



Voting in Santa Fe's municipal election is open now and Election Day is Tuesday, November 7, 2023. In addition to electing City Councilors in four contested races and bonding for schools, Santa Feans are asked to decide on adoption of a higher-end-home excise tax to create a permanent source of funding the City's Affordable Housing Trust Fund.

When a home is sold above \$1 million, the city would collect a 3% excise tax on every dollar *above* \$1 million. Proponents estimate the tax could raise \$6 million per year dedicated to fund the city's Affordable Housing Trust Fund (AHTF)¹. The transfer tax would also apply to the sale of speculative homes.

Example \$1.3 million home sale. 3% tax applies *only* to the \$300,000 above \$1 million, resulting in a \$9,000 payment.

Eligible Projects

The Affordable Housing Trust Fund will make funding available for the following types of affordable housing projects:²

- Development and construction of new affordable housing
- Homeownership assistance
- Preservation of existing affordable housing
- Conversion of existing housing to an affordable housing units
- Retaining an existing affordable unit, rental development, or another special interest project
- Acquisition and rehabilitation of existing housing
- Capitalizing on affordable housing, revolving loan funds that are operated by non-profit housing organizations
- Capital Improvement Projects (CIP) that are City owned and used for affordable housing

We encourage members to learn more about the City's Affordable Housing Trust Fund [AHTF] which members of our Association have and will continue to access to help develop housing in Santa Fe.

Economic Impacts of Transfer [Excise] Tax

- In the last three years, the AHTF has invested nearly \$9m in total funding that generates over \$27m in additional affordable housing investment due to the matching funds criteria of the fund, impacting more than 2,500 households.³
- Housing construction supported by the transfer tax will contribute to employment, labor income and statewide industrial output during the construction period, and the longer-term employment and output it creates will have steady positive effects on the local economy.⁴

¹ <https://www.unitedforaffordablehousing.com/resources>

² <https://santafenm.gov/affordable-housing/funding-opportunities>

³ <https://santafehousingaction.org/trust-fund/>

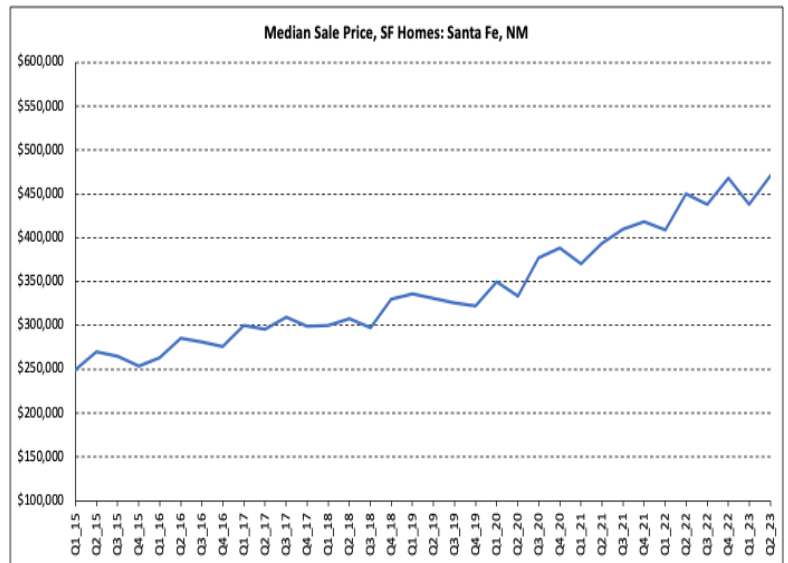
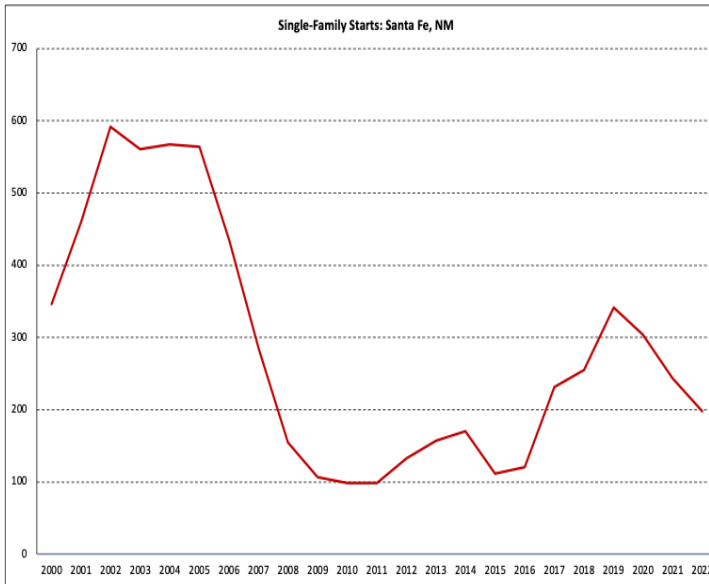
⁴

- Property transfer taxes have been shown to reduce home valuations of affected properties - because of higher tax payments and future buyers' willingness to pay less for properties associated with larger transfer tax burdens.⁵ **economic impacts for Santa Fe's tax would presumably be less because only homes over \$1 Million are impacted.*
- analysis of high-end home transfer tax rates concludes that because capital gains would be reduced for sellers of properties over \$1M, the rate of sales would decline. Buyers' willingness to pay for more expensive properties could reduce due to the higher tax liabilities at play when they sold them in the future.⁵
- At least one party to a transaction is impacted by transfer taxes whether the tax is absorbed and paid for in the sale by the buyers, sellers, or a third party to the sale, such as a Realtor. For a seller, the taxes on properties over \$1M reduce sale proceeds, potentially inducing them to raise their asking price to a level the market may not support. For a buyer, these taxes effectively raise the price of the property, which renders it less appealing for investment purposes.⁵

*Value of a \$330,400 home over time*⁶

Years of homeownership	Value of home
30	\$1,125,434
35	\$1,380,490
40	\$1,693,350

- Below are data sets showing how home prices and home building starts have moved in the past few years. Analysis shows that adding a new transfer tax is one of the factors that impacts both. Impacts noted may be considered in light of increases in value generated by a home over time.



⁵⁴ <https://housingtrustfundproject.org/wp-content/uploads/2011/10/Iowa-Economic-Impact-Final1.pdf>
<https://www.naiop.org/contentassets/1a6b331272744a94885919b25aa514fd/transfer-tax-final-2022.pdf>

⁶ Bureau of Labor Statistics

*Northern New Mexico
Builders Association*



*Santa Fe Area
Home Builders
Association*

On the following pages, read about strategies and initiatives our Association SUPPORTS that impact housing affordability, lower construction costs, spurs homeownership and rental housing production, and help people achieve the American Dream of home ownership.