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OUR VIEW

## Vote yes on tax to fund affordable housing

The New Mexican

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In politics as in life, it is essential to not let the perfect become the enemy of the good.

The proposed transfer tax on high-end real estate is not the only way to provide steady funding for the Affordable Housing Trust Fund, as we said earlier this year when discussing whether the proposal should be on the November ballot. We also wanted — and still do — to see Santa Fe County and the city partner on fighting the skyrocketing costs of housing.

That being said, it's time to act. Given the nature of the housing crisis, infusing the trust fund with cash is essential. We cannot wait. Yet, if a surprise lawsuit filed last week by the Santa Fe Association of Realtors is successful, the excise tax won't have the opportunity to work at all. The lawsuit, filed even before voters can have their say, is beyond unfortunate.

The median value of a home on the south side of Santa Fe — where houses are most affordable — reached \$490,000 in the third quarter of this year. This is the area of town where young families buy their first homes and where more home sales occur than in all the other sectors of the city combined. It also has become unaffordable.

For that reason, we urge voters to approve the transfer tax on high-end homes in November.

The proposal would tax home sales above \$1 million, with the 3% tax applying only to that portion of the home's value above the million-dollar mark. Buyers pay the tax, safeguarding the equity families selling homes have built up. Proceeds from the tax will go to the Affordable Housing Trust Fund, with revenues estimated at anywhere from \$4.5 million to \$6 million a year.

Had the tax been enacted in 2022, the fund would have grown by \$9 million — one reason to enact the tax now is to take advantage of increased home prices before the boom turns to bust. Fund dollars can be spent only on initiatives to keep homes within reach — and that means helping with down payments, building new homes, subsidizing rents and even weatherizing and updating houses so they remain livable.

Skeptics of the tax are reluctant to give more money to a city government that has shown an inability to keep its financial house in order. Repeatedly turning in late audits — a situation that likely won't be rectified this year despite improvements — does not create trust in how our dollars are being spent. That's a fair criticism.

Yet the Office of Affordable Housing, despite being a part of city government, has a number of controls in place that ensure money in the Affordable Housing Trust Fund is spent as intended. First, citizens guide spending decisions. A Community Development Commission, with members appointed by the City Council and the mayor, looks at money in the fund each January and divides it, according to the proposals before it. Nonprofits and developers bring initiatives before the commission, which are then weighed and money allocated, with the city's governing body giving final approval.

It's a bottom-up process, with federal, state and local regulations ensuring money is being properly spent.

Some worry that in recent years, too many dollars went to pay for rent subsidies rather than build new housing units that increase the supply of homes so that teachers, health care workers, police officers and other working people are able to live in the town where they draw a paycheck. That was a direct result of the pandemic. With individuals losing jobs and unable to pay rent, the subsidies prevented homelessness. Study after study shows it is much cheaper — not to mention more humane — to keep people in their homes than to see them on the streets and try to re-home them.

The National Coalition to End Homelessness estimates a chronically homeless person can cost taxpayers an average of \$35,578 a year. Rental assistance pales compared to those costs.

With more money in the pot from the tax — the city of Santa Fe currently is committing some \$3 million a year to the trust fund — commission members can invest in groups that build houses and groups that provide rental assistance or that help homeless people. Additional funds from both the state and federal government are available, with local dollars seeding the pot. Now is the time to strike.

This election, *The New Mexican* recommends voting **yes on the high-end excise tax for affordable housing**.