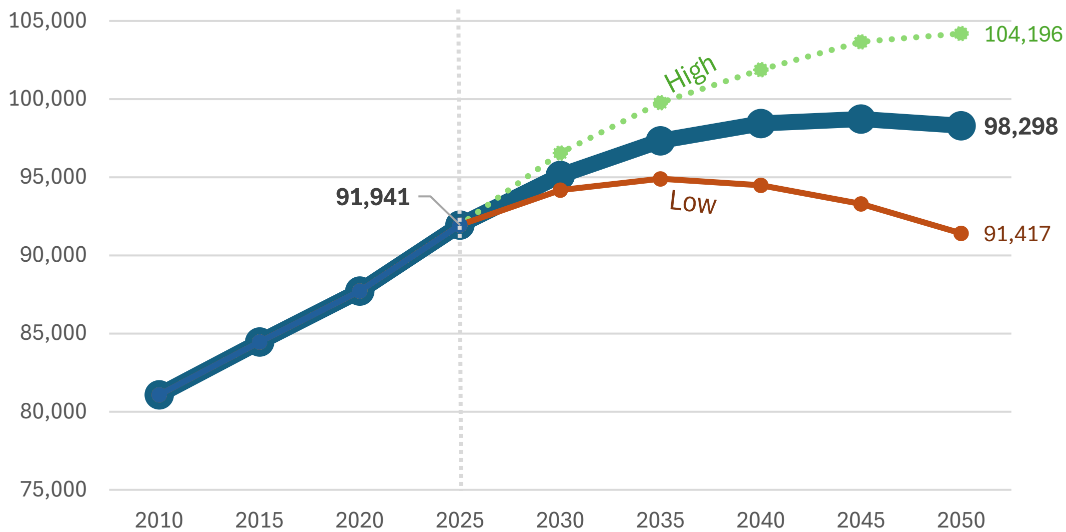
- **Racial Equity in Housing**
  - Unlike many other cities, Santa Fe was not mapped through the process of “redlining” by the Home Owners Loan Corporation in the 1930s, which was used as a way to exclude certain races and religious groups from residing in specific neighborhoods. However, other exclusionary policies, such as racially restrictive covenants, were still used in Santa Fe. Segregation in the city has increased for Black and Asian households in recent years, as well as some segregation among the city’s Hispanic population by national origin, according to the City’s 2017 Assessment of Fair Housing.
  - Cost burden is not distributed evenly by race and ethnicity in Santa Fe. American Indian and Black/African American households are the most likely to be cost burdened while Asian households are the least likely. Over a fifth of other race and American Indian households are severely cost burdened, spending more than half of their incomes on housing.
  - Census and IRS migration data shows that in-migrants to Santa Fe county from out of state earn considerably more than within-county movers and migrants from within New Mexico. Out-of-state in-migrants also tend to be younger, less racially and ethnically diverse, and have higher levels of educational attainment. Additionally, the in-migration of wealth has been accompanied by the departure of lower-earning households in recent years. This paints an overall picture of displacement in Santa Fe being driven by wealthier out-of-state arrivals, corroborating common on-the-ground perceptions in the city.
  - Areas of Santa Fe near the traditional village of Agua Fria rank higher on many scores related to potential displacement risk, including a high share of ethnic diversity, poverty, cost-burden, renters, and recent increases in home values. These areas can face displacement risk because they are economically disadvantaged and seeing nearby development activity that, by and large, is unaffordable to current residents. To the extent that future development in the area may also include residential units with rents or purchase prices within reach for the existing resident population, that may actually help to prevent some displacement.

7.2 Community and Workforce Housing Needs

This section contains a broad overview of Santa Fe’s projected future population, housing needs, and gaps in existing ownership housing, rental housing, and workforce housing.

Santa Fe’s population is expected to continue to grow through the majority of the Santa Fe Forward planning horizon, with a gradual tapering off of population growth in the 2045 to 2050 range in the medium scenario, as shown below in Figure 7-1. This growth forecast is based on countywide forecasts produced by University of New Mexico’s Geospatial and Population Studies center, which use a hybrid modeling approach, blending results from so-called Cohort Change Ratios -- statistical models based on fertility and death rates by age and sex -- with and employment-based migration predictions. The gradual decrease in population is based on declining birth rates combined with increasing annual death rates as the large Baby Boomer generational cohort moves through the average life expectancy age. Net migration into Santa Fe (inbound minus outbound residents) is thus a critical component in maintaining positive population growth. Migration is more difficult to predict, as it is sensitive to changes in relative economic conditions, housing affordability, and even national immigration policy. The low and high scenarios were developed based on potential changes to rates of natural increase (such as a rebound in fertility rates) and migration (either domestic, economy-driven or as a result of national immigration policies). Although this suggests a gradual decrease in housing demand in the coming decades, it is still important to plan for the housing production needed to accommodate expected near-term population growth, as well as housing needed to address existing gaps in the city's housing inventory.

Figure 7-1. City of Santa Fe Population Projections with Low and High Range, through 2050



Source: Leland Consulting Group, (with inputs from UNM-GPS, U.S. Census Bureau, Los Alamos Laboratories, and other sources)

Santa Fe's resident population skews significantly older than the nation's overall. As of 2023, 19.9 percent of Santa Fe residents were aged 70 and older, versus just 12.0 percent nationally. In 2026, the peak of the Baby Boom population bulge will reach age 78, which is the average life span in the United States. Even as the bulk of the Boomer population moves towards and through that average life expectancy, the 85-and-over category will actually continue to accumulate population well beyond today's levels as many outlive that average lifespan. This ongoing expansion of the senior demographic should continue to support demand for age-restricted senior housing, and especially for assisted living and other congregate care facilities.

The effects of a growing senior cohort on less specialized housing sectors, however, have been less straightforward than expected. For years, the planning community was anticipating significant increases in demand for smaller, lower-maintenance housing in walkable environments that would cater to the changing needs of America's expanding senior population. For a variety of reasons, however, that surge in demand for new housing forms has been smaller than expected, with a significant share of seniors choosing to stay in the same big, lower-density homes that they occupied while their families were larger. Many seniors, in fact, chose to retire to even lower-density, semi-rural spreads with their remaining nest eggs.

Meanwhile, affordability concerns and persistent single-family supply shortages have unexpectedly contributed to a situation where Millennials are actually more likely to be seeking out those compact home types that were envisioned as appealing to seniors. That said, it may be that the transition into their 80s will prove to be more of an impetus to downsize for Boomers than reaching 70 turned out to be. Santa Fe may need to plan for age-driven shifts in housing demand, but those have proven difficult to accurately predict.

As Santa Fe's population continues to grow, at least in the near term, its supply of housing units will need to expand to accommodate those new residents. Estimating future demand for new residential units in Santa Fe thus means converting the projected growth in households into different unit types across price points and tenure (rental versus ownership) corresponding to the distribution of households by income brackets.

As illustrated above, based on recent historical trends and a blend of forecasts from different sources, Santa Fe is likely to experience moderate, tapering growth over the coming decades, approximately 0.28 percent annually over the 25-year horizon of this plan, resulting in just under 3,000 new households between 2025 and 2050[1].

In order to maintain healthy market vacancy rates, and to accommodate demand for non-resident units (e.g., "second homes"), this household count is adjusted upwards by between 5 and 10 percent, depending on annual incomes up to $150,000, with a 30 percent upward adjustment for incomes above $150,000 annually to arrive at 25-year unit demand for each income segment, totaling 3,270 new units by 2050.

Table 7-1 shows the translation of this expected population growth into housing unit demand by household income level over the next 25 years.

[1] When household sizes are decreasing, the count of households will climb faster, percentage-wise, relative to population. While household sizes in Santa Fe have become slightly smaller on average – decreasing from 2.10 people per household in 2010 to 2.07 people per household in 2023, that difference is not substantial enough to warrant a household growth rate that is different than the population growth rate, especially given household crowding pressures related to affordability challenges.

Table 7-1. Estimated Santa Fe Household Growth by Income and Tenure, Medium Projection, 2025-2050

Household Income (2023 $s)	Current Households	Current Owner HHs	Current Renter HHs	Current Pct. Renter	Population Growth Rate, 2025-50	Household Growth Rate, 2025-50	Projected Total Households, 2050
Less than $35,000	10,179	3,805	6,374	63%	0.27%	0.27%	10,889
$35,000 to 49,999	5,108	2,820	2,288	45%	0.27%	0.27%	5,464
$50,000 to 74,999	7,607	3,817	3,790	50%	0.27%	0.27%	8,137
$75,000 to 99,999	6,494	3,698	2,796	43%	0.27%	0.27%	6,947
$100,000 to $149,999	5,525	4,242	1,283	23%	0.27%	0.27%	5,910
$150,000 and up	7,484	6,549	935	12%	0.27%	0.27%	8,006
Total	**42,397**	**24,931**	**17,466**	**41%**			**45,353**

Source: U.S. Census/ACS 2023 1-year Estimates, and Leland Consulting Group

The calculations in the table of estimates assume that, adjusted for future inflation, the distribution of households by income will remain constant (in 2023 dollars) in future years. The current shares of owners and renters for each population band are also shown, with the home ownership share rising along with increases in income.

Given that median household incomes in Santa Fe have grown roughly in tandem with nationwide incomes, there is no compelling reason to assume that the distribution of incomes across segments are likely to become skewed more in the future towards higher or lower brackets. We, therefore, assume that the shares of households by income and tenure (rent versus own) will remain constant for the forecast period.

Based on the above assumptions, the estimated future demand for units to meet expected household growth is **1,309 rental units** and **1,961 ownership units**, distributed across income segments as shown. Note that demand for the highest income segment – 85 rental units and 1,961 ownership units – includes most of the upwards adjustment for second homes.

Table 7-2. Estimated Santa Fe New Unit Demand by Income and Tenure, 2025-2050 (Medium Series)

Household Income (2023 $s)	2025-50 HH Growth	*Vacancy & 2nd Home Factor*	25-yr Unit Demand	Est. 2050 Pct. Renter	25-yr Renter Unit Demand	25-yr Owner Unit Demand
Less than $35,000	710	1.06	752	63%	471	281
$35,000 to 49,999	356	1.06	378	45%	169	208
$50,000 to 74,999	530	1.05	557	50%	278	279
$75,000 to 99,999	453	1.07	485	43%	209	276
$100,000 to $149,999	385	1.09	420	23%	98	322
$150,000 and up	522	1.30	678	12%	85	594
Total	**2,956**		**3,270**		**1,309**	**1,961**

Source: Leland Consulting Group

The above analysis is for demand due to growth alone and does not include existing pent-up demand due to affordability issues. However, because of the record amount of construction and permitting activity over the past three years, it may be reasonable to assume that pent-up demand might be met by development activity already in the pipeline, meaning that demand shown in the table above would also represent an accurate picture of *total* future demand (not just growth-based demand).

Demand shown for households in the lower two or three income segments is unlikely to translate into matching production of homes and apartments affordable to those households, given the realities of construction costs and finite housing subsidy resources. However, production of new units anywhere in the cost spectrum will, in theory, allow for gradual shifting of households into price and rent points more affordable to each group as property depreciation and the ongoing churn of market transactions allow. This lagged process of indirectly adding to the pool of affordable homes is known as "filtering" in housing circles. Because filtering may take place over the course of years, the addition of already affordable new units (such as is occurring now) is a much more immediate form of relief for those priced out of the current market.

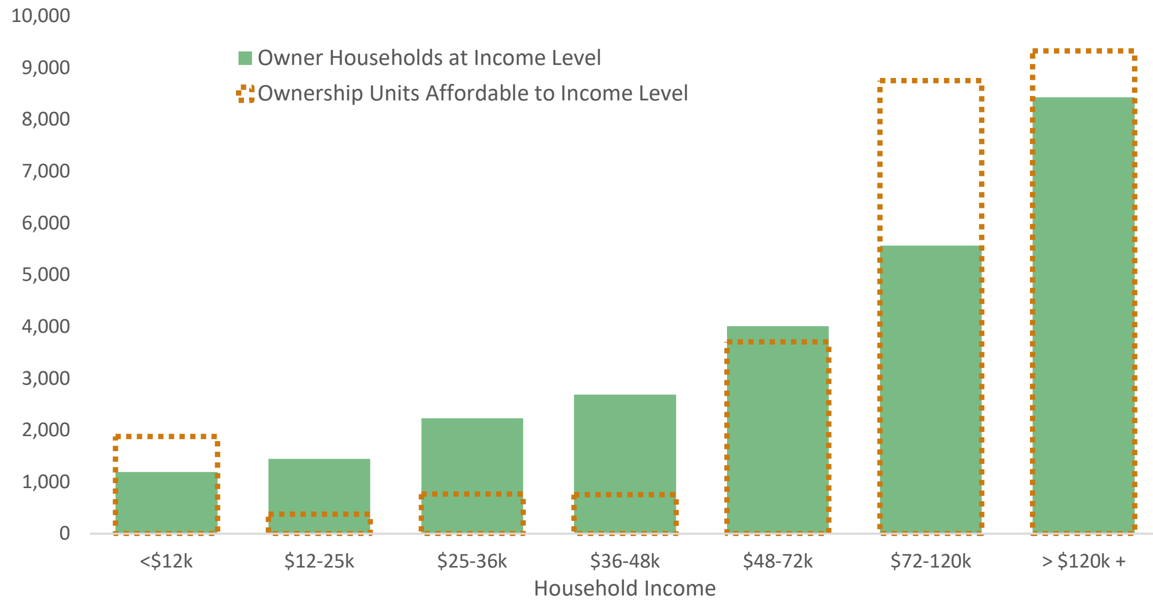
The charts below show the existing gaps in ownership and rental housing affordability, comparing the number of households at a given income bracket to the number of housing units available to that income bracket without being cost-burdened (see box at right). Figure 7-2 shows that for most low- and moderate-income bands, there is a significant deficit of available ownership housing compared to the number of households. To put it another way, low- and moderate-income homeowners in Santa Fe are currently living in units that they could no longer afford to purchase at current prices.[2] On the other end of the income spectrum, this data indicates a surplus of housing units affordable to higher-income households, particularly those earning more than the median household income of about $70,000. This essentially shows that the majority of Santa Fe's lower- and moderate-income households, earning less than the median income, are priced out of most homeownership opportunities in the city.

Cost Burden

The U.S. Department of Housing and Urban Development (HUD) classifies households as "cost-burdened" if they spend more than 30 percent of their income on housing costs (including rent, mortgage, and utilities). A household is "severely cost-burdened" if they spend more than 50 percent of their income on housing costs.

[2] Note that the surplus of very low value ownership units may be due to a combination of self-reported Census anomalies, homes without reported value, and manufactured homes, rather than a true surplus of extremely affordable ownership homes

Figure 7-2. Ownership Housing Affordability Gaps in Santa Fe, 2023

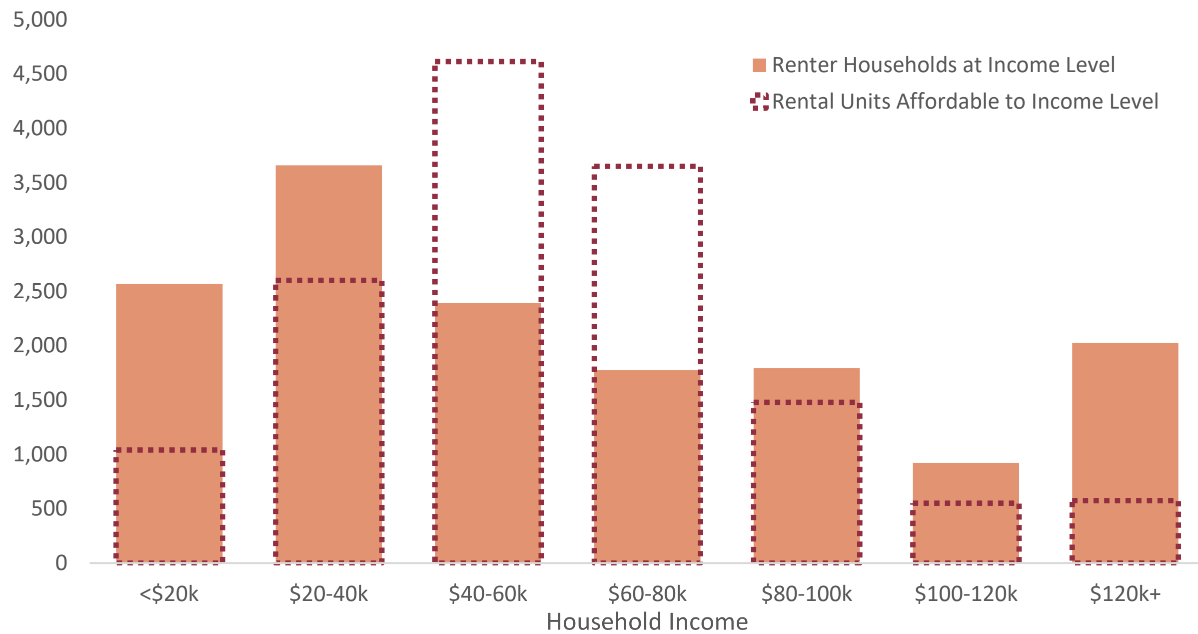


Source: 2023 U.S. Census Bureau American Community Survey 5-Year Estimates, Tables DP04, B25118, Freddie Mac, Santa Fe County, Leland Consulting Group.
Note: Assumes 20% down payment, 30-year mortgage, and interest and property tax rates as of March 2025. Assumes affordability based on a maximum of 30% of household income going to housing costs.

Figure 7-3 shows data on rental housing gaps in the city. There is a significant shortage of rental units available at the lowest income levels, showing a need for continued supply of subsidized units to serve the lowest-income households in Santa Fe. The surplus of available rental units in moderate income categories suggests that lower-income households are paying more than they can afford to live in these units. On the higher end of the spectrum, there are more higher income households than luxury or high-end rental units in the city. This suggests that renter households in these higher income bands could afford to pay more than they are currently paying for their housing – a phenomenon commonly referred to as "down renting," which can have the consequence of removing low- or moderate-income rental units from the market and decreasing opportunities for lower-income households.

Taken together, this data suggests that there is sufficient unit capacity for moderate- and high-income rental households in Santa Fe to move into homeownership, but such opportunities are fewer for lower-income households due to the lack of affordable ownership units at low and moderate price points.

Figure 7-3. Rental Housing Affordability Gaps in Santa Fe, 2023

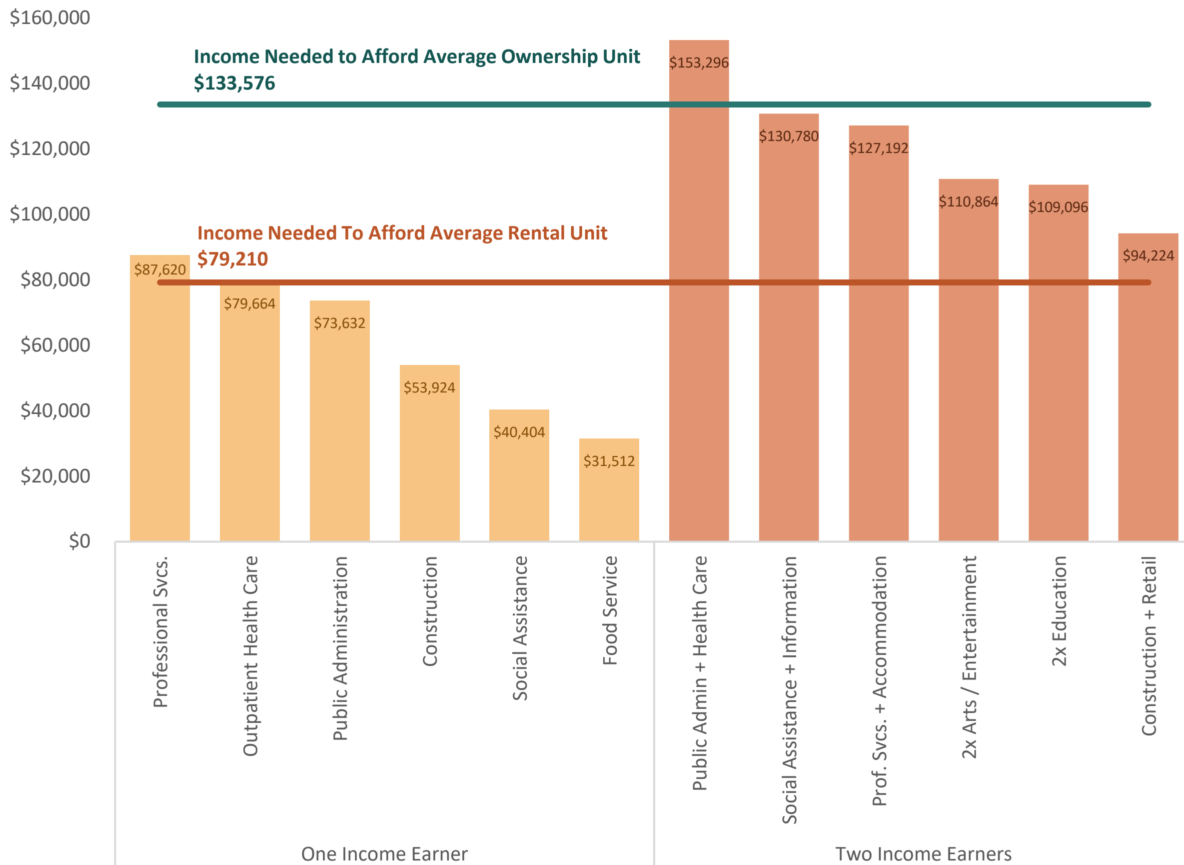


Source: 2023 U.S. Census Bureau American Community Survey 5-Year Estimates, Tables DP04, B25118
Note: Assumes affordability based on a maximum of 30% of household income going to housing costs.

The chart below in Figure 7-4 shows another perspective on Santa Fe's housing gaps in relation to the city's workforce. As detailed further in the Economic Development chapter, Santa Fe's top employment sectors include healthcare, retail, public administration, and hospitality, with smaller job concentrations in administration, professional services, education, and construction. The chart compares the average wages in these sectors with the income that would be required to afford to purchase or rent the average unit in Santa Fe without being cost-burdened. The left side of the chart depicts single-income households, and the right side combines these sectors into hypothetical two-income households. This data shows that employees in many of Santa Fe's top sectors, including hospitality and social services, could not afford to rent the average unit without being cost-burdened, though higher-paying sectors could afford to do so. On the other hand, most two-income households earn enough to afford the average rental unit in the city, though only households including some of the city's higher-paying sectors would be able to afford to purchase the average home without being cost burdened or needing further financial assistance.

Further data and discussion on housing affordability are found in Section 7.4.

Figure 7-4. Workforce Housing Affordability in Santa Fe, 2023



Source: Zillow, New Mexico Quarterly Census of Employees and Wages (QCEW)

7.3 Housing Inventory and Market

Table 7-3 shows counts of the total, occupied, and vacant housing units in Santa Fe, Santa Fe County, and New Mexico. In Santa Fe, about 10 percent of units are vacant, or not full-time occupied. The census considers units vacant if they are for sale, for rent, for seasonal, recreational, or occasional use (i.e., vacation or second homes), and “other vacant,” which includes properties that are foreclosed, in need of repair, currently being repaired or renovated, abandoned or condemned, held for storage, and subjected to legal filings. Further discussion on vacancy and seasonal homes can be found in Section 7.3.5.

The homeowner and rental vacancy rates apply specifically to the counts of units available for rent or for sale. In Santa Fe, vacancy rates are lower than general benchmarks for a healthy market, around 5 to 6 percent, indicating a constrained supply of units.

Table 7-3. Housing Units and Vacancy Rates in Santa Fe, 2023

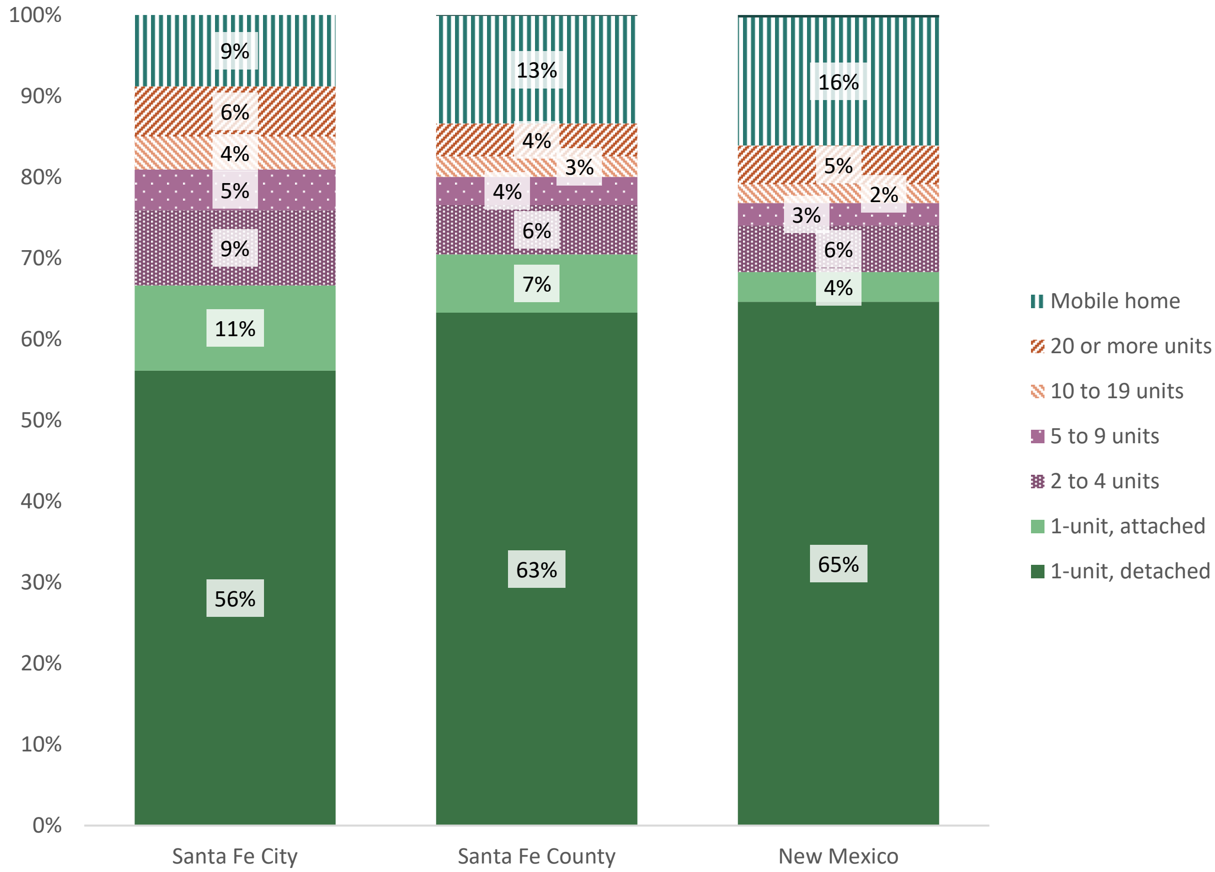
	Santa Fe	Santa Fe County	New Mexico
Total Housing Units	45,529	77,686	949,524
Occupied Housing Units	40,701	69,348	825,021
Vacant Housing Units	4,828 (10.6%)	8,338 (10.7%)	124,503 (13.1%)
Homeowner Vacancy Rate	1.1%	0.8%	1.1%
Rental Vacancy Rate	4.4%	4.4%	6.1%

Source: U.S. Census Bureau, ACS 5-year Estimates (2023, Table DP04)

7.3.1 Type, Size, Tenure, and Age of Housing

Figure 7-5 shows the breakdown of Santa Fe's housing by unit type. About two-thirds of housing in the city is in single units, either detached homes (56 percent) or attached townhomes (11 percent). Fourteen percent of housing units are "middle housing," in buildings of between two and nine units, such as duplexes, triplexes, and small apartments, and 11 percent of units are in apartment buildings with 10 or more units. A further 9 percent are mobile homes. Overall, Santa Fe's housing makeup is relatively similar to the county and state, but with a higher share of middle housing and multifamily units, a correspondingly lower share of single-family homes, and fewer mobile homes, which are about twice as common statewide as they are in Santa Fe. A wider diversity of housing types can better serve the spectrum of residents' needs, and Santa Fe's housing makeup is relatively diverse compared with New Mexico as a whole.

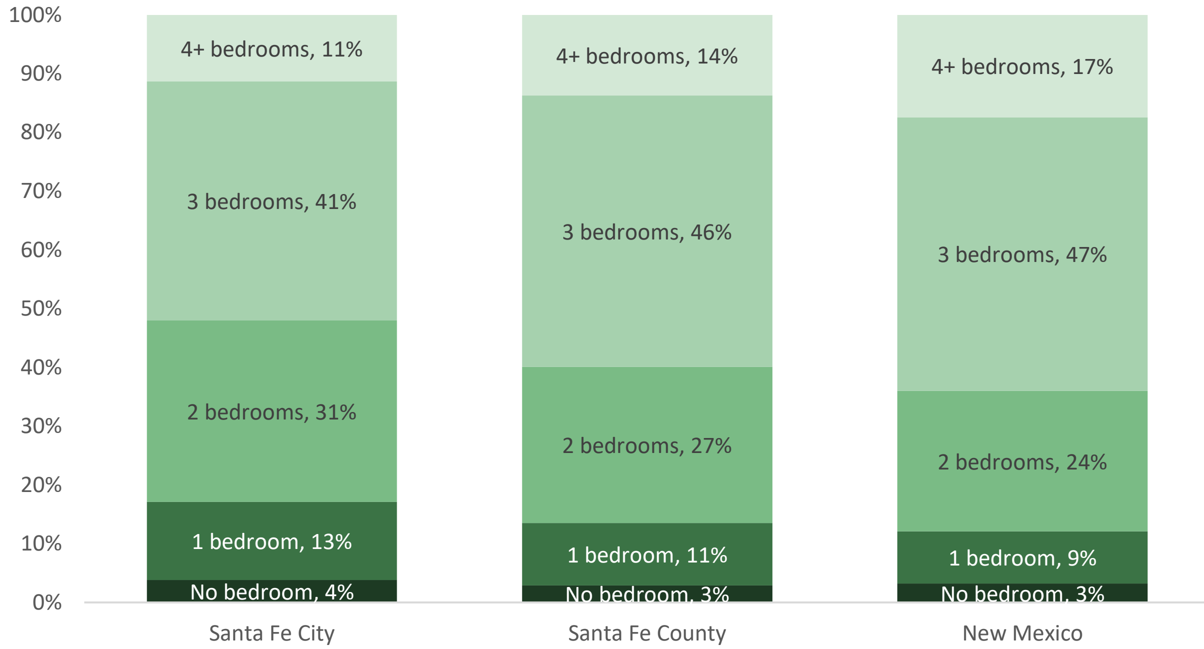
Figure 7-5. Type of Housing in Santa Fe City, County, and New Mexico, 2023



Source: U.S. Census Bureau American Community Survey 5-Year Estimates, Table DP04

In Santa Fe, nearly three-quarters of housing units (across all types) have two or three bedrooms, as shown in Figure 7-6. Overall, the city's housing units are slightly smaller than the county and state, but broadly similar in size. As of 2023, the American Community Survey (ACS) reports that the average household size in the city is 2.13. Although smaller households can occupy larger units, a closer match between housing size and household size can ensure sufficient choice and increased affordability for a variety of households in the city.

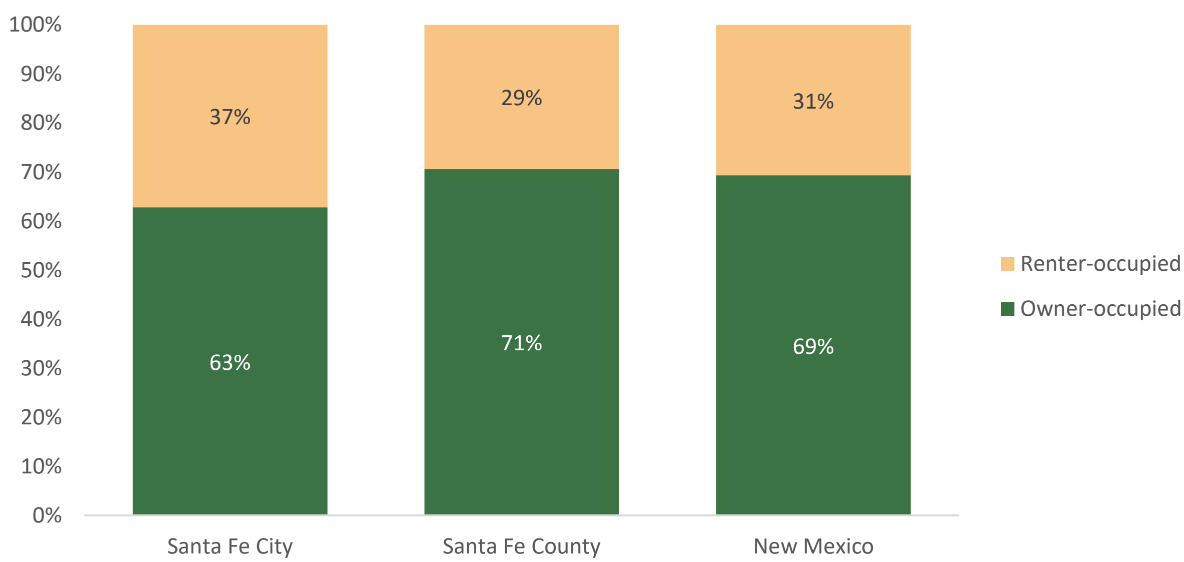
Figure 7-6. Size of Housing in Santa Fe City, County, and New Mexico, 2023



Source: U.S. Census Bureau American Community Survey 5-Year Estimates, Table DP04

In Santa Fe, nearly two-thirds of units are owner-occupied. The city has a higher share of renter-occupied units (37 percent) than the county and state (both around 30 percent). Renter households often face greater housing instability than homeowners due to rent increases, evictions, and landlord issues. Rental affordability and costs are discussed further in Sections 7.3.6 and 7.4.1. Figure 7-7 below displays the tenure of housing in the City of Santa Fe, Santa Fe County, and New Mexico.

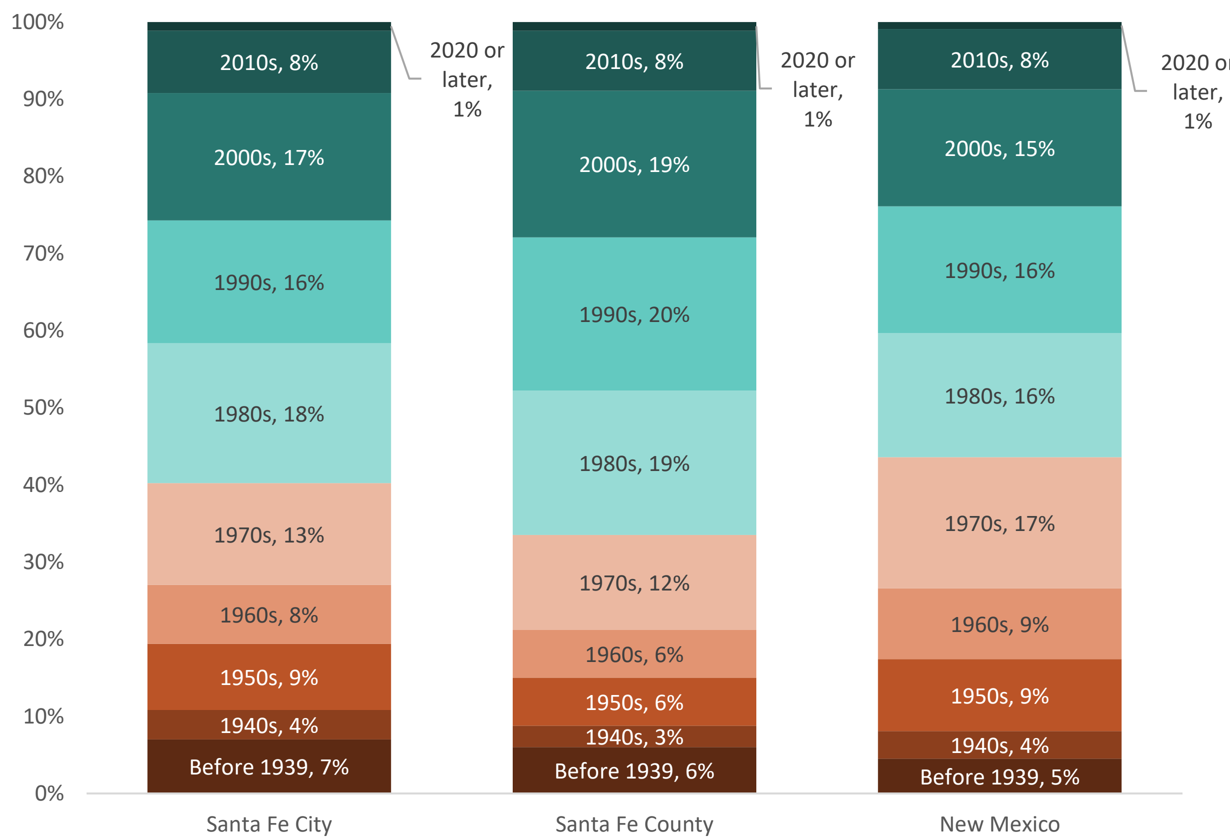
Figure 7-7. Tenure of Housing in Santa Fe City, County, and New Mexico, 2023



Source: U.S. Census Bureau American Community Survey 5-Year Estimates, Table DP04

About half of Santa Fe's housing stock was built between 1980 and 2010, with 7,000 to 8,000 units built per decade during that period. Another 40 percent was built before 1980. Despite the city's long history and historic architectural styles, only 11 percent of current housing in Santa Fe was built before 1950, similar to county and statewide shares, as shown in Figure 7-8. Overall, the age of housing in Santa Fe is very similar to statewide averages, though housing in the county is somewhat newer. Housing production has slowed down since 2010, and recent housing production trends are discussed in further detail below in Section 7.3.3.

Figure 7-8. Age of Housing by Decade Built in Santa Fe City, County, and New Mexico, 2023



Source: U.S. Census Bureau American Community Survey 5-Year Estimates, Table DP04

7.3.2 Affordable/Subsidized Housing Inventory

This section inventories Santa Fe's existing stock of regulated affordable housing. This is housing that is subsidized by various local, state, and federal programs and serves households generally earning under 80 percent of the AMI. The HUD AMI for 2024 in Santa Fe County is $91,500.

7.3.2.1 Subsidized Housing, Public Housing, and Vouchers

The city is served by two housing authorities, the Santa Fe Civic Housing Authority and the Santa Fe County Housing Authority. The Santa Fe County Housing Authority's main development, Camino de Jacobo, is located within the city, and provides 70 public housing rental units. The Santa Fe County Housing Authority also provides 338 vouchers that can apply to units in the city and county. The Santa

Fe Civic Housing Authority owns and manages seven public housing sites with 662 subsidized rental units and manages 1,009 housing choice vouchers.

Outside of the housing authorities, the majority of subsidized housing in the city is produced by nonprofit affordable housing developers and financed through the Low-Income Housing Tax Credit. In Santa Fe, there are 1,760 units of housing across 19 apartment projects funded using the Low-Income Housing Tax Credit, usually in combination with other funding sources.

The Santa Fe Homes Program, codified in SFCC 26.1, requires that all new housing developments provide a percentage of homes as affordable. Since 2017, the program has resulted in 418 completed affordable units and 268 affordable units under construction, in addition to another 1,095 approved units, the majority of which are in the Tierra Contenta and Midtown master planned areas, as shown below in Figure 7-9. Revisions to the program in 2018 added a fee in-lieu option for multifamily projects, greatly increasing developer flexibility and resulting in a significant increase in multifamily permits in the city. The details of the program are discussed in more detail in Section 7.5.2.

Figure 7-9. Affordable Housing Units Built in Santa Fe, 2017-2023

Source: City of Santa Fe Office of Affordable Housing

7.3.2.2 Homelessness and Shelter Facilities

According to the City's Five-Year Consolidated Plan (July 1, 2023 - June 30, 2028), the 2022 point-in-time count of homeless persons in Santa Fe found 58 unsheltered individuals. However, this count does not include those in shelter, transitional housing, permanent supportive housing, or "hidden homeless" residents staying with friends or family, in hotels or motels, or living in their vehicles. Stakeholders interviewed during the development of the Consolidated Plan in 2022 indicated that there are likely between 300 and 2,000 homeless individuals in Santa Fe across these varied categories of homelessness. The city has joined the Built for Zero campaign, a methodology and commitment to respond to and reduce homelessness with a goal of making homelessness rare and brief, organized by Community Solutions, a national nonprofit. As part of this effort, the city has been creating an improved inventory of its homeless population.

The City of Santa Fe and its nonprofit and governmental partners operate a variety of short-term shelter programs geared towards helping people obtain permanent housing and have access to the services they need to maintain their housing situation. These facilities include St. Elizabeth, which provides dedicated shelter beds for men, women, and families, the Interfaith Shelter, which includes a resource opportunity center, and Life Link, which also provides mental health services and support. Additionally, Esperanza offers support to victims of domestic violence, several youth shelters operate in the city, and the County of Santa Fe administers vouchers to veterans in Santa Fe. The table below summarizes shelter, transitional, and permanent supportive housing (PSH) beds in the city.

Table 7-4. Facilities and Housing Targeted to Homeless Households

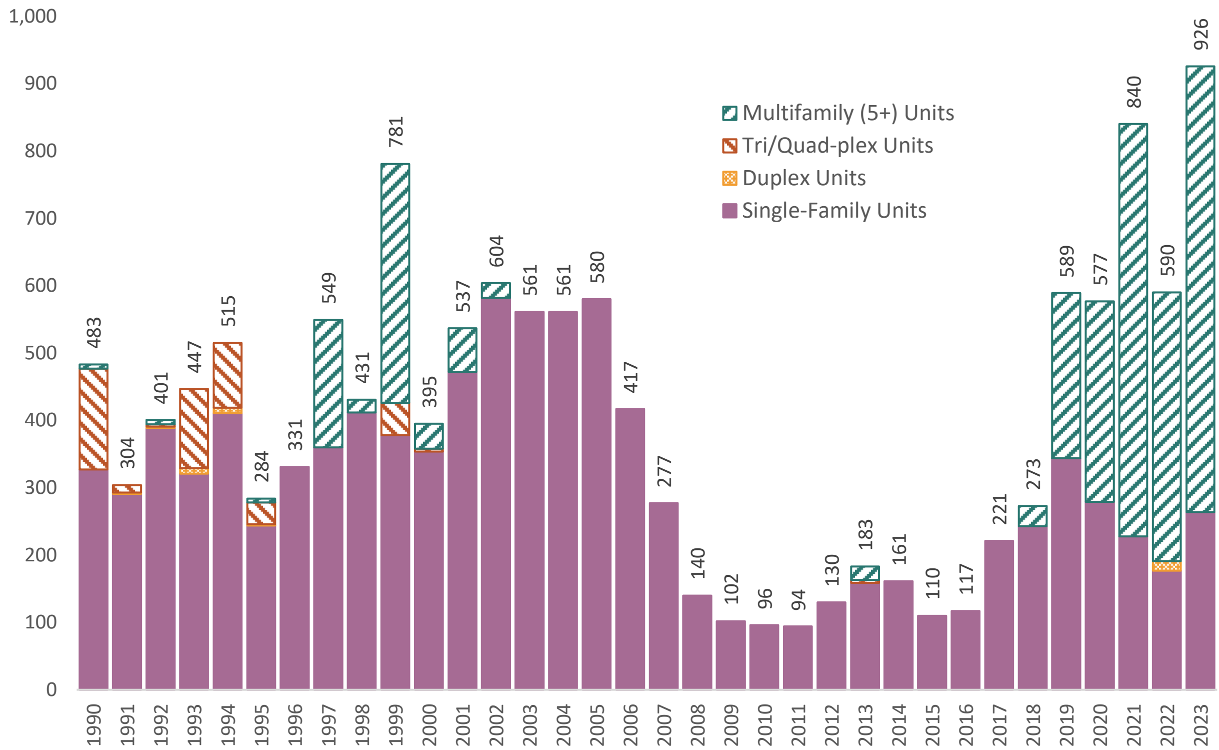
	Emergency Shelter Beds	Transitional Housing Beds	Permanent Supportive Housing Beds
Households with Adults and Children	141	63	45
Households with Only Adults	56	22	158
Chronically Homeless Households	0	40	47
Unaccompanied Youth	24	16	0

Source: City of Santa Fe Consolidated Plan, July 1, 2023-June 30, 2028

7.3.3 Housing Production Trends

The chart below shows building permits issued for housing in Santa Fe since 1990. After a period of relatively consistent construction of many unit types in the 1990s, housing production decreased dramatically after the 2008 recession, and multifamily construction essentially ceased until 2018. In the past five years, single-family construction has rebounded slightly, and there has been a dramatic uptick in multifamily construction, with between 407 and 840 units per year permitted since 2018. Many of these units are in significant large-scale projects, such as the Midtown Master Plan, Tierra Contenta, and Los Soleras, as well as other larger-scale apartment projects including Madera, Zia Station, Casa Azul, and Casa Verde. In addition, the City updated the Santa Fe Homes Program with several amendments in 2016-2019 to offer a fee-in-lieu option instead of providing a portion of the units as regulated affordable housing. The City also removed the on-site affordable unit requirement for projects of 10 or fewer units, and introduced “alternative compliance,” which gives developers flexibility to provide affordable units off site. These policy changes, which provided increased flexibility to multifamily developers, also contributed to the recent surge in apartment building in Santa Fe.

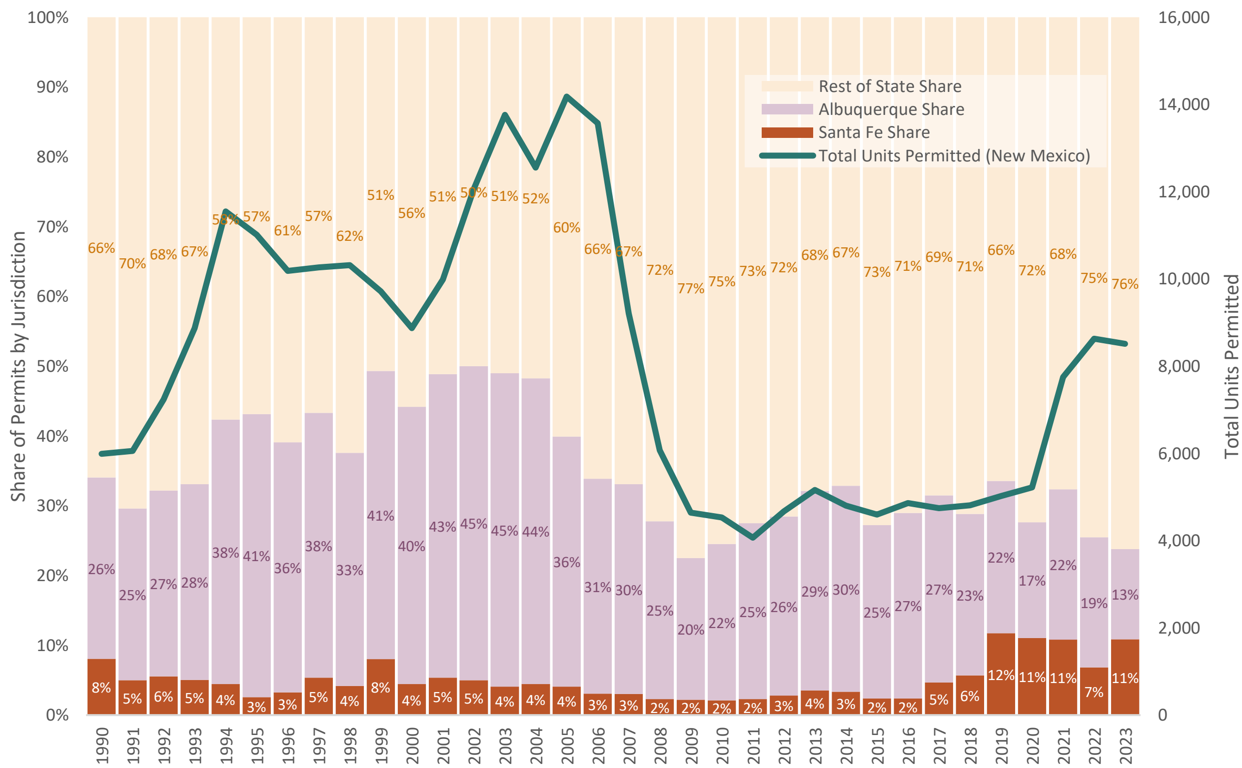
Figure 7-10. Housing Permits Issued in Santa Fe, 1990-2023



Source: U.S. Census Bureau Building Permits Survey

As shown below in Figure 7-11, housing production in New Mexico overall followed similar trends following the 2008 recession, with total units permitted falling from a high of over 14,000 in 2004 to a low of about 4,000 in 2011. From 1990 until very recently, Santa Fe made up well under 10 percent of total housing permits in the state, with Albuquerque seeing between a third and a half of all statewide permits in the 1990s and early 2000s. However, with the recent uptick in multifamily construction in Santa Fe, permits in the city have made up about 11 percent of statewide housing permits since 2019, while Albuquerque's share has decreased to around 20 percent. This fits with recent trends which show that Santa Fe has grown much more rapidly than Albuquerque in recent years. Santa Fe accounted for 23 percent of New Mexico's population increase from 2018-2023, while Albuquerque only accounted for 17 percent of statewide net new population over the same period. However, Santa Fe still accounts for only 4.2 percent of New Mexico's total population as of 2023. Overall, the trend in permitting seems to be towards growth outside of both cities, although new apartment permitting in Santa Fe has been having a notable effect on statewide housing supply since 2019.

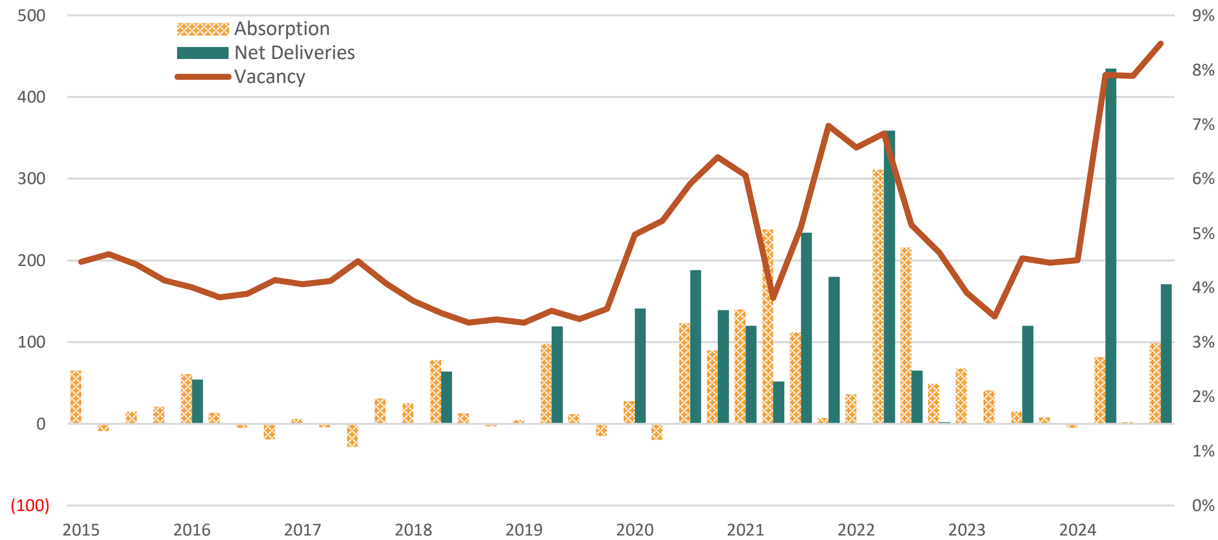
Figure 7-11. Share of Housing Permits in Santa Fe, Albuquerque and New Mexico, 1990-2023



Source: U.S. Census Bureau Building Permits Survey

Figure 7-12 shows multifamily construction ("deliveries"), leasing rates ("absorption"), and the multifamily vacancy rate over the past decade. The increased multifamily permitting noted above led to an increased vacancy rate of around seven percent in 2022. As these units became occupied, the subsequent fall in the vacancy rate down to three percent in 2023 showed continued demand for multifamily units in the city. For comparison, an industry rule of thumb is that a market is stable with a vacancy rate of five percent. A similar trend is unfolding currently, with a large uptick in available units leading to the current multifamily vacancy rate of about 8.5 percent as of the end of 2024. However, given the overall attractiveness of Santa Fe and the high demand for housing in the city, the currently high vacancy rate for apartments is likely to decrease again once the newly constructed units are occupied.

Figure 7-12. Multifamily Absorption, Net Deliveries, and Vacancy in Santa Fe, 2015-2024

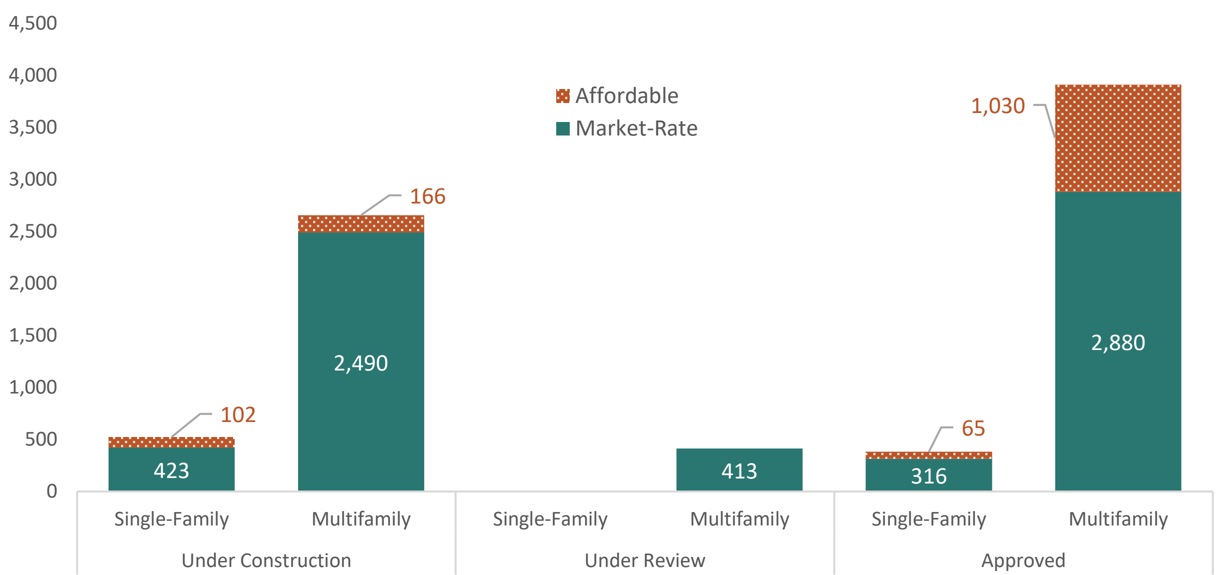


Source: CoStar

7.3.4 Housing Development Pipeline

There is a significant amount of housing in the development pipeline in Santa Fe as of early 2025, driven by the Tierra Contenta Phase 3 and Midtown master planned areas as well as a number of large multifamily projects of over 300 units each currently under construction, including Vista del Sierra, Zia Station, Madera, and the Village at Las Soleras. The chart in Figure 7-13 shows city data on projects that are currently under construction, under review, or are approved (i.e., permitted). There are over 2,500 multifamily units currently under construction and nearly 4,000 more approved multifamily units in the development pipeline, as well as several hundred single-family units.

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

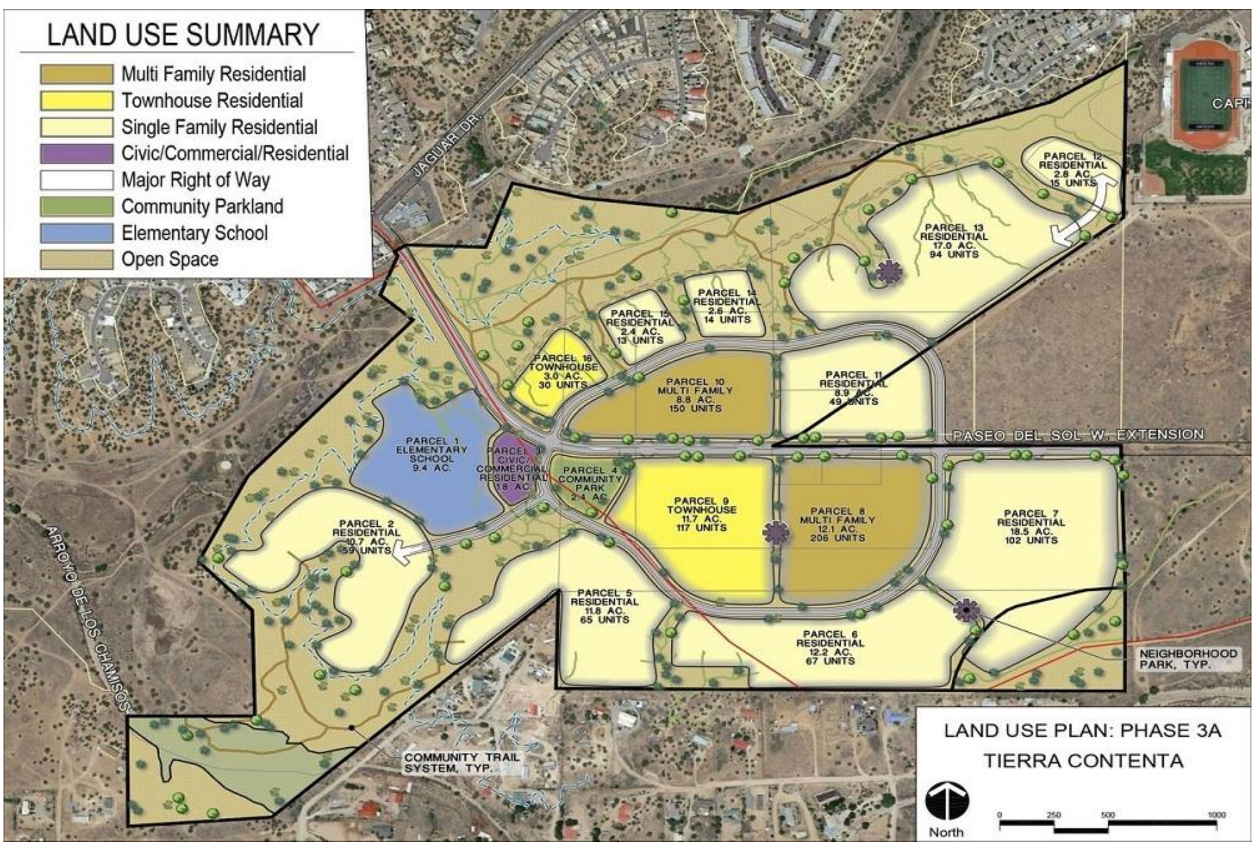


Source: City of Santa Fe

As noted above in Section 7.3.2.1, the Santa Fe Homes program requires a percentage of new construction in the city be made affordable to low- and moderate-income households, or the payment of a fee in lieu towards the Affordable Housing Trust Fund. Full details of the fee in lieu and more information on the specifics of the Santa Fe Homes Program are found in Section 7.5.2.1. As shown in Figure 7-13, 268 of the units currently under construction and 1,095 of the pipeline units will be affordable units.

Two significant master planned areas are contributing thousands of units to the housing pipeline – Tierra Contenta Phase 3 and Midtown. The 1,400 acres of Tierra Contenta were originally purchased by the City from a bankrupt developer in the 1990s. See Figure 7-14. Since then, the community has developed to include 2,300 homes, over 40 percent of which were provided at below-market rates to homebuyers earning 80 percent of the AMI or below. Recently, Homewise purchased the land for Phase 3 of the development, anticipating 1,500 total units, 600 of which will be affordable units. The master plan for Phase 3 calls for a wide variety of housing types and land use flexibility to allow and encourage missing middle housing types, including row houses, duplexes, and courtyard developments, to further increase affordability for a wide range of households. The community will also include a school site and open space and parks.

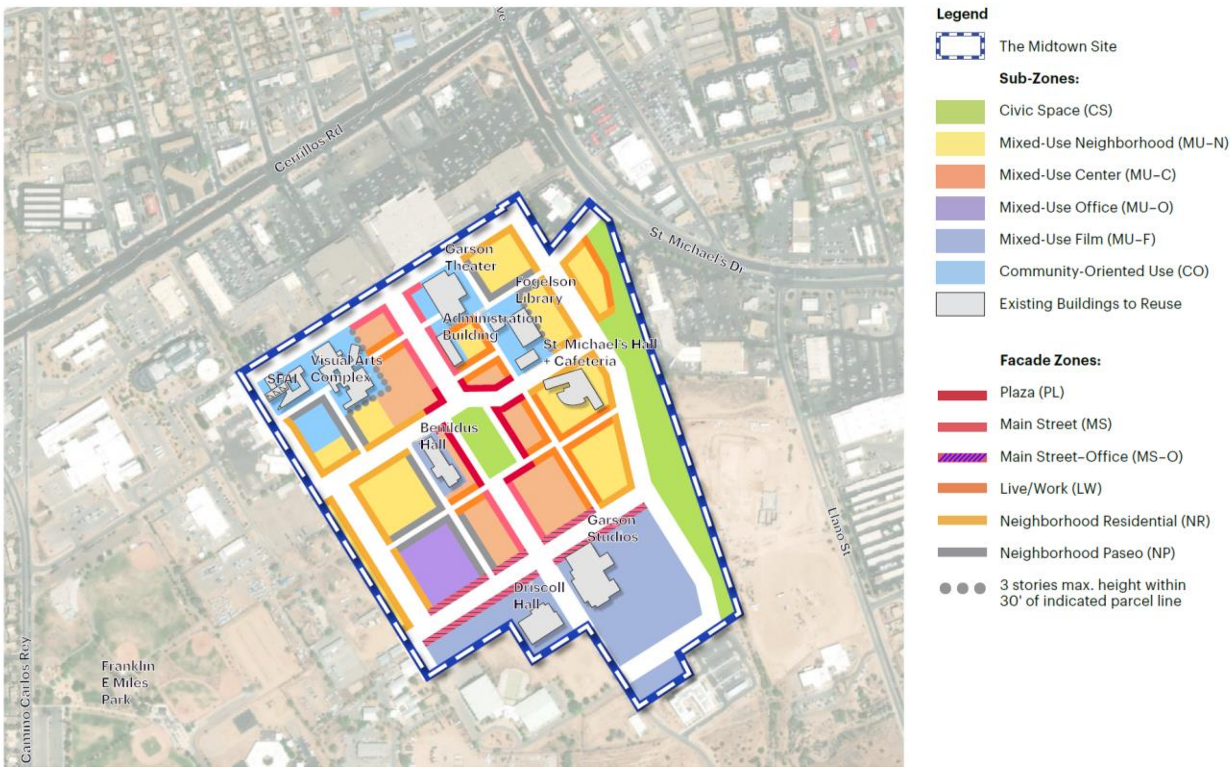
Figure 7-14. Tierra Contenta Phase 3 Master Plan Land Use Map



Source: New Mexico Sun

The Midtown Master Plan reenvisions the former campus of the Santa Fe University of Art and Design in central Santa Fe. See Figure 7-15. Closed in 2018, the City undertook an extensive master planning effort in 2022 to reimagine the campus as a mixed-use center with a variety of residential, commercial, office, and film uses, including some reuse of existing buildings. A total of 1,100 units in the pipeline are approved for Midtown, including 330 affordable units.

Figure 7-15. Midtown Master Plan Development Standards



Source: Midtown Master Plan

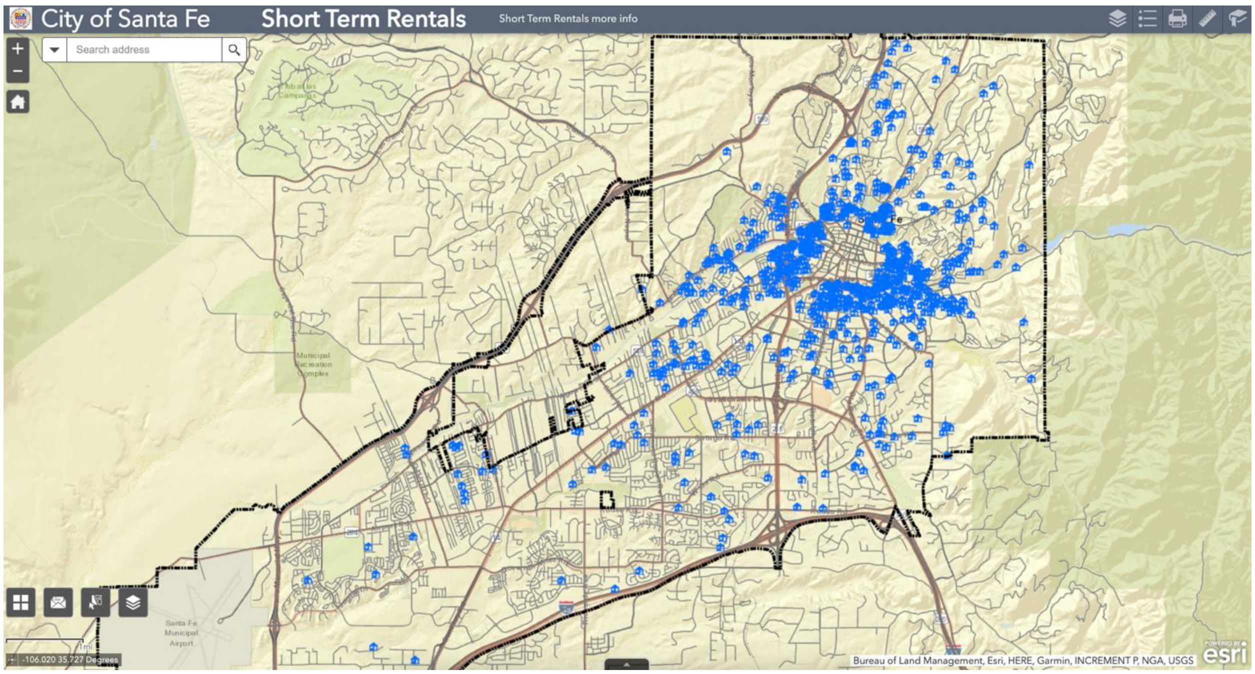
7.3.5 Vacation Rentals/Second Homes

One of Santa Fe's main economic drivers is tourism. The rise of short-term rentals on platforms such as Airbnb and VRBO over the past 20 years has caused increasing pressure on the housing market in many tourist destinations around the country as homes formerly serving full-time residents have transitioned into short-term rentals. In 2020, Santa Fe's governing body approved new short-term rental regulations that went into effect in 2021, establishing a total citywide cap of 1,000 short-term rentals in residentially zoned areas (no limits in commercial areas), requiring permitting and record-keeping for short-term rental units, and restricting the proximity of short-term rental units to one another. All short term rentals require a business license, only one short-term rental permit per person is allowed in residential zones, and there must be a local operator physically present to respond to emergencies and complaints at the unit.

The short-term rental map on the City of Santa Fe's website shows 773 permits for short-term rentals issued as of April 16, 2025. Figure 7-16 shows the locations of these permitted units.

A 2019 report by Homewise estimated 1,444 active short-term rentals in the city, and at that time, 60 percent were registered with the city. The report suggested short-term rental growth was slowing, though it was produced prior to the COVID-19 pandemic.[3] It is reasonable to assume that there are additional rentals in the city beyond the 773 permitted properties – for example, AirDNA, an aggregator of short term rental data, estimates over 2,000 units in Santa Fe. Continued enforcement of the short-term rental ordinance will be important in maintaining an accurate count and mitigating the impacts of these properties on full-time resident housing availability.

Figure 7-16. City of Santa Fe Short-term Rental Locations



Source: City of Santa Fe

In addition to short-term rentals, Santa Fe is a popular destination for retirees and second home owners. Second homes can similarly restrict access to housing for full-time residents. The chart in Figure 7-17 shows Census-reported "seasonal, recreational, or occasional use" units in the city over the past decade, along with total housing units in the city and the corresponding percentage of seasonal/recreational units. This census category includes vacation rentals such as Airbnb, time shares, and units "used or intended for use only in certain seasons or for weekends or other occasional use throughout the year."[4] As shown below, the number of seasonal/recreational units increased slowly from 2014 to 2020, but dropped by 37 percent between 2020 and 2023. With the increased overall unit count in the city since 2019, the share of seasonal/recreational units has dropped by almost half, from almost 10 percent in 2020 to about 5 percent in 2023. Trends in Santa Fe County are broadly similar in trajectory, with lower overall rates of seasonal/recreational units. In the county (excluding the city), rates are at about 3.5 percent, down from about 6 percent five years ago. These decreases may be

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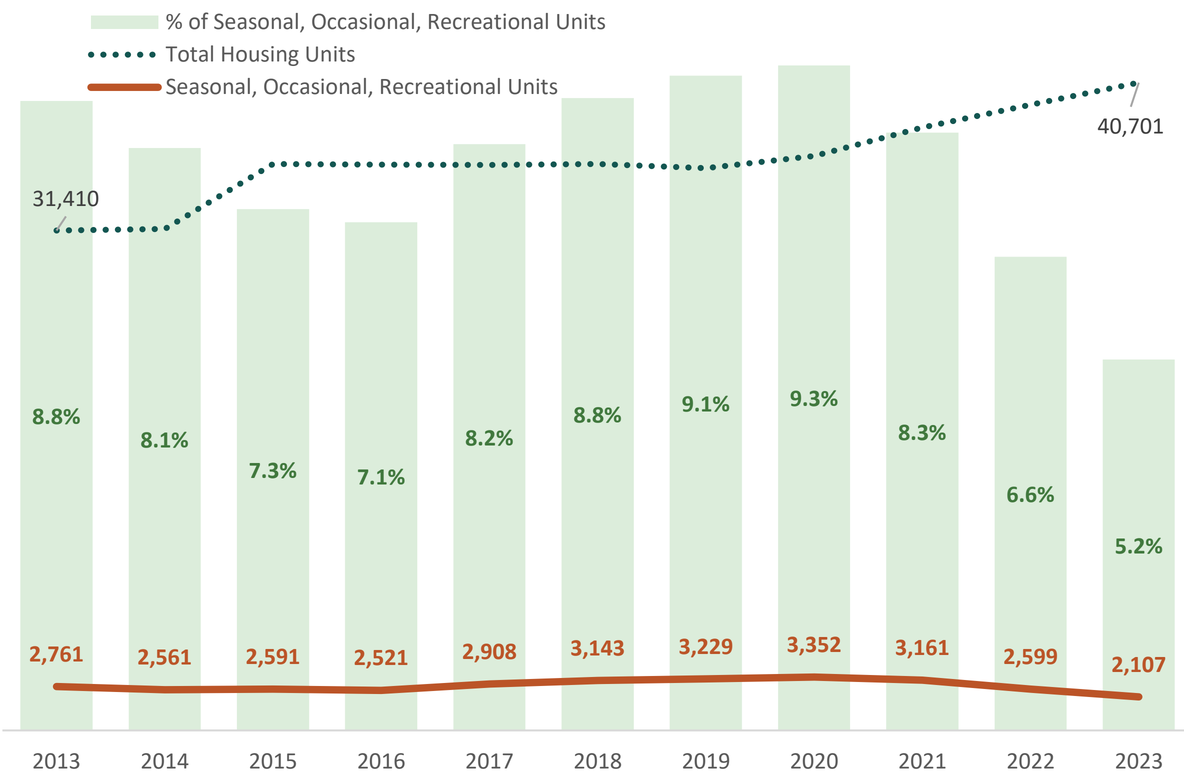
3 Kelly O'Donnell, "Short Term Rentals and Access to Housing in Santa Fe." June 2019. https://homewise.org/wp-content/uploads/2022/08/Short-Term-Rentals-Report-JUN_19.pdf

[4] American Community Survey and Puerto Rico Community Survey 2023 Subject Definitions: https://www2.census.gov/programs-surveys/acs/tech_docs/subject_definitions/2023_ACSSubjectDefinitions.pdf

related to the new regulatory environment, overall changes in the market since the COVID-19 pandemic, or other factors, such as people purchasing vacation homes with the intention to eventually use them full-time in retirement. Overall, the trend indicates a potentially positive direction for housing accessibility for full-time residents of Santa Fe.

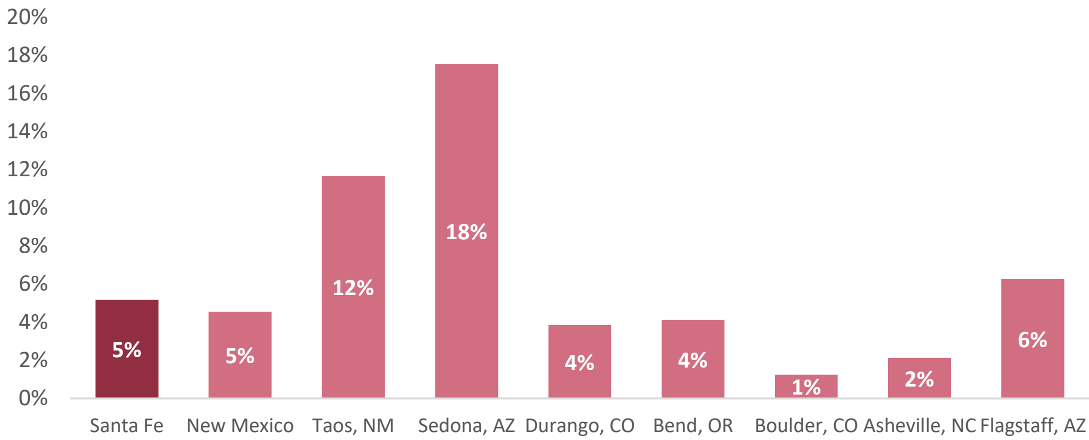
Figure 7-17. Seasonal, Recreational, and Occasional Use Units in Santa Fe, 2013-2023



Source: 2013-2023 U.S. Census Bureau American Community Survey, Tables B25002, B25004

Comparing Santa Fe with the state, other small- and medium-sized tourism destinations in the southwest, and comparison cities from the Demographic Profile chapter shows that the current share of seasonal/recreational units, around 5 percent, is on par with the statewide average and with Santa Fe's comparison cities. The rate of seasonal/recreational units in Santa Fe is significantly below that of the smaller, more highly tourism-focused cities of Taos, New Mexico, and Sedona, Arizona. This does not mean that vacation rentals and second homes are not having an impact on Santa Fe's housing supply, but the share of these units does not seem to be as impactful on the overall housing supply as in some other tourist destinations, and is generally in line with Santa Fe's peer cities. Figure 7-18 below displays seasonally occupied units in Santa Fe compared with other communities.

Figure 7-18. Seasonal, Occasional, and Recreational Units in Santa Fe and Comparison Communities, 2023

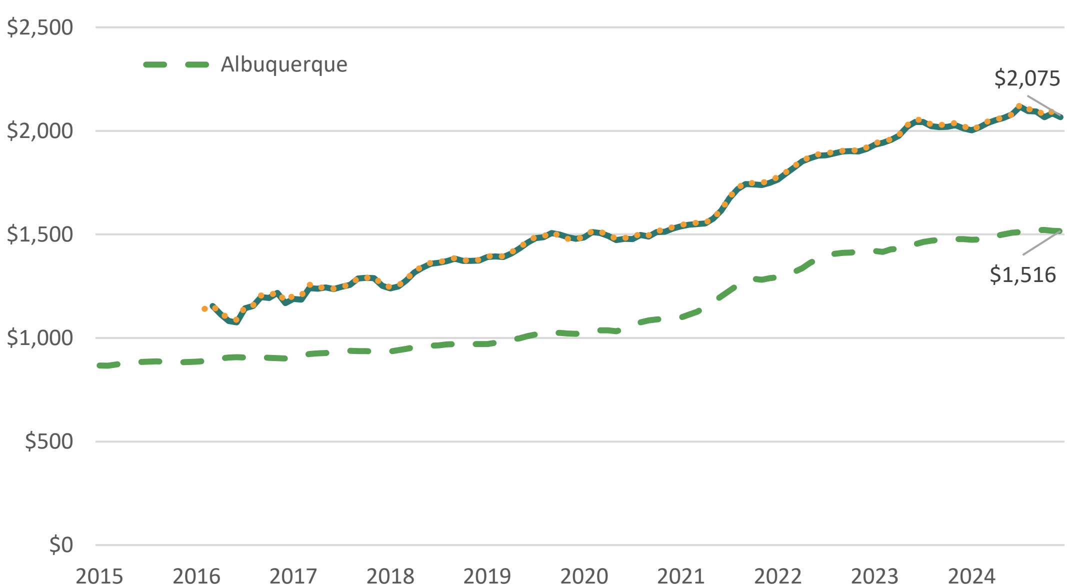


Source: 2023 U.S. Census Bureau American Community Survey, Tables B25002, B25004

7.3.6 Rents, Housing Costs, and Vacancy Rates

Accurately assessing rents can be challenging due to differences between Census-reported rents and commercial data sources. Figure 7-19 below shows Zillow's rent index, based on weighted calculations of average listed rents between the 35th and 65th percentile of rents for all homes and apartments. This index shows average rents in Santa Fe at $2,075 as of the beginning of 2025, an 82 percent increase since the index began in 2016, or an average increase of 7.8 percent per year. Zillow's data shows essentially the same figures for the city and the county. Rents in Santa Fe have increased consistently since 2016, though the rate of increase has slowed notably in the past two years, potentially the result of the large number of apartments constructed during that time. Rents in Albuquerque are about 25 percent lower than Santa Fe.

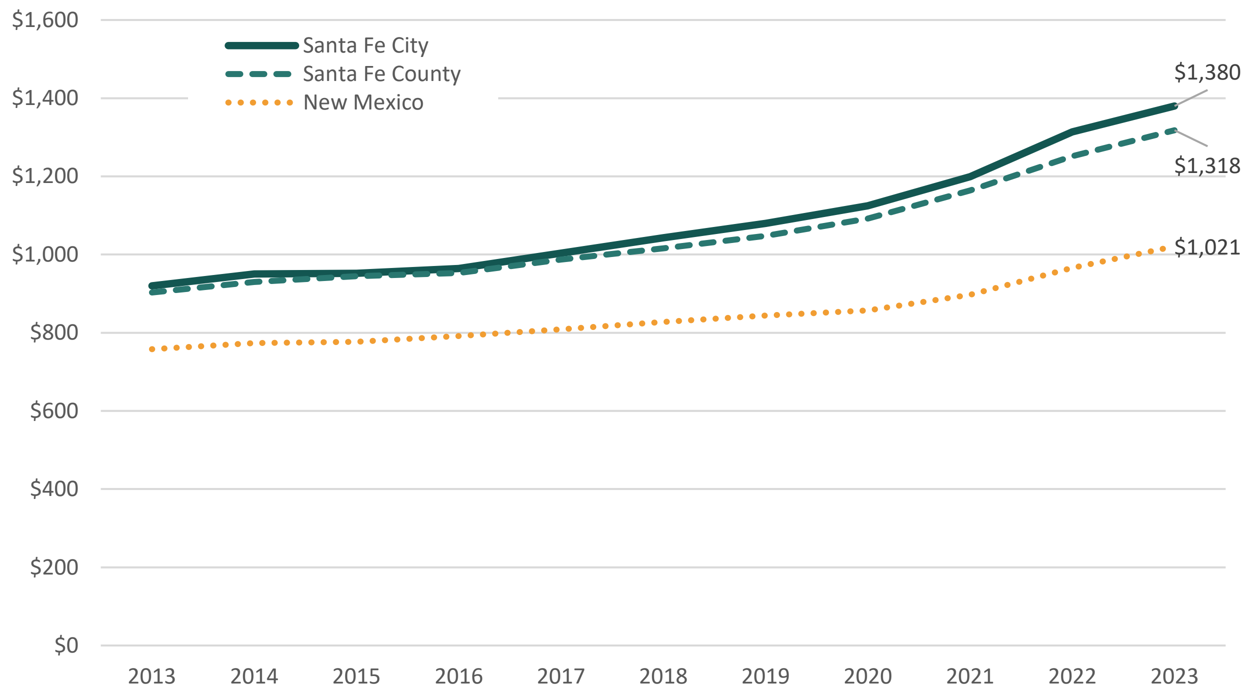
Figure 7-19. Zillow Observed Rent Index (ZORI) for Santa Fe with Comparison Areas, 2015-2025



Source: Zillow

Census-reported rents are shown below in Figure 7-20 for the city, county, and state. These rents are about $500 less than the Zillow-reported rent index above. Due to self-reporting and the nature of American Community Survey multiple-year averaging, Census rents are often notably lower than observed market rents. Although the amounts are lower, the trajectories are similar, with steady rent growth tapering off slightly. The ACS data shows a 50 percent increase in rents since 2013, or an annual growth rate of 4.6 percent.

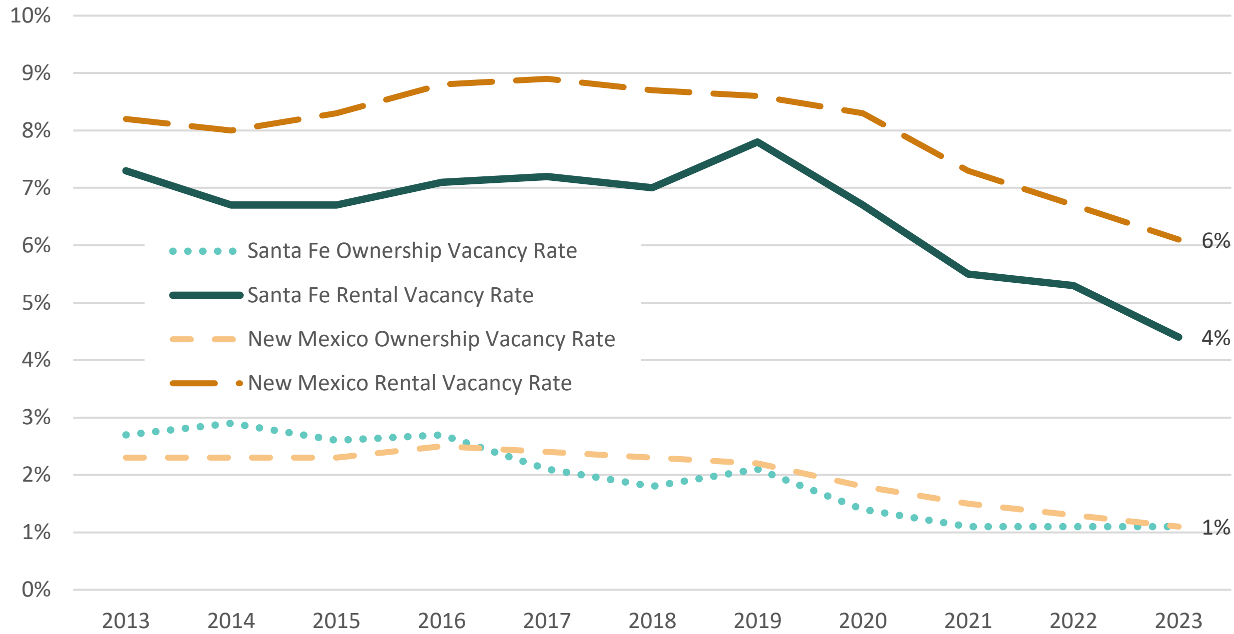
Figure 7-20. ACS Median Gross Rent for Santa Fe with Comparison Areas, 2015-2025



Source: 2013-2023 American Community Survey 5-Year Estimates, Table DP04

Vacancy rates are shown below for both rental and ownership units. Rental vacancy rates have decreased in the city and state since 2020, with a 4 percent vacancy rate in Santa Fe as of 2023, slightly below a 5 to 6 percent "healthy" vacancy rate, which provides for adequate housing choice for potential renters. Note that vacancy rates for multifamily buildings specifically have increased notably since 2023 due to the construction of a large number of apartments in the city, as discussed above in Section 7.3.3. On the homeownership side, vacancy rates are much lower, around 1 percent in both the city and state. Although in healthy markets ownership vacancy rates are typically lower than rental vacancy rates, the 1 percent vacancy rate for ownership housing indicates a tight market for ownership housing in the city and state.

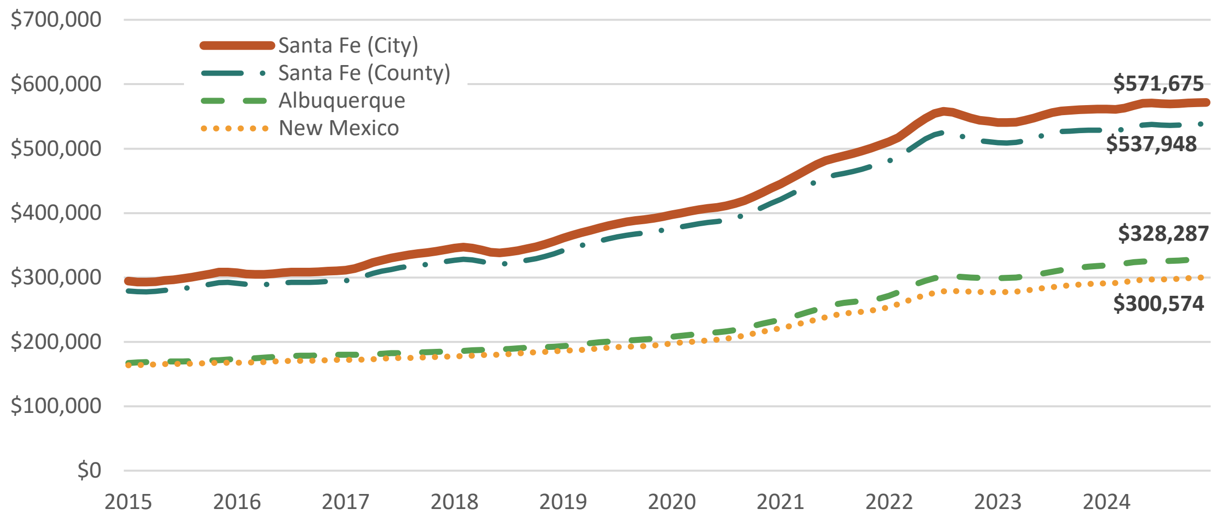
Figure 7-21. Rental and Ownership Vacancy Rates in Santa Fe and New Mexico, 2013-2023



Source: 2013-2023 American Community Survey 5-Year Estimates, Table DP04

Figure 7-22 below shows the Zillow Home Value Index (ZHVI) for Santa Fe city and county, along with the state and Albuquerque. The ZHVI represents the "typical" home value for a region, calculated as a weighted average of the middle third of homes in a given region. Currently, homes in Santa Fe cost about 1.9 times the statewide average, and 1.7 times that of the typical home in Albuquerque. In Santa Fe, home values have increased 93 percent over the past decade, rising from $296,104 at the beginning of 2015 to $571,675 at the beginning of 2025, an increase of 6.8 percent yearly. This parallels similar rates of increase in the county and in Albuquerque, but outpaces the state, which saw an 84 percent increase in home values between 2015 and 2025, or a yearly average growth rate of 6.3 percent. Overall, the rate of home value increase was the steepest immediately following the onset of the COVID-19 pandemic in 2020 but has stabilized since the interest rate increases in 2022, with only a 3 percent increase since mid-2022.

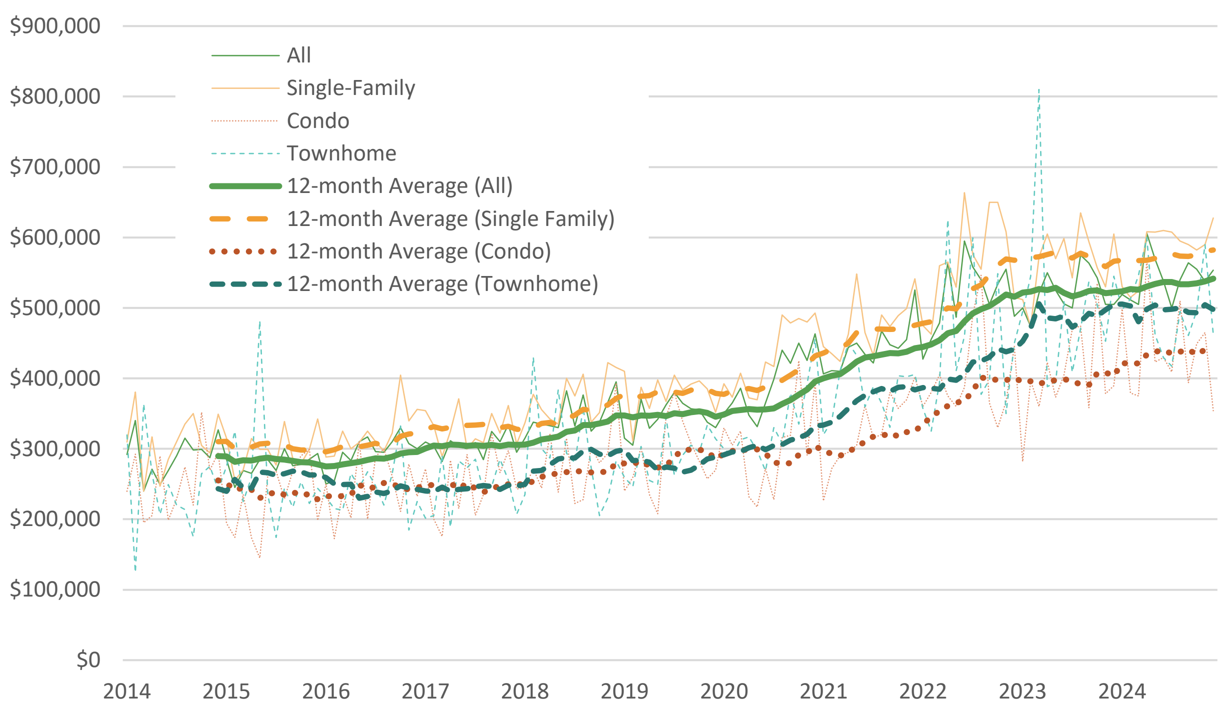
Figure 7-22. Zillow Home Value Index (ZHVI) for Santa Fe with Comparison Areas, 2015-2025



Source: Zillow

Figure 7-23 shows median sales prices for all homes in Santa Fe broken down by housing type over the past decade. Single-family median home prices are the highest, nearing $600,000, whereas townhomes are selling for nearly $100,000 less and median condo prices are closer to $450,000. As with the average home value data shown above, the sales price data, when averaged over a 12-month period, shows a similar acceleration between 2020 and 2023, and a more recent stabilization of prices for all ownership housing types.

Figure 7-23. Redfin Median Monthly Sales Price by Housing Type in Santa Fe, 2014-2024



Source: Redfin

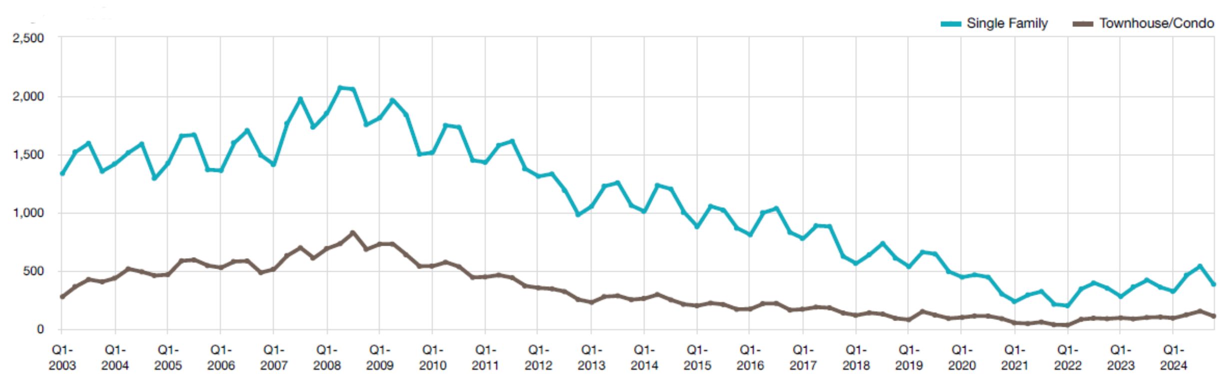
7.3.7 Market Trends and Outlook for Various Housing Types

7.3.7.1 Single-Family and Condos/Townhomes

As shown in Figure 7-22 and Figure 7-23, single-family sales prices in Santa Fe have continued to increase in recent years, albeit at a slower rate than immediately following the onset of the COVID-19 pandemic in 2021-2023. Nevertheless, the Santa Fe Association of Realtors reports that the median home price increased by 2.6 percent between the end of 2023 and the end of 2024, and a more rapid increase of 7.9 percent between the third and fourth quarters of 2024. As shown in Figure 7-21, vacancy rates for ownership housing have remained around 1 percent for the past several years, indicating continued demand for single-family homes, condos, and townhomes in the city and a constrained supply.

In Santa Fe, 194 homes were sold in the fourth quarter of 2024, compared with 150 units in the fourth quarter of 2023. The inventory of available homes for sale in the city reached a low of 198 single-family units and 32 townhomes/condos in early 2022, but has since rebounded somewhat, with 382 single-family units and 109 townhomes/condos for sale as of the end of 2024. Despite this slight rebound, the inventory of available homes is still lower than almost any time in the past two decades, as shown below, indicating a continued demand for ownership housing in Santa Fe.

Figure 7-24. Historical Inventory of Homes for Sale, 2003-2024



Source: Santa Fe Association of Realtors

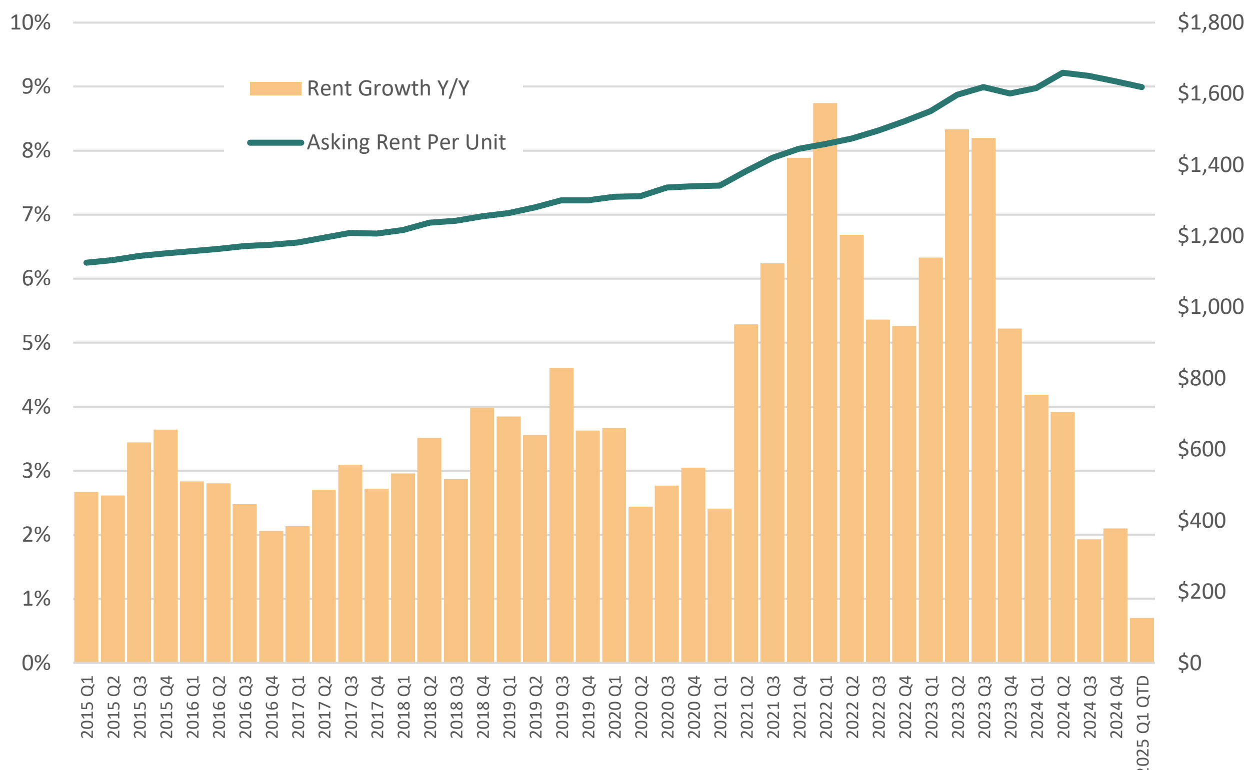
Similar to nationwide trends, Santa Fe's single-family market is still strong despite high sales prices and continued high borrowing costs. The outlook for interest rates seems to be an expectation for continued rates of at least 6 percent, though current economic conditions are uncertain. As discussed in Sections 7.3.3 and 7.3.4, recent years have seen around 200 to 250 single-family homes constructed per year in the city, and there are several hundred more single-family homes in the pipeline. The Realtor's Association is forecasting continued high prices and significant home sales activity, though delivery of these new units to the market may provide more choice and allow homebuyers more time to make purchases.

7.3.7.2 Multifamily

As discussed above in Section 7.3.3, Santa Fe has seen significant multifamily construction in recent years, with about 2,500 more apartments under construction and another 2,500 approved for future development. This influx of new apartments has caused multifamily vacancy rates to fluctuate dramatically. CoStar reports that absorption (lease-up) of new apartments has averaged about 260 units per year over the past five years, and that expected construction in 2025 represents about 20 percent of the total inventory of apartments in the city.

Multifamily rents per unit are currently about $1,600, according to CoStar data from early 2025, shown below in Figure 7-25. Rents have been essentially stable since mid-2023, with a slight decrease in 2024. The chart also shows the rent growth year over year, which hovered around 3 percent from 2015 to 2021, after which rent increases accelerated, reaching nearly 9 percent year over year in late 2021 and late 2023. However, the significant influx of new units in the past few years has rapidly slowed rent increases, with early 2025 rents only about a half a percent higher than rents a year earlier. As multifamily construction continues at a rapid pace compared with historic trends, rent growth will likely remain limited for several years as those new units are filled. This is a positive trend for rental affordability in the city, though it will likely reduce feasibility for multifamily construction for some time after the current apartment boom subsides.

Figure 7-25. Multifamily Rent Growth Year over Year and Asking Rent in Santa Fe, 2015-2025



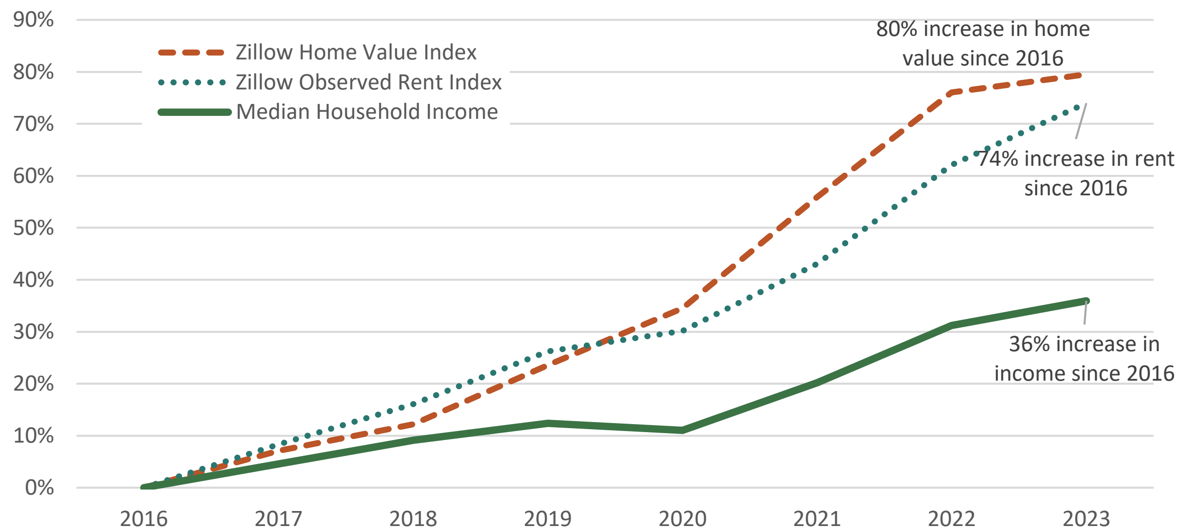
Source: CoStar

7.4 Housing Affordability

7.4.1 Housing Affordability for Owner and Renter Households

As discussed previously, housing prices have increased in Santa Fe in recent decades, and particularly since the onset of the COVID-19 pandemic in 2020. Median incomes in the city have also increased since 2020, but at a considerably slower pace. Figure 7-26 shows the percentage change in median household income and average home values and rents since 2016.[5] Median incomes in the city have risen 36 percent since 2016, whereas rents have increased 74 percent and home prices have increased 80 percent. This growing gap results in households spending higher shares of their income on rent and housing costs. Note that Census data on incomes is only updated as of 2023, so this data does not yet reflect the recent trend towards stabilization of rent prices in the city, at least in multifamily housing, which may serve to decrease the acceleration of this gap in the coming several years.

Figure 7-26. Changes in Income, Home Value, and Rent in Santa Fe, 2016-2023

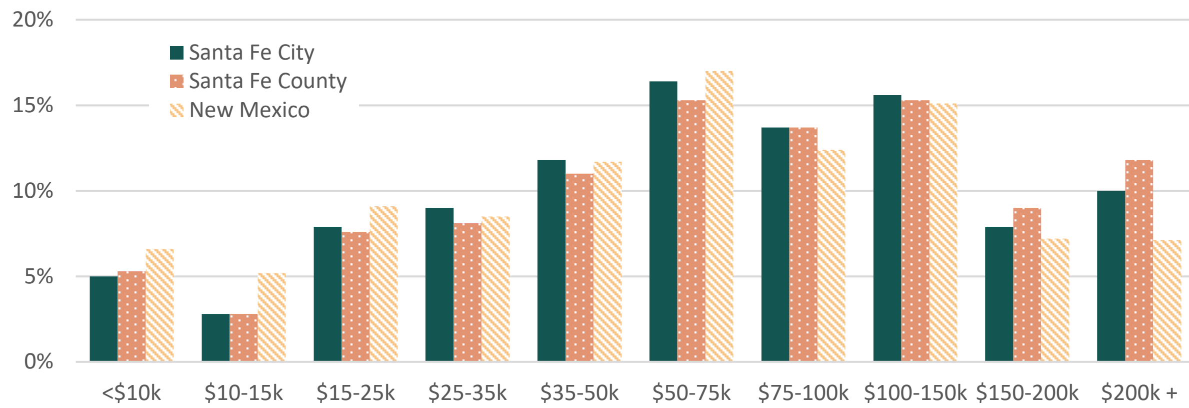


Source: 2016-2023 American Community Survey 5-Year Estimates, Table DP04, Zillow

The chart above is based on the median household income in the city ($70,110 as of 2023), which can obscure the range of incomes across households in Santa Fe. Figure 7-27 shows the income distribution of households in the city, county, and state. About 16 percent of households fall in the bracket with the median income. About 10 percent of Santa Fe households earn over $200,000, and 5 percent make under $10,000 per year. Overall, the city's income distribution is skewed more towards higher earning households than statewide averages, though Santa Fe County has higher shares of moderate and very high-income households than the city.

[5] Note that Zillow Observed Rent Index data for Santa Fe is not available before 2016, accounting for the shorter time frame of this chart compared to other analyses.

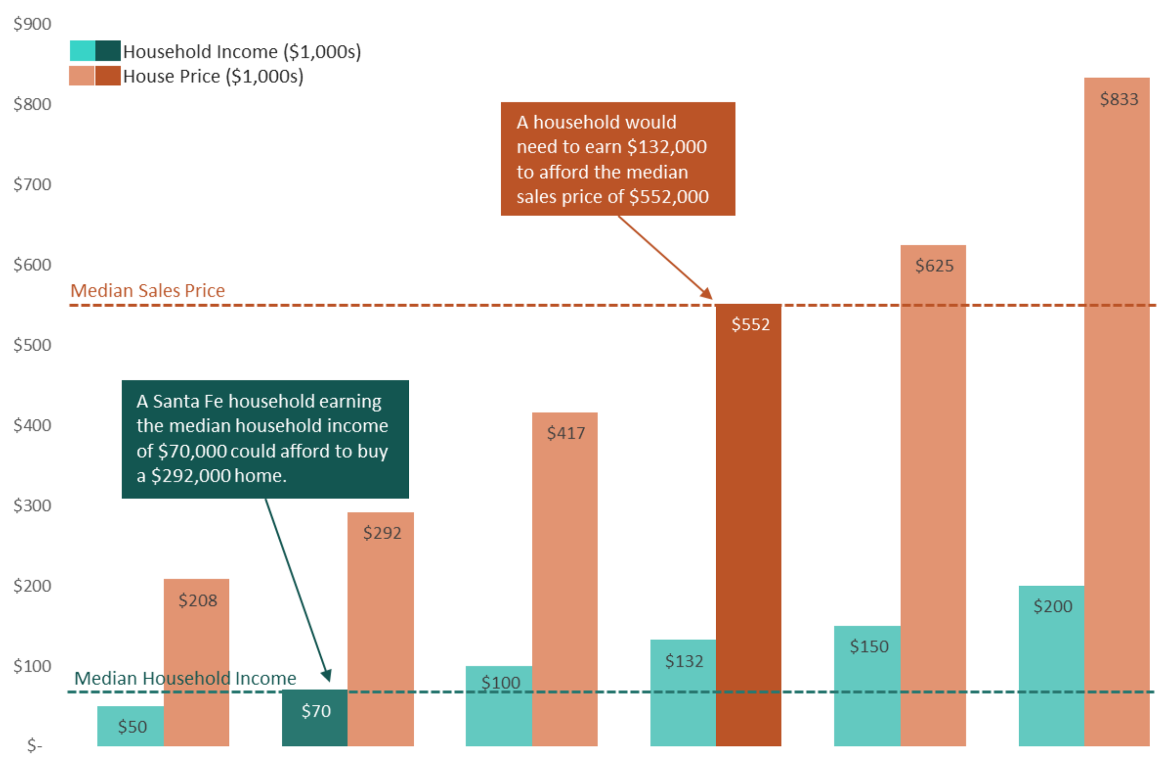
Figure 7-27. Household Income Distribution in Santa Fe City, County, and New Mexico, 2023



Source: 2023 American Community Survey 5-Year Estimates, Table DP03

The chart below in Figure 7-28 shows the housing prices that households earning a variety of income levels could afford in Santa Fe, based on current interest and tax rates, and assuming a 20 percent down payment and 30-year mortgage. There is a gap of $260,000 between the house price that would be affordable to the median household and the median sales price in the city. Or, to put it another way, the median household would need to earn $62,000 more to be able to afford the median home. Based on the income distribution shown above, only about one-third of Santa Fe households would be able to afford the average home given current real estate market conditions.

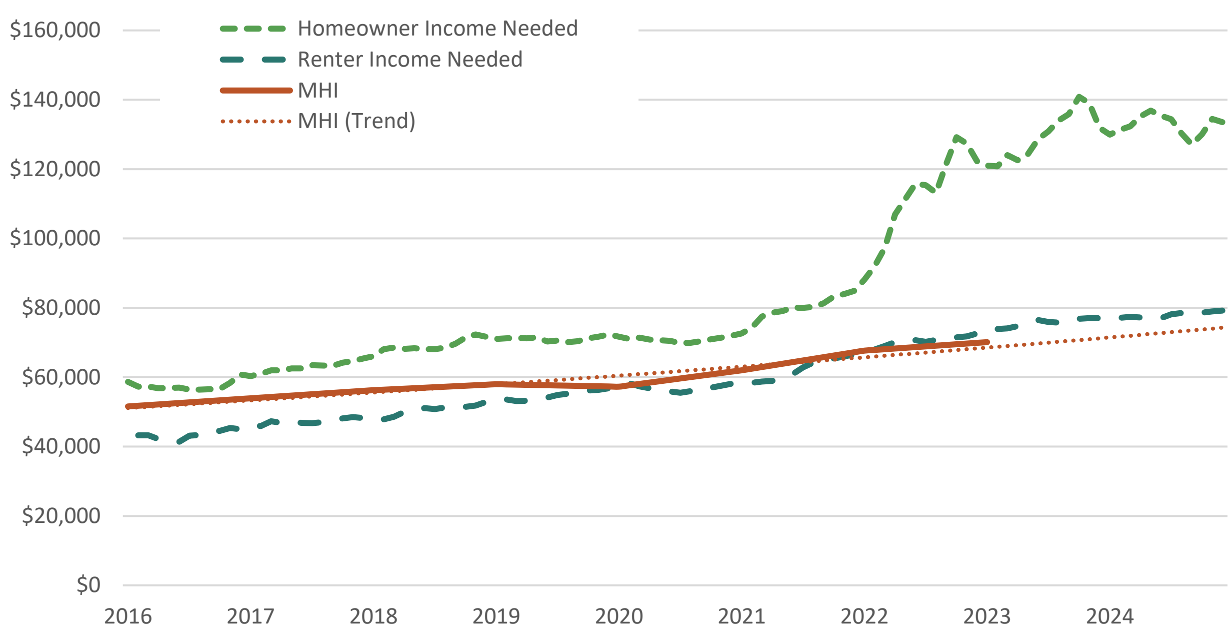
Figure 7-28. Ownership Housing Affordability in Santa Fe, 2023



Source: 2023 American Community Survey 5-Year Estimates, Table DP03, Zillow

The chart in Figure 7-29 considers housing affordability over time for ownership and rental households, based on median household income, Zillow sales and rental indices and the assumption that households should not pay more than 30 percent of their income in housing costs. Census-reported Median Household Income is also shown through 2023 (with a trendline to enable comparison with more recent housing price data). The trend for ownership housing is similar to that discussed previously, with a significant separation between median income and the amount needed to afford a home in the city from 2020 to 2023. On the other hand, the income needed to afford average rents is considerably closer to the median household income. However, only about one-third of housing stock in the city is rental housing, although this share will likely increase due to the significant amount of multifamily housing currently under construction and in the pipeline.

Figure 7-29. Income Needed to Afford Housing in Santa Fe, 2016-2025



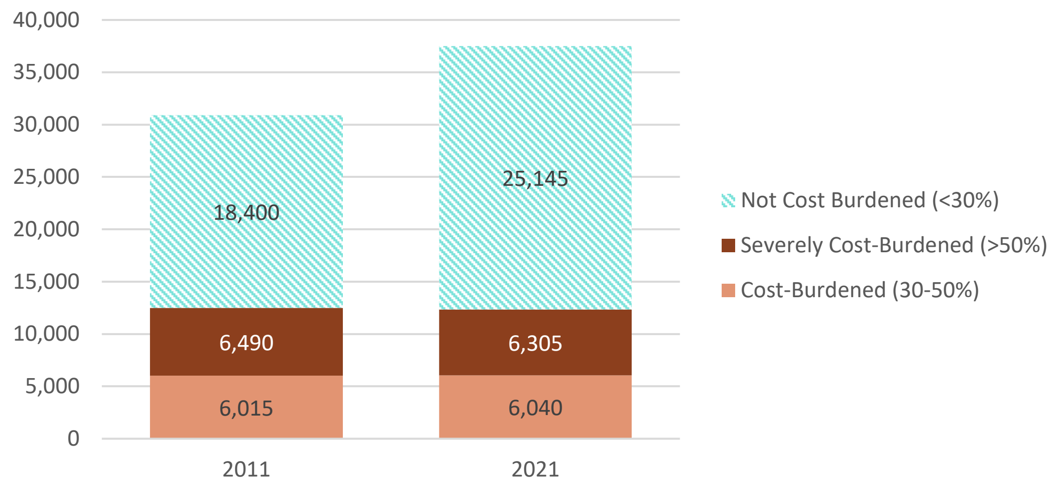
Source: 2023 American Community Survey 5-Year Estimates, Table DP03, Zillow

7.4.2 Cost-Burdened Households

HUD uses a measurement of “cost-burden” to determine when households are spending too much on housing costs. A household is considered to be “cost-burdened” if they are spending more than 30 percent of their income on housing, including rent or mortgage and utilities. A household is considered “severely cost-burdened” if they are spending more than 50 percent of their income on housing.

The chart in Figure 7-30 shows total households by level of cost-burden in Santa Fe from the most recent available HUD CHAS data from 2021 and in comparison with 2011. Overall, the number of cost-burdened and severely cost-burdened households has remained essentially unchanged over the decade, with a large increase in the number of households not reporting cost-burden. Some of this increase in non-cost burdened households likely represents higher-income residents moving into Santa Fe and potentially displacing existing lower-income residents.

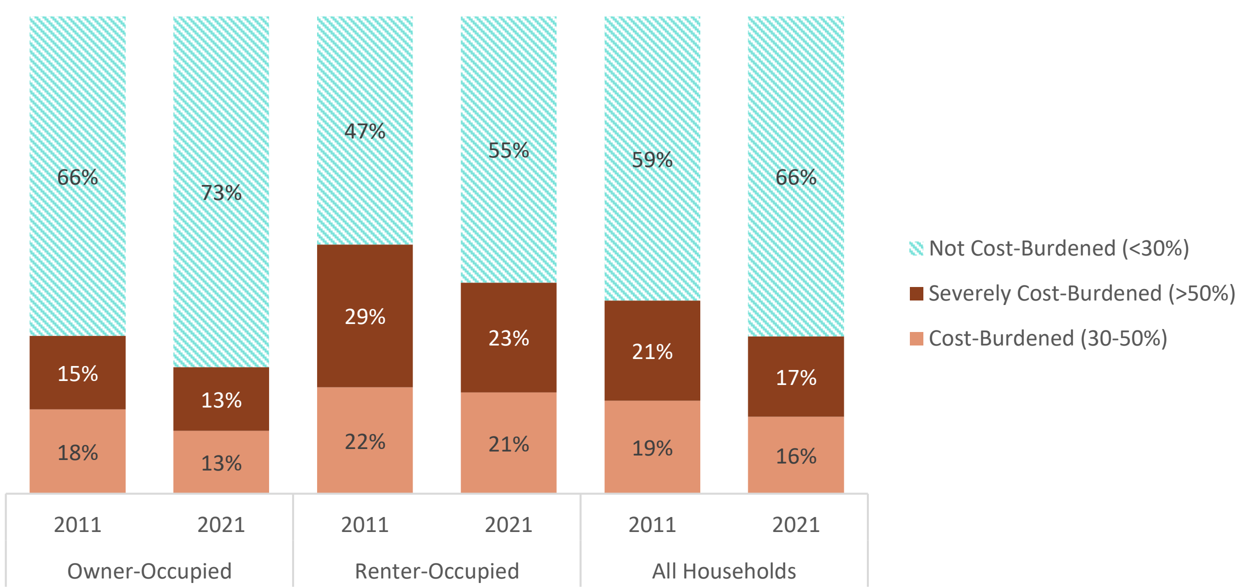
Figure 7-30. Cost Burdened Households in Santa Fe, 2011-2021



Source: 2017-2021 HUD Comprehensive Housing Affordability Strategy (CHAS)

Figure 7-31 shows the share of households facing cost-burden by tenure in the city. Although the total number of cost-burdened households has remained consistent, the share of cost-burdened households has decreased from 40 to 33 percent since 2011. Renters face higher rates of cost burden, at 44 percent, compared with 26 percent of homeowners. The share of cost-burdened renters and homeowners have both decreased since 2011. In particular, the share of severely cost-burdened renter households paying more than half their income in rent has dropped from 29 to 23 percent over the decade, whereas the share of renters paying 30 to 50 percent has remained essentially constant. This shows that Santa Fe has kept up reasonably well with housing demand.

Figure 7-31. Cost Burden by Tenure in Santa Fe, 2011-2021



Source: HUD Comprehensive Housing Affordability Strategy (CHAS)
Note that some columns may not total 100% due to small numbers of households where cost-burden data is unavailable.

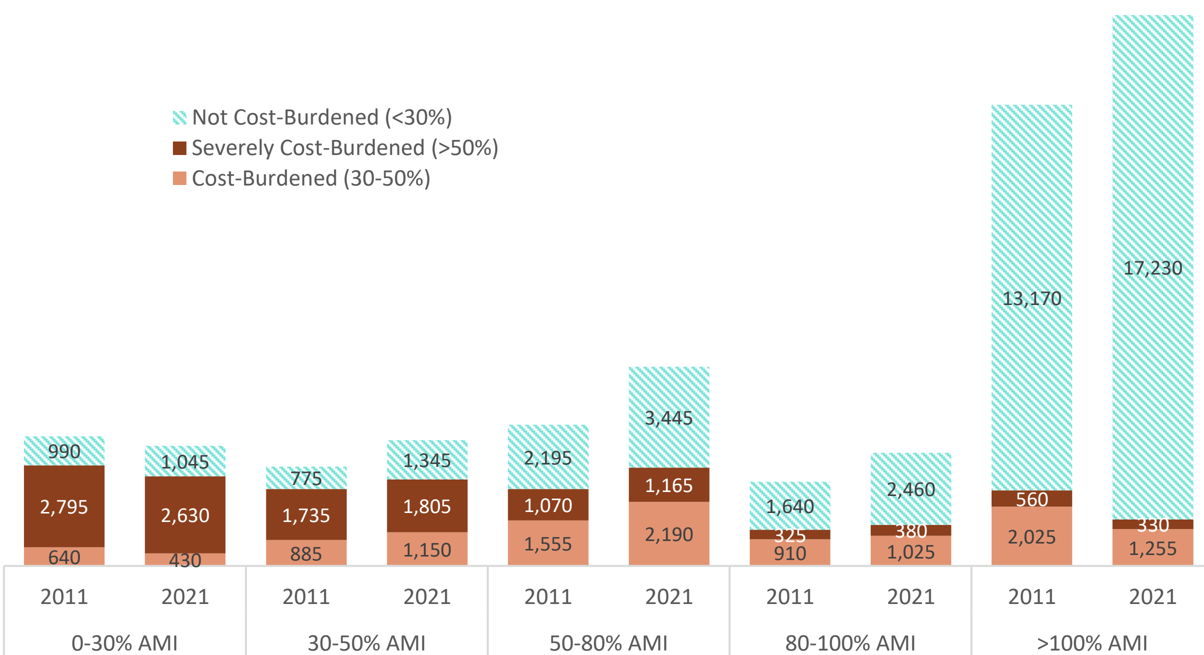
Figure 7-32 shows households by level of cost burden and by income bracket, shown as a percentage of the HUD area median income (see box at right). In Santa Fe County, the HUD AMI for 2024 is $91,500.

The data in Figure 7-32 reveals further trends in housing affordability and costs in Santa Fe. The majority of extremely low-income households are severely cost-burdened, and this trend has remained consistent over the past decade. Similarly, about half of very low-income households also spend more than 50 percent of their income on housing costs. There has been a notable increase in households earning 50 to 80 percent AMI, though rates of overall cost burden have actually decreased from 54 to 49 percent in this income bracket. This may reflect the impact of subsidized development in the city that can serve these households. There has also been a large increase in high-income households in the city, and by and large these households do not face housing affordability challenges. However, this influx of higher-income households and the overall decreases in cost burden is likely partially due to displacement of lower-income households as more affluent residents have moved to Santa Fe.

Area Median Income

A countywide metric developed by HUD to determine eligibility for subsidized affordable housing. AMI is generally higher than the Census-reported median household income because it is based on the Census-reported median *family* income, which excludes non-family households (one-person households and multi-person households of unrelated individuals). HUD defines households as “extremely low income” if they earn 30 percent AMI or less, “very low income” if they earn 30-50 percent AMI, and “low income” if they earn 50-80 percent AMI.

Figure 7-32. Cost Burdened Households by Income in Santa Fe, 2011-2021



Source: HUD Comprehensive Housing Affordability Strategy (CHAS)

7.5 Existing Housing Policy Review

This section provides an overview of housing goals and policies from Santa Fe's 1999 General Plan, as well as recommendations from more recent housing planning efforts, including the City's HUD Consolidated Plan and 2023 Five-Year Affordable Housing Strategic Plan. These policies and recommendations will help inform the updates to the Santa Fe Forward Housing Element.

7.5.1 Previous Housing Plans

7.5.1.1 1999 General Plan

The 1999 General Plan does not contain a dedicated Housing Element. Affordable housing is one of nine themes in the "Community Services and Development" chapter. Under this section are four "Guiding Principles:"

- Endeavor to assure that decent, safe, sanitary, and affordable housing will be available and accessible for all citizens, particularly for the poor, disabled, and homeless.
- Develop financial and management structures that will promote availability of housing for those who could not otherwise afford it.
- Coordinate interdepartmental efforts and staff assignments involving affordable housing issues.
- Expand interdependent activities and cooperate in public and private efforts to achieve affordable housing.

Much of the narrative in the "Affordable Housing" section of the 1999 General Plan still applies today, over 25 years later, such as this introductory statement from Section 9.1:

> *"It is recognized that the cost of housing far exceeds the income of many Santa Fe families. Santa Fe's national reputation, a rapid spiraling of real estate prices, demand in the second-home market, and increasing building costs have priced many Santa Feans out of the home-buying market. The situation is exacerbated by the low wage scale of the region. While middle income families find housing options extremely limited, the poor, the homeless, and many of the elderly from the community have almost none. As land values have increased, low-income areas have been 'gentrified.'"*

The plan goes on to identify specific key issues around housing, including:

- **Market-based issues,** such as the high hard cost of building, gentrification of low-income areas, lack of available land for affordable housing, difficulty in financing affordable housing construction, and lack of housing affordable to the city's workforce.
- **Regulatory issues,** including permitting timelines, bureaucratic processes and restrictive land use.
- **Partnerships and education,** discussing the need for coordination with nonprofits, community and neighborhood organizations, and education of the public about housing issues.

The 1999 General Plan contains 23 implementing policies on affordable housing, in three broad categories – regulation, financing, and administration/management. A staff audit of the policies shows that a number of them have been implemented since the plan's adoption, including:

- Fee waivers and reductions for affordable housing proposed in Policies 9-1-I-5 and 9-1-I-10 now codified in SFCC 14-8.11(G).

- Inclusionary zoning proposed in Policy 9-1-I-7 was created as the Santa Fe Homes Program, codified in SFCC 26-1 and 26-2. See Section 7.3.2.1 of this report for more detail.
- Affordable Housing Trust Fund proposed in Policy 9-1-I-8 now codified in SFCC 26-3.
- Recent amendments to the ADU ordinance reduce restrictions on granny flats as proposed in Policy 9-1-I-11.
- Inventory of city-owned lots that could be used for affordable housing development is in progress, with one recently awarded to Habitat for Humanity, as proposed in Policy 9-1-I-12.

Important policy direction and implementation strategies that remain relevant from the 1999 General Plan will be brought forward and updated during the drafting of the Santa Fe Forward Housing Element.

7.5.1.2 2023-2028 Consolidated Plan

As part of a requirement for any city that receives federal Community Development Block Grant (CDGB) funding, Santa Fe has completed a Five-Year Consolidated Plan for 2023-2028. This plan identifies housing and community development needs and stipulates how the funds will be used. According to the plan, Santa Fe receives approximately $600,000 per year in CDBG funds from HUD.

The Consolidated Plan identifies four priority needs to be addressed during the 2023 to 2028 period. Each of these needs contains several associated goals with specific details on proposed programs and outcomes.

- **Ending Chronic Homelessness** – Striving to make homelessness a rare and brief occurrence in the community.
- **Ensuring Housing Stability for All** – Increasing affordable housing stock, providing rental and other housing assistance, and exploring other strategies including coops and community land trusts to reduce cost burden and lead to a happier, healthier community.
- **Ensuring Homeownership is Sustainable for All** – Invest in mortgage principal reduction loans, accessibility retrofits, home repair and energy efficiency upgrades, foreclosure prevention services, and other programs to ensure Santa Feans can remain safely and comfortably housed in their own homes.
- **Improving Social Determinants of Health and Addressing Emerging Needs** – Improving non-medical factors that influence health outcomes such as socioeconomic status, education, neighborhood and physical environment, employment, and social support networks.

In the 2023 to 2024 fiscal year, the City used CDBG funds to fund the following key accomplishments, based on the needs and goals identified in the Consolidated Plan, as outlined in the *CDBG Program Year 2023 Consolidated Annual Performance and Evaluation Report*:

- Santa Fe Public Schools Adelante program served **921 homeless students** and their families by providing referrals to housing resources, as well as assistance with counseling, education, food, and clothing;
- The Interfaith Community Shelter continued to implement the Summer Safe Haven for All program. The program was able to serve **745 guests** for overnight shelter. During fiscal year 2023, the Shelter saw an increase in the bed nights, meals, and day services provided;

- Youth Shelters and Family Services provided beds, case management, outreach services, and referrals to **54 homeless or at risk of homelessness youth** through their Transitional Living and Street Outreach programs;
- Homewise (4) and the Housing Trust (2) assisted a total of **six (6) home buyers** with mortgage principal reduction loans, using entitlement funds and program income generated from past CDBG awards;
- Santa Fe Habitat for Humanity rehabilitated **14 single-family homeowner occupied homes** owned by low-income households all below 80 percent of AMI;
- St. Elizabeth's Shelter replaced the heating and air conditioning systems in **eight apartments** at Sonrisa Supportive Family Living apartments, supporting nine households.
- Vincent's Legacy (a partnership between St. Elizabeth Shelters and the national nonprofit Community Solutions) provided case management, referrals to other agencies and a variety of services to help **142 tenants** living at Santa Fe Suites maintain their housing.

7.5.1.3 2024 Five-Year Affordable Housing Strategic Plan

The Santa Fe Office of Affordable Housing produced a draft Five-Year Affordable Housing Strategic Plan in 2024. In addition to an extensive Community Profile and Housing Needs Assessment, this report also contained summaries of stakeholder focus groups and a survey conducted jointly for this effort and the Consolidated Plan (see Section 7.5.1.2 above), as well as a land use and policy review and a number of five-year goals, policies, and quantifiable objectives. A number of key findings and recommendations from this report may be useful in developing the updated housing goals, policies, and strategies of Santa Fe Forward:

- ***Community Engagement Takeaways:***
  - Survey participants identified **more affordable rental housing**, **more affordable homeownership**, and **responding to homelessness** as their top three items most needed in Santa Fe. Strategies suggested to address these goals included downpayment or security deposit assistance programs, resources to help avoid displacement, increasing the inventory of starter homes and PSH rental homes, and funding for case management for those transitioning out of homelessness.
  - Resident focus groups, recruited from local organization that provide housing support, noted an overall **lack of affordable housing**, **difficulty connecting residents with services**, **issues with landlords**, including sudden rent increases and costs for the landlord-tenant hotline, and **difficulties using housing vouchers**.
  - Resident focus groups proposed a number of creative **solutions**, including:
    - Existing models such as Siler Yard and Santa Fe Suites replicated elsewhere in the city.
    - Incentives or insurance for landlords to increase acceptance of housing vouchers.
    - Culturally specific housing projects catering to specific populations, including seniors and the Native American population.
    - Increased availability of mental health services, preventative services, and education and job training for homeless individuals.
  - Stakeholders from 12 local organizations were also consulted and identified a housing crisis in the city due to a surge in demand, restrictive land use regulation, neighborhood

opposition, and high costs in the rental market. These stakeholders also identified the need for more affordable housing for special needs populations and homeless residents, increased investment in substance abuse programs, better collaboration across systems and agencies, and internet access for low-income families. Some solutions and recommendations suggested by this group included:

- The potential for **shared living arrangements** (with shared kitchens or bathrooms), **ADUs**, **casitas**, and **missing middle housing** to accommodate single persons, elderly individuals on fixed incomes, and a wider variety of community housing needs.
- The need for equitable distribution of affordable housing across the city, not just clustered in the southside.
- The need to **preserve existing affordable housing** and **increase funding for services and program interventions** (such as rental and down payment assistance, counseling assistance for low-income homebuyers, foreclosure prevention and home repair), particularly with the prospect of reduced construction in the current high-interest rate market.
- Affordable housing would benefit from a model that incorporates a more **holistic community impact analysis**, including looking at economic development, sustainability, and other City-identified goals—and is guided by an updated general plan.
- Reducing eviction risk through renter's rights and tenant education programs.
- Exploring real **estate transfer tax** and **land banking** for affordable housing.
- **Streamlining zoning and development processes**, including increased density allowances and reduced parking requirements
- Promoting **transit-oriented development**
- **Increasing collaboration and trust-building** between stakeholders, community members, and local government.

- ***Strategic Plan Recommendations:***
  - **Increasing housing production to grow strategically and sustainably** through land donation, land use reform, incremental infill, and regional coordination
  - **Focusing investment across the spectrum of housing and community development needs,** including investments in low and moderate neighborhoods, financing and supporting strategies for the preservation of mobile home communities, and mitigating displacement through funding repairs and reestablishing free landlord/tenant counseling services.
  - **Sustaining and expanding services for residents with the highest housing instability risks**, including identifying solutions to homelessness, building and acquiring permanent supportive housing, non-congregate shelter spaces, and safe spaces for sleeping, funding rental assistance and voucher programs, and proactively engaging with landlords.

Important policy direction, implementation strategies, and recommendations from the Affordable Housing Strategic Plan will be brought forward and updated during the drafting of the Santa Fe Forward Housing Element.

7.5.2 Programs and Regulations

7.5.2.1 Current Affordable Housing Programs

The **Santa Fe Homes Program**, codified in SFCC 26.1, requires that all new housing developments provide a percentage of homes as affordable. The program has undergone several modifications since its inception. As of 2020, the requirements are:

- ***Ownership Housing****:* 20 percent of homes or manufactured home lots are required to be affordable based on homebuyers spending no more than one-third of their monthly income towards housing costs (including utilities). This 20 percent of units are broken down into three income ranges as follows, and pricing is determined annually by the Office of Affordable Housing:
    - 5 percent of units at 50-65 percent AMI
    - 10 percent of units at 65-80 percent AMI
    - 5 percent of units at 80-100 percent AMI
    - If a development has between 2 and 10 for-sale units, the developer may pay a fee in lieu of providing the required percentage of units shown above.
- ***Rental Housing****:* Developers of rental housing in Santa Fe can choose from the following options:
    - 15 percent of units available to renters earning no more than 80 percent AMI.
    - 100 percent of units are "Low Priced Dwelling Units," affordable to renters earning 120 percent AMI or below.[6]
    - A fee in lieu of providing on-site affordable units is assessed according to the gap between fair market rent and rent affordable to a household earning 65 percent AMI. This fee goes towards the Affordable Housing Trust Fund.

The program offers a 15 percent density bonus to the underlying zoning, waivers for hook-up fees, water bank credits, and reductions in building permit fees. Since 2017, the Santa Fe Homes Program has resulted in 418 completed affordable units with 268 affordable units under construction, in addition to another 1,095 approved units, as shown previously in Figure 7-9.

The fee in-lieu option of the Santa Fe Homes Program has been successful in allowing flexibility for developers to support affordable housing in cases when providing affordable units as part of a new development is not economically feasible. The fee in-lieu option is available for multifamily projects of any size, and smaller projects have a fee scaled to their project size. The increased flexibility resulting from this option has been a main driver of the greatly increased multifamily permitting in Santa Fe since 2018. Since then, almost 3,000 multifamily units have been built in projects which paid into the fee in-lieu program, which is one of the main funding sources for the Affordable Housing Trust Fund. These units would likely have been more difficult to build if affordable units were required in the projects themselves, particularly for smaller projects.

The **Affordable Housing Trust Fund (AHTF)** provides funding for Santa Fe residents earning less than 120 percent AMI. Codified in SFCC 26-3, it is funded through proceeds from loans made with CIP funds for infrastructure, sales proceeds from transfers of lien-restricted homes, fee-in-lieu payments from the

[6] Low Priced Dwelling Unit requirements are slightly different for nonprofit housing developers, see SFCC 26-2.3

Santa Fe Homes Program as discussed above, 35 percent of proceeds from land sales in Tierra Contenta, as well as other funding as deemed appropriate by the governing body. Eligible activities for these funds include construction, renovation, infrastructure, or costs associated with the development, acquisition, and financing of affordable housing. Currently, the AHTF has approximately $3 million in available funding. The current level of funding reflects additional funding allocated to the fund by the governing body in the past several fiscal years.

The City's **Office of Affordable Housing** oversees the expenditure of AHTF funds, as well as funding from federal sources including the CARES act, American Rescue Plan Act, and CDBG. In 2023, the City invested over $6 million in affordable housing programs, including home mortgage assistance loans, loans for home repairs and renovations, emergency housing assistance, renovation of affordable rental stock, hotel conversions to affordable housing, shelter services, and supportive housing.

7.5.2.2 Development Regulations

Currently, the City is under contract with Clarion and Associates to update the Land Development Code. This effort began in advance of the General Plan Update (Santa Fe Forward) and comprises three phases. The first phase involved code fixes to clarify inconsistencies and general organization. The current phase, Phase 2, involves substantial edits and updates to procedures, regulations, and zoning districts, and will be followed by Phase 3, which will incorporate further recommendations and updates from Santa Fe Forward.

7.5.2.3 Permitting Processes

In response to the need for streamlined permitting processes for large development in Santa Fe, the City established a **Third-Party Plan Review** system in 2024. Offered at a 20 percent premium above the standard plan review fees, this service is intended to reduce the review time of building permit approvals and help ensure timely project starts. The City has contracted with SAFEbuilt for this service, and currently offers building, accessibility, electrical, plumbing/mechanical and ADA site permits within 10 business days.

The Santa Fe Association of Realtors (SFAR) Land Use Working Group conducted surveys of its members in 2024 to solicit feedback and recommendations on the City's land use and permitting processes. Some key takeaways as documented in the October 2024 SFAR *Housing For All in Santa Fe* report include:

- Project and staff expectations vary throughout the development community, with some noting that interactions with staff have improved in recent years.
- Interviewees generally observed that the land use division does not operate with a "customer service orientation," noting issues with understaffing, slow communication, and delays. Some developers noted positive experiences with knowledgeable and helpful staff as well.
- Interviewees felt overall that code interpretation by staff was generally more restrictive in cases of ambiguity, with some increased flexibility in recent years.
- Meeting deadlines was noted as an issue, given persistent delays, difficulties with communication, and antiquated systems.
- Overall, for large projects, the value of land use fees was seen as fair.

- Early Neighborhood Notification processes were generally viewed negatively, with comments about antagonistic residents taking advantage of the process and resulting in burdensome additional conditions or even abuse of staff, developers, or consultants.
- Interviewees felt that the planning commission and other development reviews were fair and met timelines, though some voiced frustration with the design review board and regulations.

This feedback, as well as recommendations in the SFAR's report and initial feedback from Clarion's current work on the Land Development Code, suggests that there is room for improvement and streamlining in the City's permit processes to improve the climate for new housing development in Santa Fe.

7.6 Racial Equity in Housing

7.6.1 Historic Racially Restrictive Policies

Throughout the history of the United States, a combination of laws and practices have impacted where specific groups of people live, what opportunities they have access to, and their ability to build wealth through stable housing. Unfortunately, many of these policies explicitly or implicitly benefited White residents at the expense of all others. The legacy of policies like redlining, which used racial criteria in determining which neighborhoods were suitable for government-backed loans, highway development through predominantly Black neighborhoods, and racial covenants explicitly excluding certain groups from owning specific properties continues to impact non-white communities today. Unlike many other cities, Santa Fe was not mapped through the process of "redlining" by the Home Owners Loan Corporation in the 1930s. However, the city did see other forms of exclusionary land use policy during the twentieth century, including racially restrictive covenants in some neighborhoods, as well as the internment of Japanese civilians during World War II.

While many cities have acknowledged the harms of these policies, all of which are no longer legal, there are still policies in effect today that hold cities back from rectifying systemic harms. These can include policies that reference vague concepts like "neighborhood character," as well as those that permit only the most expensive homes to be built, thus shutting lower-income residents out of high-opportunity areas.

This section contains a historic review of some of the known policies and programs that caused racially disparate impacts in Santa Fe as a starting point in understanding present-day conditions.

Throughout the United States, racial covenants were used to exclude certain races and religious groups from residing in specific neighborhoods, creating exclusive areas for white, Christian residents. These deed restrictions were legally enforceable from 1927 to 1968. In Santa Fe, several neighborhoods were built, which contained racially restrictive covenants in the deeds. Though no longer enforceable, these are likely still recorded in some parcels in the city. In 2025, members of the New Mexico State Legislature introduced HB 114, which would prohibit the recording of a deed that includes a (legally unenforceable) discriminatory restrictive covenant and void existing unlawful discriminatory covenants.

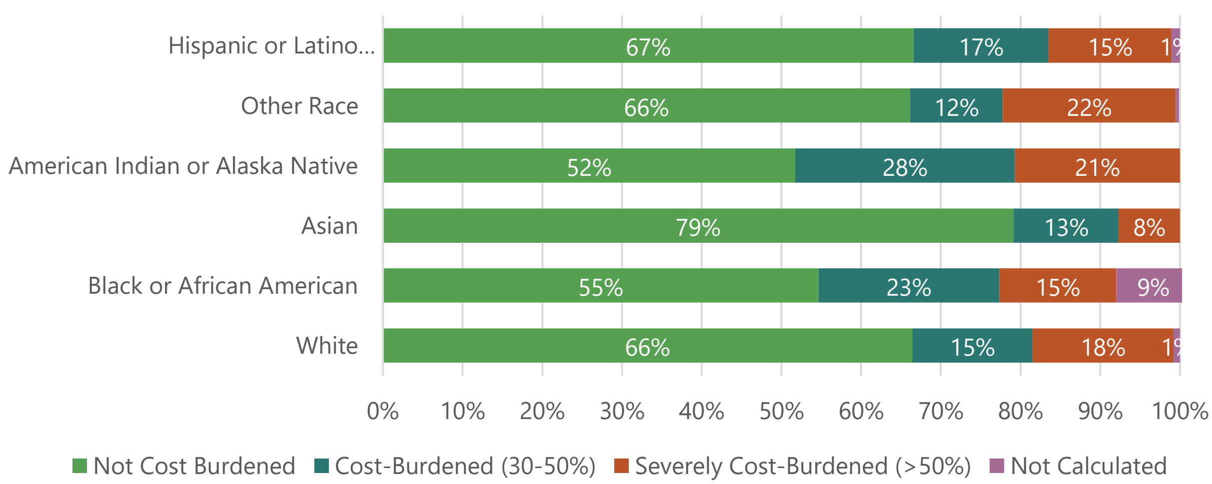
According to the City's 2017 Assessment of Fair Housing, the city has low levels of racial and ethnic segregation, though segregation has increased for Black and Asian households, based on an analysis of Dissimilarity Index, (DI) which measures the degree to which two distinct groups are evenly distributed across a geographic area. Among the City's Hispanic population, there is some segregation by national origin with Mexican and Guatemalan households concentrated in the central parts of the city. However, the 2017 analysis indicates that even with these increases, segregation is still in the low DI range for all racial and ethnic groups. Although Santa Fe has not experienced redlining and other historic discriminatory practices, there are still disparities in cost-burden and access to housing by race and ethnicity, as detailed below.

7.6.2 Racial and Ethnic Disparities in Access to Housing

7.6.2.1 Cost Burden

Figure 7-33 below shows the housing cost burden by race and ethnicity in the city of Santa Fe. Citywide, 33 percent of households are cost burdened. American Indian and Black/African American households are the most likely to be cost burdened while Asian households are the least likely. Over a fifth of other race and American Indian households are severely cost burdened, spending more than half of their incomes on housing.

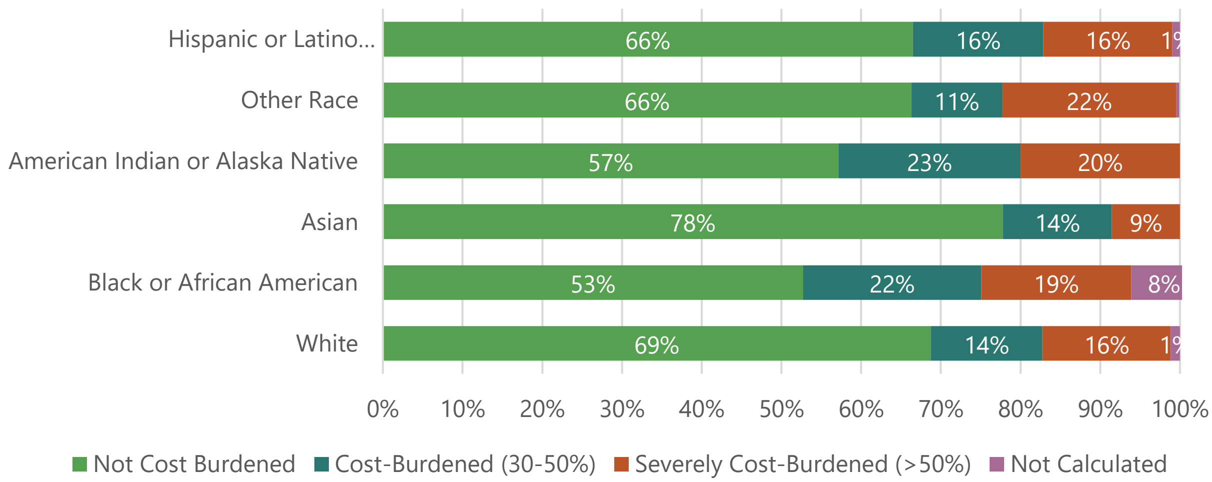
Figure 7-33. Cost Burden by Race and Ethnicity in the City of Santa Fe, 2021



Source: U.S. Department of Housing and Urban Development (HUD) CHAS Data (2017-2021).

Within the larger study area, 31 percent of households are cost burdened; see Figure 7-34. As in the city, Black and American Indian households have the highest rates of cost burden while Asian households have the lowest.

Figure 7-34. Cost Burden by Race and Ethnicity in the Study Area, 2021

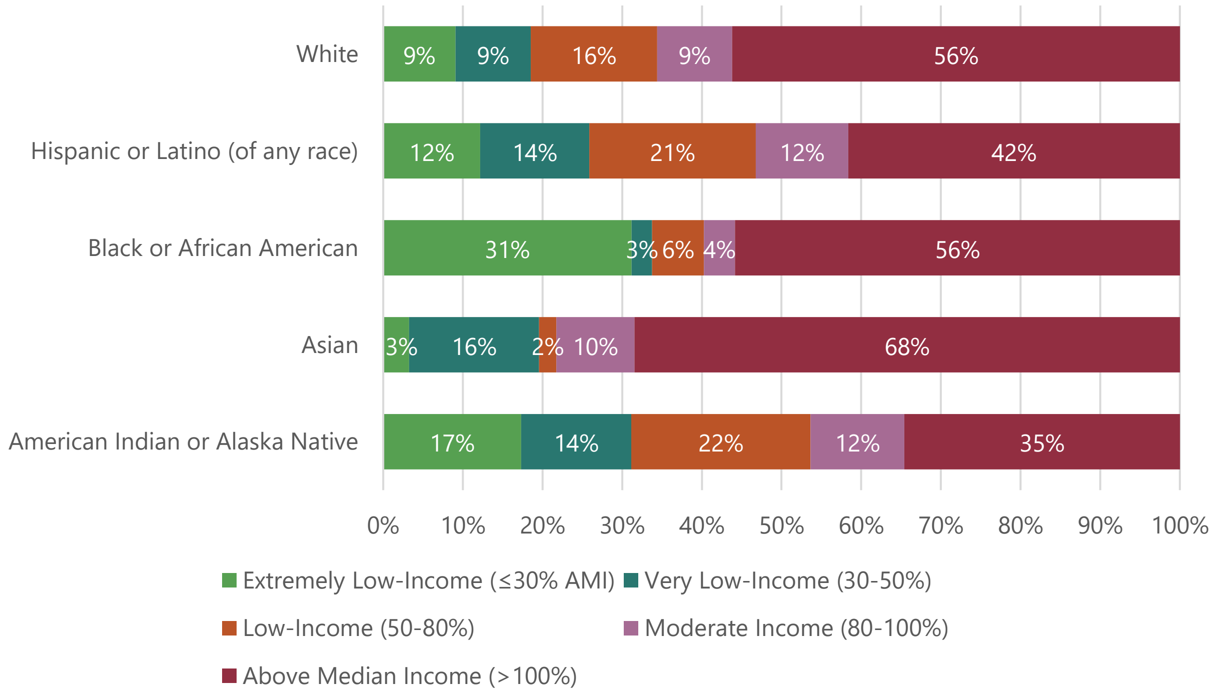


Source: U.S. Department of Housing and Urban Development (HUD) CHAS Data (2017-2021).

7.6.2.2 Income

In the city of Santa Fe, 22 percent of households make less than 50 percent of AMI. Black households are the most likely to have extremely low income, with 31 percent making less than 30 percent of AMI. Just under 70 percent of Asian households make above 100 percent of AMI. Among American Indian households, 53 percent make less than 80 percent of AMI. Figure 7-35 displays a breakdown of household income in Santa Fe by race and ethnicity.

Figure 7-35. Household Income by Race and Ethnicity in the City of Santa Fe, 2021



Source: U.S. Department of Housing and Urban Development (HUD) CHAS Data (2017-2021).

7.6.3 Displacement Risk Analysis

What is Displacement?

The idea of displacement is commonly understood at the neighborhood level to mean the replacement of an area's existing residents (and, often, businesses) by more economically advantaged buyers and renters over a period of time due to rising property values and rents. That replacement may take place gradually over the course of multiple decades; however, in some cases, the transition can happen relatively suddenly, in a self-feeding cycle of resident and business turnover fueled by, and fueling, rapid rent inflation. Gentrification pressures in such cases may be further heightened by changing perceptions of neighborhood safety, increasing the appeal of an area among movers priced out of more traditionally affluent districts in the city. While the term gentrification has taken on a negative connotation, the phenomenon is a part of neighborhood revitalization. The concern surrounding gentrification is when the revitalization displaces stable households and businesses.

City leaders naturally want neighborhoods to improve economically, which almost always involves changes to the built environments. The challenge of displacement risk is in seeking a balance so that those improvements to buildings and infrastructure are not necessarily just tied to replacement of long-time residents. That balancing act involves finding ways to channel some of the economic windfalls of change inward to benefit those original and remaining neighborhood residents, which should in turn limit the actual amount of human displacement.

Neighborhood-level displacement typically affects renter residents first, with pricier leases prompting waves of turnover with each new monthly cycle. Renters priced out of their original neighborhood of choice usually incur a variety of burdensome transaction costs–such as new security deposits, physical moving logistics, and longer commutes–in addition to the disruptions of leaving a familiar local social network. When development activity includes the addition of new affordable units, it may actually help to reduce displacement impacts.

Long-time homeowners can usually hold out longer than renters against affordability pressures -- in part because rising property taxes are capped by statute at 3 percent annually. Rising home prices, of course, result in the benefit of equity growth for existing owners. But for many, the changing cultural environment (which can include replacement of favorite shops and services) together with higher property taxes, creates incentives to sell and parlay that equity into housing in more affordable, but less familiar, locations, which may be far from their current home. In some cases, property owners in transitioning neighborhoods reside elsewhere, in which case the decisions to buy or sell homes (or land) may simply be based on investment criteria.

7.6.3.1 Santa Fe Displacement Risk

Santa Fe's favorable climate, rich cultural heritage, and desirable aesthetics have long attracted wealthy visitors, with many of those visitors turning into seasonal or year-round residents over the years. Recently, four factors in particular have helped to raise the risk of neighborhood displacement in Santa Fe.

- First, persistent supply chain issues and regulatory hurdles combined to restrict levels of single-family detached homebuilding across the country, leading to inadequate supply to meet the increased ownership demand from Millennials–driving up housing prices dramatically over the past few years (and fueling a prolonged boom in post-recession demand for multifamily construction to serve those priced-out Millennials).
- Second, restrictive land use policies and regulations limit the production of a full range of housing types in suitable areas within the City to meet existing and future needs, although there has been good progress in recent years producing rental multifamily apartments.
- Third, vacation rentals, even though regulated by permit, can further exacerbate the availability of housing for residents.
- Fourth, the "zoomtown" remote-work phenomenon that gained momentum during the height of the COVID pandemic popularized the idea that household location choices could be based more than ever on purely quality-of-life perceptions, rather than actual employer.

The popularity of remote officing has naturally favored Santa Fe and other attractive Mountain West locales, while the rise in housing prices (especially steep from 2020 through 2023) has pushed even relatively affluent households in search of more affordable neighborhood options.

Generally speaking, the risk of displacement is highest for economically vulnerable neighborhoods lying in the path of current and likely future redevelopment activity (though may be lessened when that development activity also includes new rental housing at affordable levels). Predicting future displacement risk in Santa Fe can be informed by studying the nature and scope of displacement that has occurred in the city over recent years. Stories of neighborhood turnover and gentrification in Santa Fe are not in short supply but finding reliable and timely data to document that displacement can be challenging. One place to start is by looking at recent patterns of migration.

7.6.3.1.1 Migration Demographics

Neighborhood-level information on patterns of migration is largely qualitative in nature–passed by word-of-mouth among realtors, community leaders, and local business owners who take an interest in the comings and goings of residents and the changes of homes and faces on the street. Hard data on migration, on the other hand, come from just two main sources:

- A question asked as part of the U.S. Census/American Community Survey (ACS) annual survey updates ("Where did you live one year ago?"), and...
- an IRS program counting all households that file in two different counties from one year to the next.

The U.S. Census/ACS question is asked of a subset of households only, so includes margins-of-error related to sampling, which can be large for smaller neighborhoods. The IRS data is gathered using data from all tax returns received, so is not sample-based, but does have some known biases (including under-counting lower income households–a group somewhat less likely to file tax returns due to gross income being below the threshold to file).

U.S. Census/ACS Migration Statistics

Table 7-5 shows survey results from the U.S. Census/ACS question for the period from 2018 to 2023. As shown, in an average year during that period, just over 11 percent of Santa Fe County residents had moved from some other location in the past year, on average. Among those who moved to their current home in a given year:

- 43 percent moved from some other place in Santa Fe County,
- 20 percent moved from some other county in New Mexico,
- 33 percent moved from a different state, and
- Less than 4 percent moved from outside the United States.

Importantly from the standpoint of displacement, in-migrant respondents from out of state had personal (not household) incomes more than 25 percent higher than countywide households and over 40 percent higher than within-county movers. Migrants from other New Mexico counties had the lowest average incomes–less than half those of out-of-state in-migrants.

Over the survey period, Santa Fe's standing population was approximately 44 percent non-Hispanic White, a share similar to other in-county and in-state movers. Recent movers from out of state, however, were a significantly less ethnically diverse group–approximately two-thirds non-Hispanic Whites. Educational attainment follows a similar pattern, consistent with a general picture of displacement risk driven largely to out-of-state movers.

Table 7-5. Santa Fe County Migration Patterns (2018 to 2023), ACS Annual Averages

	Countywide Total	Non-migrants	In-Migrants	In-Migrants by Origin: Elsewhere in Santa Fe County	Other NM County	*Different State*	Non-U.S.
Population	154,285	136,697	17,588	7,560	3,549	***5,863***	617
Pct. of Resident Population	100.0%	88.6%	***11.4%***				
Pct. of In-Migrant Population				43.0%	20.2%	***33.3%***	3.5%
Median Personal Income	$40,148			$36,143	$24,089	***$50,712***	$29,100
Pct. White, non-Hispanic	44.2%			44.2%	38.4%	***68.6%***	33.2%
Pct. with Bachelor's Degree (age 25+)	44.2%			46.5%	35.8%	***61.2%***	58.9%
Pct. Renter	25.7%			49.6%	47.1%	***45.9%***	61.0%
Median Age	48.8			39.2	34.2	***42.9***	37.3

Source: U.S. Census/ACS 5-year estimates

Not surprisingly, due to the nature of household mobility, recent movers across all geographic subgroups are more likely to be renters (at least in their first year residing in Santa Fe) when compared to countywide residents as a whole. Likewise, all groups of recent movers were younger on average than Santa Fe County's somewhat older average of nearly 49 (although out-of-state movers skew somewhat closer to that, at approximately 43 years old on average).

IRS County-to-County Migration Statistics

Unlike the U.S. Census/ACS data, which is limited to information about in-migrants and non-migrants, IRS county-to-county migration statistics, based on home addresses in consecutive years, allow for comparisons between out-migrants and in-migrants to Santa Fe County, helping to reveal other interesting displacement-related patterns.

Table 7-6 shows the total count of returns by migration status for each of those pairs of years, with in-migration outpacing out-migration by similar amounts for each year in question. The pool of non-migrant households (those filing returns in Santa Fe County both years) rose from just over 60,000 in 2018 to just over 65,000 by 2022.

Table 7-6. Santa Fe County Tax Returns by Migration Status, 2017 to 2022, Select Years

	Out-Migrants	In-Migrants	Non-Migrants
2017-18	3,946	4,508	60,324
2018-19	3,910	4,568	61,626
2019-20	4,066	4,831	62,087
2020-21	4,377	4,784	61,618
2021-22	4,441	4,577	65,090

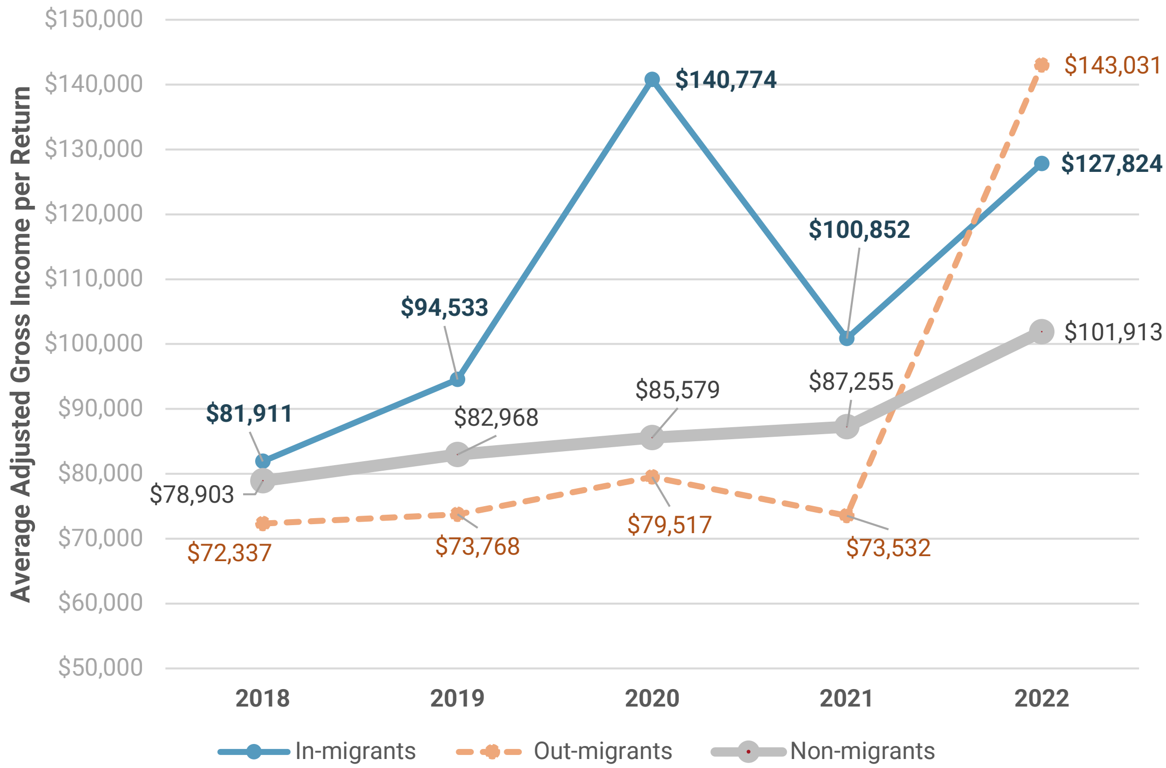
Source: IRS Migration Statistics

As illustrated in Figure 7-36, in-migrant households for all years analyzed showed Santa Fe County's in-migrant households with higher average adjusted gross incomes than existing, non-migrant households in the county. Those income differences were subtle in 2018, more pronounced in 2019, and unusually large in 2020, when in-migrant returns averaged over $140,000 in adjusted gross income per household[7].

In fact, for every year except 2022, in-migrant household incomes also averaged higher than out-migrant incomes; 2022 was an anomalous year for *out*-migrant incomes, which leapt to an average of $143,000 (possibly driven by departure of a few households with extremely high incomes).

[7] Note that these are average incomes, as opposed to medians, meaning that a small number of exceptionally high-income households can significantly skew results. The IRS does not release median incomes along with its migration data to help protect anonymity.

Figure 7-36. Santa Fe County Average Income per IRS Return for Out-, In-, and Non-Migrants



Source: IRS Migration Statistics

Except for that one anomalous case in 2022, these IRS results are generally consistent with what was found using the U.S. Census/ACS data, with both confirming and quantifying the likely displacement impacts that high income in-migration can have. The IRS findings, in fact, go beyond the ACS statistics to show that not only are Santa Fe in-migrants higher earners than existing residents, but that the in-migration of wealth has been accompanied by the departure of lower-earning households in recent years.

7.6.3.1.2 Displacement Risk Mapping

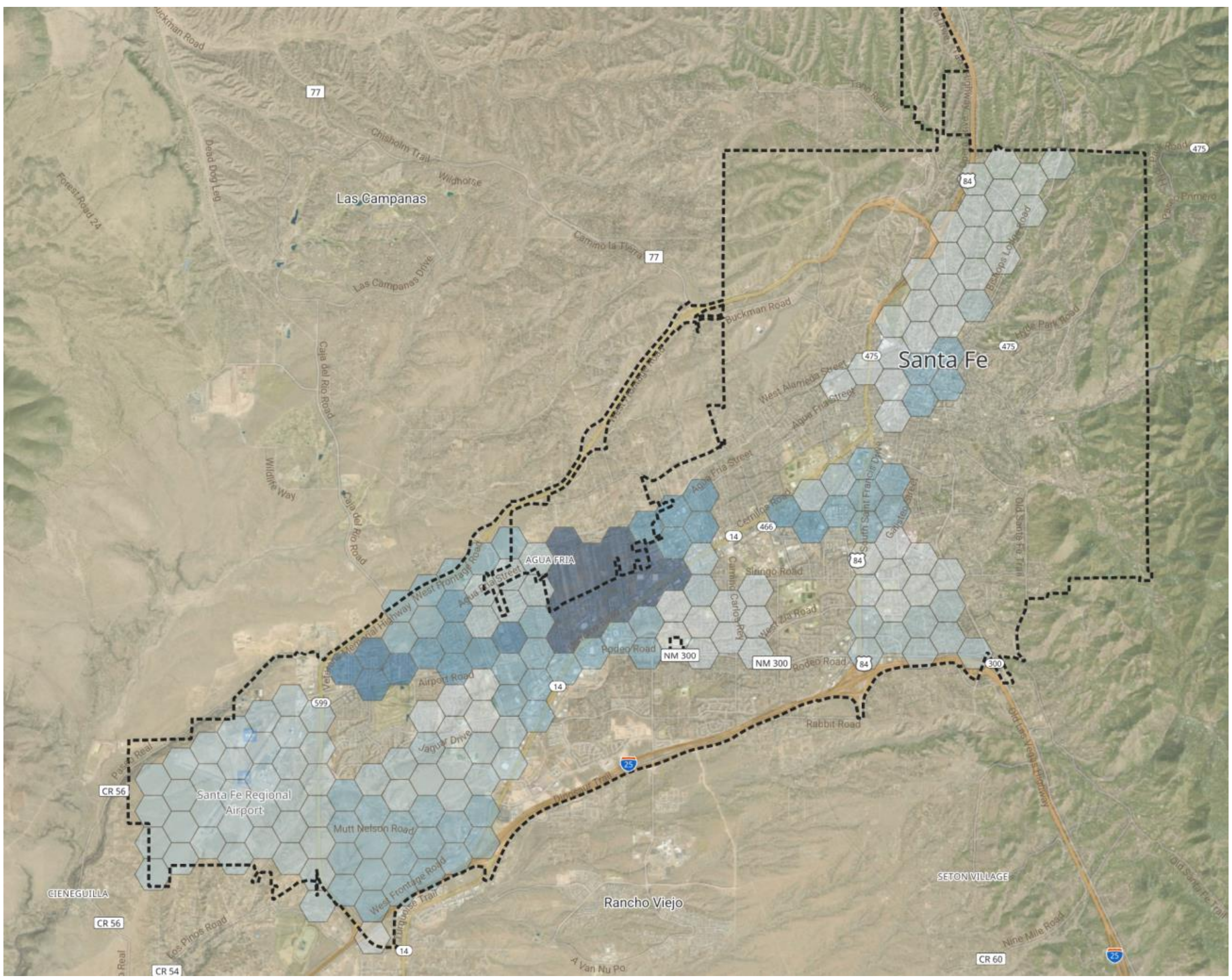
To help identify areas in Santa Fe where the risk of future displacement may be a concern, this analysis combines neighborhood-level mapping of two basic concepts: vulnerability and risk. Places where residents face higher levels of vulnerability due to socioeconomic conditions, such as poverty, dependence on rental housing, and reliance on non-auto commuting, because they stand to face more hardships in the event of displacement. Displacement risk, on the other hand, is related to the degree to which a given neighborhood may be in the path of likely redevelopment growth, as signaled by proximity to recent and proposed development activity, rapidly changing home and land values, and the share of new movers arriving from out of state.

Figure 7-37 illustrates areas within Santa Fe that exhibit signs of elevated socioeconomic vulnerability as measured by an index summarizing a combination of the following indicators:

- High poverty
- High percent renter
- Low proportion non-Hispanic White
- High percent cost burdened households

Figure 7-37 is not intended to show areas of highest displacement risk, per se, but rather to identify the location of populations within the city that would face heightened difficulty dealing with the economic and social impacts of being displaced.

Figure 7-37. Areas of Socioeconomic Vulnerability

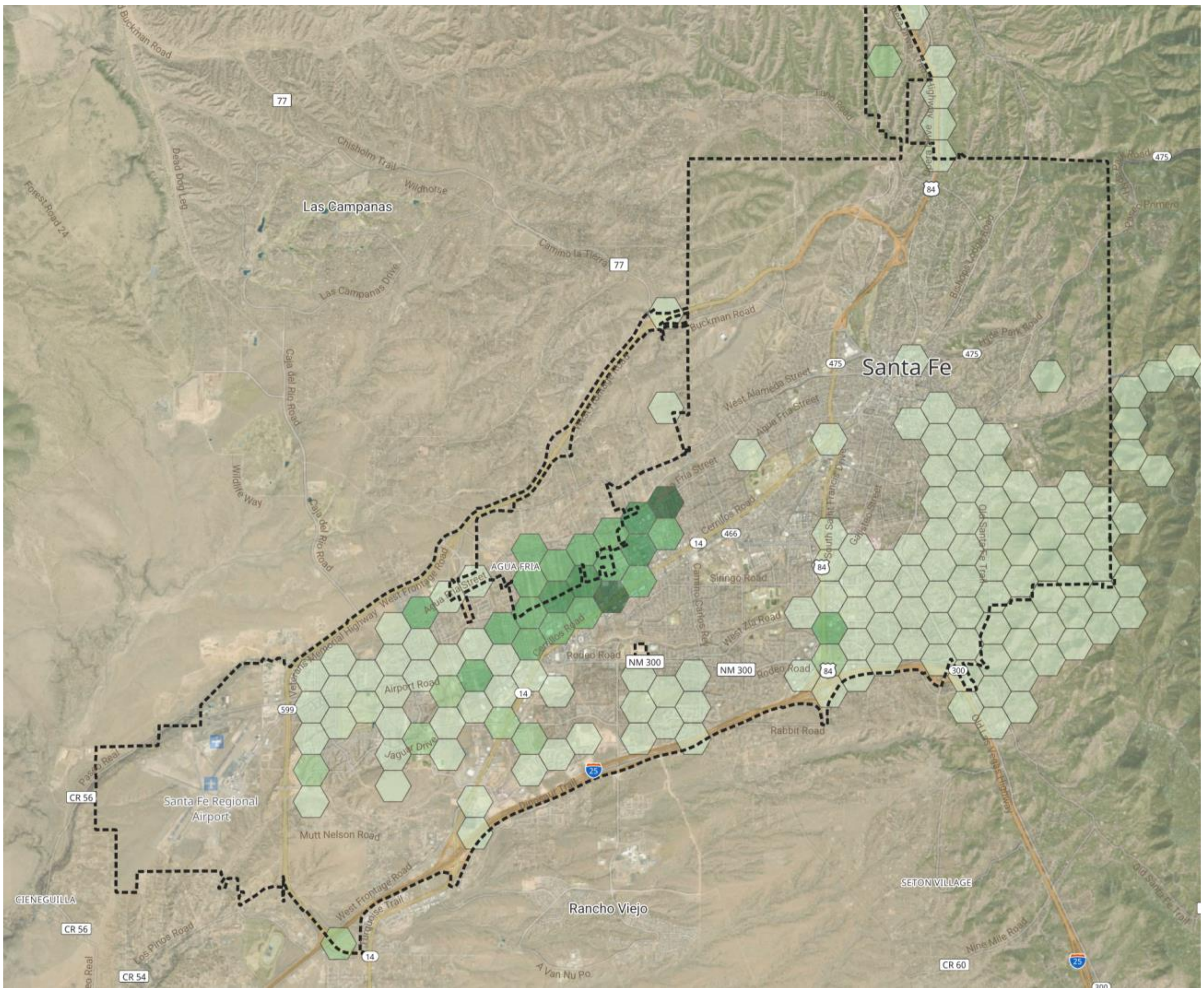


Source: 2023 U.S. Census/ACS 5-year data, and Leland Consulting Group
Note: Household poverty, share of renters, and share of non-Hispanic "White Only" population all captured at U.S. Census Block Group level. Percent of cost-burdened households captured at U.S. Census Tract level.

Figure 7-38 is designed to help predict parts of Santa Fe that appear to be "in the path of" growth and change through future development and redevelopment activity. Assessing forward-looking risk is inherently uncertain and subject to a variety of potential changes in development trends and unanticipated neighborhood-specific events. For this exercise, that propensity for development and resident turnover is also measured by a combination of four different metrics:

- Near active/planned development activity (excluding affordable housing)
- High change in year-over-year parcel values
- High change in median home values
- High share of out-of-state in-movers

Figure 7-38. Areas of Development/Displacement Pressure



Source: Santa Fe County Assessor data (for year-over-year property value growth), CoStar and City of Santa Fe (for recent and planned development activity locations), and U.S. Census/ACS (for change in home values and share of out-of-state migrants); and Leland Consulting Group

Figure 7-39 combines findings from the prior two maps to identify areas that score relatively high on both socioeconomic vulnerability and likelihood of displacement due to redevelopment. Not surprisingly, given those two prior maps, the area identified was the Agua Fria Corridor, partially within the Santa Fe city limits and overlapping into the unincorporated historic village of Agua Fria. That area features long diagonal lots shaped by the community's agricultural heritage of acequias for provision of shared irrigation.

As expected, given the definitions of vulnerability and development/displacement risk, that general area includes a mix of lower income residents, including higher-than-average rates of poverty, in typically older housing and mobile homes, alongside some newer developments, such as the Acequia Lofts and Nueva Acequia Apartments, where the mix of incomes has begun to skew higher.

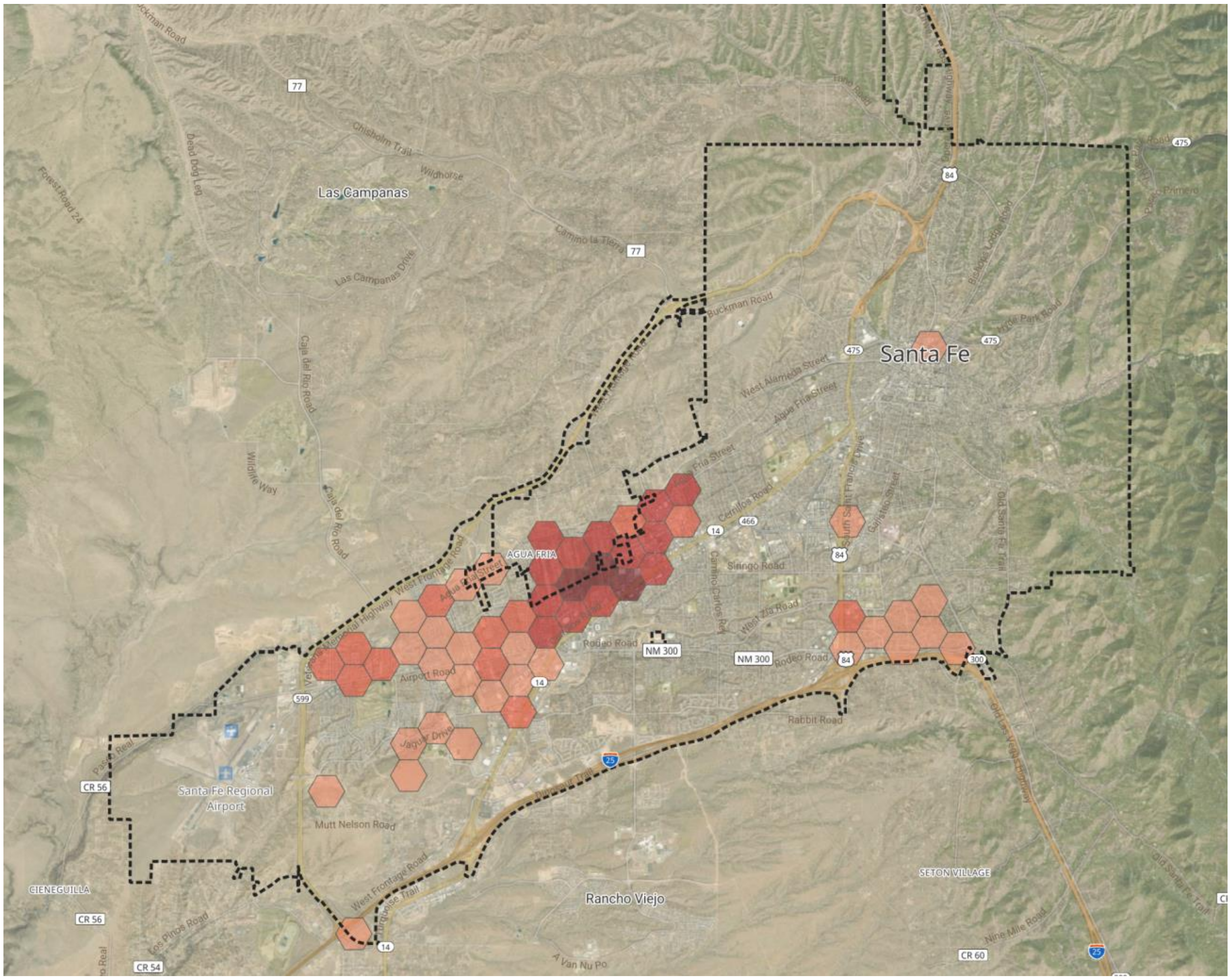
U.S. Census Tract 12.02, which encompasses the area lying beneath the darkest shaded hexes on the combined risk map, exhibits several indicators of both socioeconomic vulnerability and development/displacement risk, including:

- High ethnic diversity (just 17 to 22 percent of residents are non-Hispanic White, across three block groups)
- High rates of poverty (ranging from 25 to 40 percent across three block groups)
- High share of cost-burdened households (43 percent spending more than a third of their income on housing)
- High share of in-migrants coming from out of state (48 percent from 2018 to 2023)
- Proximity to multiple recent and planned/proposed development projects
- 82 percent increase in median home values between just 2021 and 2023
- High share of renters (45 to 71 percent across three block groups)
- Several multi-block hex areas with high year-over-year combined property values (25 to 33 percent in some cases)

In short, the neighborhoods adjacent to Agua Fria can be said to face displacement risk because they are economically disadvantaged and seeing nearby development activity that, by and large, is unaffordable to current residents. To the extent that future development in the area may also include residential units with rents or purchase prices within reach for the existing resident population, that may actually help to prevent some displacement.

While these maps can help planners focus on neighborhoods where socioeconomic vulnerability and development momentum appear to be highest, Santa Fe as a whole is an area with rapidly growing housing affordability pressures, widespread pockets of disadvantaged populations, and a general pattern of migration where those moving in tend to be more affluent than those moving out (or not moving). As such, there is likely to be a general citywide risk of displacement that may be difficult to geographically pinpoint or predict. So, while there may be some displacement-mitigation interventions that can be tailored to specific neighborhoods at risk, other land use policy changes could be considered at a citywide level.

Figure 7-39. Areas with Both High Share of Vulnerable Populations and High Displacement Risk



Source: Leland Consulting Group, based on results from vulnerability and development growth mapping