

Housing New Mexico Advisory Committee

Meeting 3

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Today's Agenda

Welcome back and happy 2022!

Legislative Updates (~20 minutes)

Production and Preservation Brief
Top Takeaways/Q&A (25 minutes)

Strategy Discussion (10 minutes)

Break (10 minutes)

Strategy Discussion (50 minutes)

Wrap up

Updates

- 1) Do the AC members have items to share (from community conversations, studies, reports)?
- 2) It's time to market the resident survey!

Open through February 28, in English, Spanish, and accessible for screen readers

Promotional tools here:

*****housingnm.org/advisory-committee-housing-strategy/resident-survey

*****.research.net/r/NMHousingNeeds

Brief Takeaways and Q&A

2019 Area Median Income, by County

	30% AMI	50% AMI	80% AMI	100% AMI	120% AMI
New Mexico	\$18,100	\$30,200	\$48,300	\$60,400	\$72,480
Bernalillo	\$19,710	\$32,850	\$52,560	\$65,700	\$78,840
Catron	\$15,360	\$25,600	\$40,960	\$51,200	\$61,440
Chaves	\$15,690	\$26,150	\$41,840	\$52,300	\$62,760
Cibola	\$14,220	\$23,700	\$37,920	\$47,400	\$56,880
Colfax	\$15,180	\$25,300	\$40,480	\$50,600	\$60,720
Curry	\$15,480	\$25,800	\$41,280	\$51,600	\$61,920
De Baca	\$15,930	\$26,550	\$42,480	\$53,100	\$63,720
Doña Ana	\$15,240	\$25,400	\$40,640	\$50,800	\$60,960
Eddy	\$21,810	\$36,350	\$58,160	\$72,700	\$87,240
Grant	\$15,900	\$26,500	\$42,400	\$53,000	\$63,600
Guadalupe	\$12,870	\$21,450	\$34,320	\$42,900	\$51,480
Harding	\$15,720	\$26,200	\$41,920	\$52,400	\$62,880
Hidalgo	\$13,140	\$21,900	\$35,040	\$43,800	\$52,560
Lea	\$19,770	\$32,950	\$52,720	\$65,900	\$79,080
Lincoln	\$16,020	\$26,700	\$42,720	\$53,400	\$64,080
Los Alamos	\$40,650	\$67,750	\$108,400	\$135,500	\$162,600
Luna	\$11,340	\$18,900	\$30,240	\$37,800	\$45,360
McKinley	\$11,130	\$18,550	\$29,680	\$37,100	\$44,520
Mora	\$11,580	\$19,300	\$30,880	\$38,600	\$46,320
Otero	\$17,340	\$28,900	\$46,240	\$57,800	\$69,360
Quay	\$13,500	\$22,500	\$36,000	\$45,000	\$54,000
Rio Arriba	\$14,430	\$24,050	\$38,480	\$48,100	\$57,720
Roosevelt	\$13,380	\$22,300	\$35,680	\$44,600	\$53,520
Sandoval	\$19,710	\$32,850	\$52,560	\$65,700	\$78,840
San Juan	\$20,340	\$33,900	\$54,240	\$67,800	\$81,360
San Miguel	\$13,650	\$22,750	\$36,400	\$45,500	\$54,600
Santa Fe	\$21,960	\$36,600	\$58,560	\$73,200	\$87,840
Sierra	\$13,110	\$21,850	\$34,960	\$43,700	\$52,440
Socorro	\$13,560	\$22,600	\$36,160	\$45,200	\$54,240
Taos	\$14,340	\$23,900	\$38,240	\$47,800	\$57,360
Torrance	\$19,710	\$32,850	\$52,560	\$65,700	\$78,840
Union	\$16,200	\$27,000	\$43,200	\$54,000	\$64,800
Valencia	\$19,710	\$32,850	\$52,560	\$65,700	\$78,840

Between 2000 and 2019, the quantity of housing expanded to meet supply overall in the state.

Development did not adequately accommodate population growth in Bernalillo, Chaves, Curry, Eddy, Lea, and Sandoval Counties.

During the past 10 years, 4,771 residential units have been permitted annually on average: 4,107 in counties with high growth (86% of permits); 664 in all other counties.



Production and Supply

If population forecasts are accurate, 5,120 units are needed annually through 2030—an increase of 350 per year.

Equates to a volume of 4,400 units would be needed in high growth counties; 720 balance of the state (rough average of 34 units per balance of state county annually).

Local employment forecasts for the Albuquerque MSA are much larger and suggest a significant uptick in production is needed in the next 2-3 years.



Production and Supply

> 50,000 units statewide are vacant for second home or vacation use

15% are in Lincoln County; 11% are in Santa Fe County

Loan originations for second homes are steadily increasing and totaled nearly 3,000 in 2020—not accounting for cash purchases. The extent to which these purchases are removing workforce housing from the housing supply is unknown.



Production and Supply

In the past 10 years, the supply of rental units affordable to households with incomes less than \$25,000 dropped by more than 50%—while < \$25,000 renters dropped by 9%.

32,000 renters at < 30% AMI “rent up” because of lack of affordable rental units. 19,850 of these renters live in the Albuquerque MSA; 12,150 live elsewhere.

35,000 renters at 150% AMI+ “rent down,” paying less than they could afford

35,600 owners with mortgages and 11,000 owners without mortgages are severely cost burdened



Production and Supply

65% of New Mexico households own their homes; rates are highest in rural areas.

New Mexico does a better job than the U.S. overall in Native and Hispanic ownership. Half of low income households in New Mexico are owners.

17% of state homeownership attributed to mobile homes. Mobile homes are the second largest housing type after single family detached homes in every county except for Bernalillo, Curry, and Los Alamos.



Housing Type Diversity

Low income households are more likely than others to live in diverse housing types. Households with incomes of 80% of AMI and less are:

- Twice as likely to occupy mobile or manufactured homes than 120% AMI households;
- Twice as likely to occupy attached housing (du/tri/fourplexes);
- For less than 30% AMI households, five times more likely to occupy multifamily (5+ units) housing.



Housing Type Diversity

Racial and ethnic groups that are more likely than others to live in diverse housing types include:

- 18% of Black and Asian New Mexicans live in multifamily units compared to 9% of White, Non-Hispanic households and 8% of Hispanic households;
- 31% of Asian households and 35% of Black households live in a building with five or more units or attached housing;
- 23% of Native American households and 21% of Hispanic households live in mobile homes compared to 11% of White, non-Hispanic households.



Housing Type Diversity

44% of New Mexico's housing stock was built before 1980.

Multifamily units permitted during the 1980s make up nearly half of all multifamily permits issued between 1980 and 2020. These units are aging.

40,000 units in the state lack complete kitchens; 40,000 lack complete plumbing.

Persons with disabilities, Native Americans, and renters are most likely to live in substandard housing units.



Condition and Preservation

11,377 rental units in the state have rental subsidies with contracts that will expire in the next 15 years—an average of 750 per year.

Very few New Mexico households—1,100 per year—receive home improvement loans. Median loan amount is \$55,000; median borrower income is \$96,000.

According to stakeholders specializing in acquisition/rehabilitation, costs of rehab can be as high as \$50,000 per unit



Condition and Preservation

Strategy Development

Strategy Framework

Define Problem Statement

Break down processes and identify:

- Inefficiencies
- Barriers

Develop recommendations for changes to:

- Policies
- Programs
- Resources
- Priorities

Production

Production Challenges

Problem Statements:

- 1) If current development patterns continue, housing unit production in growth counties will not meet demand. Accelerated job growth could further exacerbate production gaps.
- 2) Counties where growth is modest or stagnant have trouble attracting capital; investors migrate to higher-return urban areas.
- 3) Small (< 30 unit) affordable developments are often the best solution in rural counties, yet funding favors larger developments.

Production Challenges

Problem Statements:

- 4) High costs of development—due to materials costs, land costs, and labor shortages—complicate the ability to build new housing to meet needs. The more remote the location, the higher the costs.
- 5) Contractors and laborers are nearly impossible to find in the state's non-urban areas. Very few contractors operate in the market overall and they often need to import labor from other states.
- 6) Zoning and land use regulations, and development approval systems, are antiquated in many communities and do not accommodate needed housing. Some current residents have outsized influence on approval processes.

Production Challenges

Problem Statements:

7) Others?

Production: Priorities and Targets

Increasing production in high growth counties

- Should/how can the state incentivize production?
- Should/how can local governments incentivize production?
- Should/how can the state encourage private developers to include affordable housing into their projects?
- What AMI levels should be prioritized?

Production Priorities and Targets

Addressing housing needs in slow/low growth counties

- Should the state bolster the returns available to developers in slow/low growth counties?
- Should the state provide/increase resources for small (< 30 unit) affordable developments?

Production Priorities and Targets

Addressing high costs of construction, labor, and shortages

- How can the state influence costs of construction, labor?
- How can the state incentivize contractors to operate in New Mexico?

Minimizing zoning and land use and NIMBYism

- What are the primary zoning and land use constraints in local communities?
- What is the state's role in addressing these?

Preservation

Preservation Challenges

Problem Statements:

- 1) Affordable rental units with expiring contracts—including a large inventory of USDA contracts—could lead to a significant loss of affordable housing.
- 2) Very few New Mexicans receive home improvement loans from private lenders.
- 3) More than 45,000 owners are cost burdened and likely struggle to keep up with home maintenance.
- 4) Private property owners are incentivized to raise their rents to keep up with the market, resulting in a loss of naturally occurring affordable housing.

Preservation Challenges

Problem Statements:

- 5) Public housing is aging and has not had resources to keep up with maintenance.
- 6) It is often less expensive to rehabilitate homes to keep them affordable v. build new—but funding (such as 9% tax credits) is harder to secure.
- 7) Others?

Preservation Priorities and Products

- How/should the state help improve aging public housing?
- Should the state prioritize affordable rental developments with affordability contracts that will be expiring soon (v. preservation of units without expiring contracts or contracts that expire further in the future)?
- Should the state prioritize preservation activities in rural areas where new construction is more limited, where renters may have more difficulty finding units?
- Should the state equally prioritize acquisition/rehabilitation and new construction?
- How should the state hold property owners accountable for rentals in poor condition?
- What role should the private sector play in preservation goals? Should private owners be incentivized to keep their units naturally affordable?

Q&A

thank you