

# New Mexico Regional Affordable Housing Opportunities



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The Community Strategies Institute was formed in 2003 to provide fiscal and economic analysis, education and training to individuals and groups wishing to better understand and improve the economic and social factors influencing affordable housing development, housing conditions and community infrastructure as those elements influence the economic mobility of low-income populations. The Institute Directors and Members have diverse backgrounds in housing development, finance, management, policy and research. The Institute can be your partner in designing research, programs, and investments for expanding opportunities for individuals to become economically stable members of caring communities.

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## TABLE OF CONTENTS

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Background .....	6
State of New Mexico Profile.....	8
Demographics .....	8
Population .....	8
Race and Ethnicity .....	10
Household Characteristics .....	12
Households and Household Sizes .....	12
Household Tenure.....	13
New Mexico Economy .....	14
Employment and Jobs .....	14
Wages.....	15
Economic Trends .....	16
Housing Characteristics .....	17
Number of Housing Units.....	17
Housing Characteristics .....	19
Rental Housing Costs.....	20
For Sale Housing Costs.....	21
Growth in Housing Units .....	24
Housing Needs .....	25
Household Needs .....	25
Cost-Burdened Households .....	25
Overcrowded Households.....	27
Single Female Head of Households .....	27
Elderly Households.....	28
Disabled Households .....	30
Homeless Households.....	32
Foreclosures and Delinquencies .....	33
Housing Units Needed .....	35
Households by Income Range .....	35
Projected Number of Housing Units by AMI Level in New Mexico .....	35
Number of Affordable Rent Restricted Units in New Mexico .....	36
Number of Affordable Homeownership Units .....	38
Current Housing Units Needed .....	38
Current Rental Housing Needed .....	39
Current Homeownership Units Needed .....	39
Preservation Needs.....	40
New Development Needs for a Growing Workforce .....	41
Assessment of Capacity of Regional Housing Authorities.....	45
Region III Housing Authority .....	45
Sandoval, Bernalillo, Valencia, Torrance Counties.....	45
Region V Housing Authority .....	45
Catron, Grant, Hidalgo, Luna Counties .....	45

Region VI Regional Housing Authority .....	48
Chaves, Eddy, Lea, Lincoln and Otero Counties .....	48
Review of Regional entities in other states .....	51
Colorado Multi-Jurisdictional Housing Authorities Law .....	52
Oregon Housing Authorities Law .....	53
Texas Housing Authority Laws .....	54
Opportunities for change in New Mexico.....	57
Oversight and the Role of NMMFA .....	58
Changes Affecting the Regional Housing Authority Statutes .....	59
Regional Housing Opportunity Center Governance .....	61
Budgetary Considerations .....	62
Regional Profiles.....	65
Region 1 Housing Needs Assessment.....	66
Regional Profile .....	66
Geography.....	66
Population .....	67
Households.....	67
Housing Profile .....	68
Housing Needs Indicators .....	68
Region 1 Current Housing Needs .....	68
Region 1 Future Housing Needs .....	70
Region 1 Land Use and Regulatory Challenges .....	72
Regional Recommendations .....	73
Region 2 Housing Needs Assessment.....	84
Regional Profile .....	84
Geography.....	85
Population .....	85
Households.....	85
Housing Profile .....	86
Housing Needs Indicators .....	86
Region 2 Existing Housing Needs .....	86
Region 2 Future Housing Needs .....	88
Region 2 Land Use and Regulatory Challenges .....	90
Regional Recommendations .....	90
Cost Estimate and Priority Scale.....	96
Region 3 Housing Needs Assessment.....	103
Regional Profile .....	103
Geography.....	104
Population .....	104
Households.....	104
Housing Profile .....	105
Housing Needs Indicators .....	105
Region 3 Existing Housing Needs .....	105
Region 3 Future Housing Needs .....	106
Region 3 Land Use and Regulatory Challenges .....	109
Regional Needs and Recommendations.....	110

Cost Estimate and Priority Scale..... 116

There is a separate Appendix document to accompany this report. The Appendix includes the following items: report of individual and group interviews and meetings, a of the methodology used for the future housing needs projections, county level demographic profiles, and county level future housing needs projections

## Background

The New Mexico Municipal League, which is a non-partisan membership organization composed of most of the municipalities in the state, passed resolution 2007-49 in August of 2007. This resolution urges support for the efforts of the New Mexico Mortgage Finance Authority to acquire resources and personnel to assist the communities who need livable, affordable, and energy efficient homes. During the 2007 session of the New Mexico Legislature, both the Governor and the Legislators made changes to the Regional Housing Authority Law to improve local service delivery and oversight of the regional entities. While the changes to the law have lessened the chance for abuse of affordable housing resources, those changes by themselves are not sufficient to provide a permanent solution. Broader changes in the statute are needed to increase the capacity of New Mexico communities to deal with their housing needs.

The Community Strategies Institute was engaged by the New Mexico Mortgage Finance Authority to undertake an assessment of the present regional delivery system, construct an analysis of current and projected housing needs in New Mexico's communities and then to suggest systemic changes which could have a greater impact on the needs than the present regional service delivery system. CSI has utilized a number of methods in order to fulfill the scope of the project. Extensive research was conducted to assess delivery systems used in other states. Key informant interviews and community meetings were held to gain input from key leaders in the affordable housing industry of New Mexico as well as with community and local government stakeholders. Many data resources were analyzed and tabulated in order to provide a basis for making quantifiable recommendations at the regional level. This study will provide new sources of affordable housing needs data that can be used at both the county and regional level. The needs projections have been made through 2015.

The Community Strategies Institute performed an assessment of the Regional Housing Authorities (RHAs) in 2006. At the time, CSI documented that a lack of resources and lack of oversight from a state agency created a dysfunctional system. Subsequent audits and investigations confirmed that some RHAs were not serving the needs of low and moderate income residents. Some RHAs engaged in questionable business dealings as a way of raising operating funds to support their organizations. The RHA model, as prescribed in New Mexico State Statute, does not appear to be a sustainable model for regional delivery of housing services. Currently, there are only two functioning RHAs providing service. Those RHAs, Region V and Region VI, are in good standing with their funders and represent viable entities within the framework of any future regional housing delivery system. The Region III RHA is in receivership and its assets are in the process of being liquidated to pay outstanding obligations. Previously, Regions IV and VII had ceased operations. Region II assigned its Section 8 vouchers and Public Housing Units to the Santa Fe Civic Housing Authority and then ceased daily operation as well.

The following section of this report provides a state level profile of the affordable housing needs in New Mexico. This profile is included as a starting point for a more detailed discussion of the needs on a regional basis. The Affordable Housing Act requires that local

governments produce a housing plan or housing element as part of their comprehensive plan if they desire to contribute to affordable housing activities within their jurisdiction. NMMFA has promulgated a set of rules to be followed to implement the provisions of the Affordable Housing Act. Those rules contain a listing of the components that should be included in affordable housing plans. CSI has used that list as an outline to formulate the state and regional profiles. The regional plans presented within this report also reflect the requirements of the Affordable Housing Act and Rules.

## State of New Mexico Profile

This section of the report will analyze population, households and key demographic characteristics of the State of New Mexico. The information will provide a framework for understanding current and future housing conditions and needs. Housing needs will also be presented for three proposed regions in the state to be served by regional housing authorities. The report includes an appendix with demographic and housing information for each of the 33 New Mexico counties as well.

### Demographics

New Mexico continues to have healthy growth in both state population and its economy. While not totally immune to national economic troubles, New Mexico does not experience the recessions that hit other areas of the country, and continues to grow as it has for the past 30 years.

### Population

New Mexico is a growing state. The Bureau of Business and Economic Research (BBER), University of New Mexico, estimates that the state population has grown by .3 % annually between 2000 and 2005, and will continue to grow at a similar annual rate of .3% until 2010. While the population growth rate is expected to slow a bit in the next 22 years, New Mexico will still add over 20,000 persons per year through 2030. Between 2005 and 2015, over 280,000 people will have joined the New Mexico population.

**Table 1**

**New Mexico Population Growth and Forecast, 2000 – 2030**

	2000	2005	2010	2015	2020	2025	2030
<b>NEW MEXICO</b>	1,826,280	1,970,983	2,112,986	2,251,319	2,383,116	2,507,548	2,626,553
<b>Avg. Annual Change</b>		28,941	28,401	27,667	26,359	24,886	23,801
<b>Annual Percent Change</b>		0.3%	0.3%	0.3%	0.2%	0.2%	0.2%

Source: BBER Population Estimates by County Through 2030, 2004.

While New Mexico's population continues to grow, more growth is occurring in the urban areas of the state than in rural areas. Fifty-six percent of the new population will live in the four most populous counties in New Mexico: Bernalillo, Dona Ana, San Juan and Santa Fe. However, these counties are forecast to grow at the same rate as rural counties as a whole. Some rural counties will grow at a much faster rate than others, depending upon exploration for oil and gas and other new economic activities. Five small rural counties: De Baca, Harding, Hidalgo, Lea and Quay, are expected to lose population as their current residents grow older and the counties are unable to attract new residents.

While the number of residents in all age groups is expected to grow, the population age 50 and older will boom in New Mexico between 2005 and 2030. The 50+ population will grow

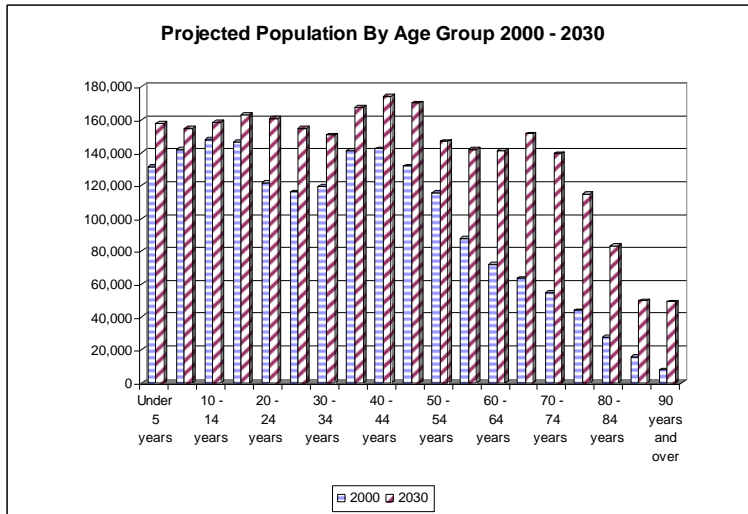
108%, while those 75+ will grow an astonishing 213%. Children make up a very small percentage of new residents between 2005 and 2030.

**Table 2**  
**New Mexico Population Growth By Age Group**

	<b>2000</b>	<b>2030</b>	<b>Change</b>	<b>Pct. Change</b>
Under 5 years	131,140	157,365	26,225	20.0%
5 - 9 years	141,737	154,490	12,753	9.0%
10 - 14 years	147,882	158,404	10,522	7.1%
15 - 19 years	146,318	162,903	16,585	11.3%
20 - 24 years	121,794	160,562	38,768	31.8%
25 - 29 years	115,820	154,628	38,808	33.5%
30 - 34 years	119,170	150,544	31,374	26.3%
35 - 39 years	140,935	167,205	26,269	18.6%
40 - 44 years	142,183	173,910	31,727	22.3%
45 - 49 years	131,593	170,051	38,458	29.2%
50 - 54 years	115,279	146,795	31,516	27.3%
55 - 59 years	87,512	141,594	54,082	61.8%
60 - 64 years	71,890	140,957	69,067	96.1%
65 - 69 years	63,455	151,127	87,672	138.2%
70 - 74 years	54,729	139,215	84,486	154.4%
75 - 79 years	43,921	114,608	70,687	160.9%
80 - 84 years	27,558	83,352	55,794	202.5%
85 - 89 years	15,623	49,803	34,180	218.8%
90 years and over	7,741	49,041	41,300	533.5%
<b>Selected Age Groups</b>				
50 years and over	487,708	1,016,491	528,783	108.4%
55 years and over	372,429	869,697	497,268	133.5%
60 years and over	284,917	728,103	443,186	155.5%
65 years and over	213,027	587,146	374,119	175.6%
70 years and over	149,572	436,018	286,446	191.5%
75 years and over	94,843	296,804	201,961	212.9%
80 years and over	50,922	182,196	131,274	257.8%
85 years and over	23,364	98,844	75,480	323.1%

Source: BBER Population Estimates by age by County Through 2030, 2004.

**Chart 1**



**Race and Ethnicity**

The number of ethnic minorities is growing in New Mexico, as is the percentage of population that is Hispanic or Latino. State officials in New Mexico expect this trend to continue, as the foreign born population continues to grow in coming years. Housing providers must take this changing face of New Mexico into consideration as they plan future projects and programs.

**Table 3**  
**Estimated New Mexico Population by Race, 2008**

	<b>Number</b>	<b>Percentage</b>
White Alone	1,296,207	65.1%
Black or African American Alone	41,509	2.1%
American Indian and Alaska Native Alone	188,910	9.5%
Asian Alone	24,721	1.2%
Native Hawaiian and Other Pacific Islander Alone	1,949	0.1%
Some Other Race Alone	357,660	18.0%
Two or More Races	80,340	4.0%

Source: Claritas Data, 2008

**Table 4**  
**Estimated New Mexico Population by Ethnicity, 2008**

	<b>Number</b>	<b>Percentage</b>
Hispanic or Latino	883,572	44.4%
Not Hispanic or Latino	1,107,724	55.6%

Source: Claritas Data, 2008

There were almost 58,000 residents of New Mexico who are naturalized citizens, and an additional 139,292 who were not residents of the U.S. in 2006, according to the U.S. Census Bureau's American Community Survey. Still, close to 89% of all New Mexico residents counted by the Census Bureau were born in the United States.

**Table 5**  
**New Mexico Population by Citizen Status, 2006**

	<b>2006</b>	<b>Percentage</b>
U.S. citizen, born in the United States	1,734,414	88.7%
U.S. citizen, born in Puerto Rico or U.S. Island Areas	3,003	0.2%
U.S. citizen, born abroad of American parent(s)	19,931	1.0%
U.S. citizen by naturalization	57,959	3.0%
Not a U.S. citizen	139,292	7.1%
<b>Total:</b>	<b>1,954,599</b>	<b>100.0%</b>

Source: U.S. Census Bureau, 2006 American Community Survey

## Household Characteristics

As New Mexico's population grows, the number of households also grows. From 1990 – 2000, the number of households in New Mexico grew 25%. This rate of growth is much higher than that throughout the nation, where households grew by 15% between 1990 and 2000. New Mexico is expected to have 19% more households in 2013 than in 2000, again higher than the national rate of 15% for the same time period.

**Table 6**  
**Projected Household Growth in New Mexico, 1990 - 2013**

2013 Projection	807,122
2008 Estimate	755,993
2000 Census	677,971
1990 Census	542,709
Growth 1990 - 2000	25%
Projected Growth 2000 - 2013	19%

Source: Claritas Data, 2008

## Households and Household Sizes

Detailed data about New Mexico households is available from Claritas. Fifty percent (50.7%) of all households in New Mexico are family households in 2008, and 23.7% are married couples with children under 18. Fifty percent (49.3%) of households were non-family households, almost all of whom were individuals living alone with no children. Most of the family households are married couple families. Thirty-five percent (35.0%) of all households have children under the age of 18 in 2008.

**Table 7**  
**New Mexico Household Composition, 2008**

	Number	Percentage
Single Male Householder	93,290	12.3%
Single Female Householder	106,605	14.1%
Married-Couple Family, own children	178,868	23.7%
Married-Couple Family, no own children	204,222	27.0%
Male Householder, own children	23,590	3.1%
Male Householder, no own children	15,243	2.0%
Female Householder, own children	61,983	8.2%
Female Householder, no own children	35,941	4.8%
Non-family, Male Householder	20,756	2.7%
Non-family, Female Householder	15,495	2.0%
<b>Total</b>	<b>755,993</b>	<b>100.0%</b>

Source: Claritas Data, 2008

Claritas data estimates that the average household size in New Mexico in 2008 is 2.58. This is down from 2.63 in 2000. Over 50% of all households live in a one or two person household. New Mexico's average household size is also slightly smaller than for the U.S. as

a whole, and smaller than all surrounding states except Colorado. The number of non-family households has increased in New Mexico since 2000, by 18% or 38,811, which is one reason for this change.

**Table 8**  
**New Mexico Households by Number of Persons, 2008**

	Number	Percentage
1-person household	199,895	26.4%
2-person household	243,244	32.2%
3-person household	125,798	16.6%
4-person household	104,234	13.8%
5-person household	50,115	6.6%
6-person household	20,715	2.7%
7 or more person household	11,992	1.6%
Total	755,993	100.0%

Source: Claritas Data, 2008

### Household Tenure

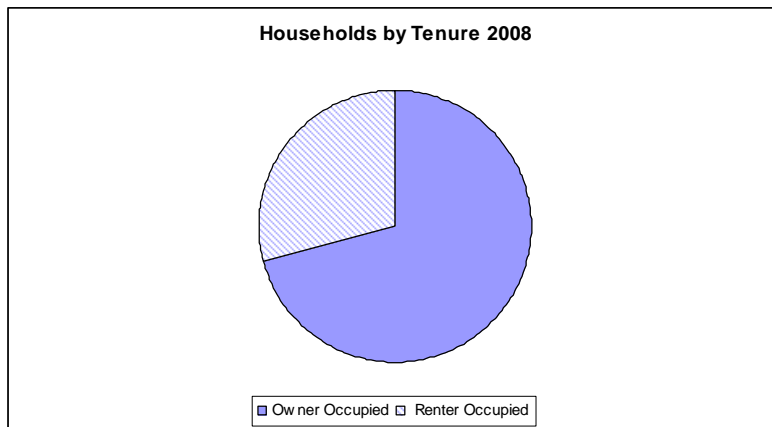
New Mexico has a very high homeownership rate. The 2007 homeownership rate estimated by the U.S. Census Bureau for New Mexico is 71%. This is higher than any surrounding state and the U.S. rate of 68%. The Census Bureau estimates that homeownership rates have dropped slightly nationwide due to the current mortgage crisis. Claritas data indicates that the New Mexico homeownership rate has not changed from 2007 to 2008. The following table shows the estimated number of owners and renter households in New Mexico.

**Table 9**  
**New Mexico Households by Tenure, 2008**

	Number	Percentage
Owner Occupied	534,723	71%
Renter Occupied	221,270	29%
Total	755,993	100%

Source: Claritas Data, 2008

**Chart 2**



The highest homeownership rates in New Mexico are for households age 65 and over. The rate decreased as householder age decreases. This is not unusual, and often is illustrative of the rise in housing prices over the past 30 years in the United States. New Mexico has

had a strong housing market, and as prices rise, it becomes harder for younger households to afford to make the leap from being a renter to buying a home. The rate for young householders is very low, which both reflects this price hurdle and the preference of younger people to rent.

**Table 10**  
**New Mexico Homeownership Rate by Age Group, 2006**

	Owners	Renters	Ownership Rate
Householder 15 to 34 years	64,283	92,232	41%
Householder 35 to 64 years	315,914	102,376	76%
Householder 65 years and over	125,718	25,510	83%
<b>Total</b>	<b>505,915</b>	<b>220,118</b>	

Source: U.S. Census Bureau, 2006 American Community Survey

## ***New Mexico Economy***

New Mexico's economy is stronger than many other states in the country in 2008. While growth in some industries, especially those related to housing and manufacturing, have slowed due to national lending standards and market influences, and New Mexico has had a decline in growth, state officials do not forecast a recession in New Mexico like other areas of the nation.<sup>1</sup>

## **Employment and Jobs**

Total non-agricultural employment in New Mexico grew 1% between the 4<sup>th</sup> quarter of 2006 and the fourth quarter of 2007. This rate of growth continued in the first quarter of 2008 by .6%. This rate of growth is slower than in past years, when job growth was higher than 3% per year. Still, New Mexico's job growth continues a trend that is higher than U.S. rate. The construction and manufacturing industries have lost jobs in New Mexico. Construction reductions are due to housing declines, the completion of several large projects in New Mexico that had increased jobs in this industry and rising prices of construction materials. Several manufacturers in New Mexico have had layoffs and three manufacturing facilities have closed.

The mining industry continues to grow, though at a much slower pace than in 2006, when a copper operation opened in Grant County. Many new jobs are in oil and gas exploration, drilling and productivity enhancement, which fluctuate with the oil market and many of which require special skills. The service industries have grown the most.

<sup>1</sup> *Declines in Manufacturing and Construction Hinder New Mexico's Growth*, Albuquerque Journal Business Section, April 24, 2008.

**Table 11**  
**New Mexico Employment by Industry, 2006 – 2007**

	<b>Annual 2007 Employment</b>	<b>Annual 2006 Employment</b>	<b>Over the Year Change</b>
Total Nonfarm	843,200	832,200	11,000
Total Private	648,400	634,500	13,900
Goods Producing	115,500	115,500	0
Service-Providing	727,700	716,700	11,000
Private Service Providing	532,800	519,000	13,800
Natural Resources and Mining	19,400	18,700	700
Construction	58,900	59,100	-200
Manufacturing	37,100	37,700	-600
Trade, Transportation, and Utilities	144,400	141,600	2,800
Wholesale Trade	23,800	23,300	500
Retail Trade	95,700	94,300	1,400
Transportation Warehousing and Utilities	24,900	24,000	900
Information	15,800	15,800	0
Financial Activities	35,300	35,100	200
Professional and Business Services	108,600	102,500	6,100
Educational and Health Services	111,400	108,000	3,400
Educational Services	13,300	13,000	300
Health Care and Social Assistance	98,100	95,000	3,100
Leisure and Hospitality	87,900	86,700	1,200
Arts, Entertainment, and Recreation	8,500	8,300	200
Accommodation and Food Services	79,300	78,400	900
Other Services	29,500	29,400	100
Government	194,800	197,700	-2,900
Federal Government	30,300	30,500	-200
State Government	59,500	62,900	-3,400
State Government Educational Services	26,900	26,900	0
Local Government	105,100	104,200	900
Local Government Educational Services	57,000	57,100	-100

Source: NM LASER, Annual 2007 Current Employment Statistics (CES) data

New Mexico's unemployment rate of 3.4% in April of 2008 is lower than the U.S. rate of 4.8%, and slightly lower than the 2007 rate of 3.5% in the state, according to the New Mexico Department of Workforce Solutions.

## Wages

The median wage in New Mexico in 2007 was \$27,580. The following table shows the average annual wages for various private industries, collected by the Bureau of Labor Statistics in April of 2008. The industries with the highest wages are professional and business services, as well as construction and goods producing.

**Table 12**  
**New Mexico Current Private Industry Wages, April 2008**

Industry	Annual Wage
Total Private	\$34,204
Goods Producing	\$41,906
Private Service Providing	\$32,569
Construction	\$38,497
Trade, Transportation, and Utilities	\$31,940
Professional and Business Services	\$46,315
Education and Health Services	\$31,230
Leisure and Hospitality	\$15,931

Source: US Department of Labor Bureau of Labor Statistics, Current Employment Statistics Survey

## Economic Trends

The BBER estimated at their 2008 New Mexico Economic Outlook Conference that the largest growing industries between 2008 and 2012 will be health care and social assistance, information, professional and business services and educational services. The following table shows industries by growth rate between 2006 and 2007, their average employment number and annual pay. Some of the highest payment sectors have been losing jobs, such as mining and construction. However, other average or above payment industries are adding jobs in New Mexico.

**Table 13**  
**New Mexico Job Growth By Industry, by Ranking, 2006 - 2007**

Rank	Percent Change	Avg. Employment	Avg Annual Pay
All NAICS Sectors	3.4%	632,275	\$37,128
1 Professional, Scientific, and Technical Services	43.1%	54,092	\$65,856
2 Health Care and Social Assistance	7.0%	88,984	\$34,644
3 Utilities	6.2%	4,653	\$67,452
4 Retail Trade	3.9%	98,703	\$27,120
5 Administrative/Support/Waste Mgmt and Remediation Svcs	2.4%	46,531	\$29,004
6 Finance and Insurance	2.0%	23,809	\$48,132
7 Real Estate and Rental and Leasing	-0.3%	10,923	\$32,508
8 Transportation and Warehousing	-0.4%	19,467	\$40,668
9 Educational Services	-0.8%	6,296	\$27,744
10 Information	-1.0%	15,340	\$38,340
11 Manufacturing	-2.1%	40,233	\$48,216
12 Other Services (except Public Administration)	-3.3%	21,893	\$26,676
13 Accommodation and Food Services	-3.6%	75,572	\$15,540
14 Construction	-3.7%	57,843	\$38,208
15 Arts, Entertainment, and Recreation	-4.4%	8,642	\$18,924
16 Wholesale Trade	-4.5%	23,916	\$46,332
17 Management of Companies and Enterprises	-4.7%	6,345	\$45,288
18 Agriculture, Forestry, Fishing and Hunting	-6.1%	10,391	\$24,312
19 Mining	-11.6%	18,644	\$62,700

Source: U.S. Census Bureau, Local Employment Dynamics - 2nd Quarter 2006 - 2nd Quarter 2007

New Mexico should weather the current national economic downturn better than many other states, and expect to grow at a modest rate for the next few years. Oil and gas activity could bring jobs to the state in oil rich counties. New employment opportunities like the Hewlett Packard technical support center that will be opened in Rio Rancho and employ up to 1,300 will help after the loss of manufacturing jobs. Unemployment in the state is still low, and wages grew 5% between 2006 and 2007.

## ***Housing Characteristics***

New Mexico has very diverse communities, and a very diverse housing stock. Many rural communities have a high percentage of older, smaller homes. Areas where high growth is occurring, such as Albuquerque, Santa Fe and Las Cruces have more newer homes and multi-family housing units. In many rural areas, manufactured homes are the most popular type of new housing in the community. In some areas of the state, rising housing prices are the greatest concern for citizens and community leaders, while in other areas, the age of housing and conditions are most important. The characteristics of New Mexico's housing stock vary by community. The following information provides a statewide summary of housing units, prices and conditions.

## **Number of Housing Units**

The majority of housing units in New Mexico are single family detached or manufactured homes. Only just over 15% of all units have two or more units in the building. The majority of one unit detached and attached units are occupied by the owners of the units. Renters live in multi-unit rentals and manufactured homes.

**Table 14**  
**New Mexico Housing Units by Units in Structure, 2008**

	<b>Number</b>	<b>Percentage</b>	<b>Owner Occupied</b>	<b>Renter Occupied</b>
1 Unit Attached	38,124	4.4%	83.2%	16.8%
1 Unit Detached	530,104	61.2%	61.5%	38.5%
2 Units	15,927	1.8%	9.4%	90.6%
3 to 19 Units	71,467	8.3%	4.6%	95.4%
20 to 49 Units	15,473	1.8%	4.1%	95.9%
50 or More Units	29,507	3.4%	3.4%	96.6%
Mobile Home or Trailer	160,815	18.6%	2.7%	97.3%
Boat, RV, Van, etc.	4,818	0.6%	1.4%	98.6%
<b>Total Units</b>	<b>866,235</b>	<b>100.0%</b>	<b>76.8%</b>	<b>23.2%</b>

Source: Claritas Data, 2008, American Community Survey, US Census Bureau, 2006, CSI

The median age for housing units in New Mexico is 1981. Most units in New Mexico were built in the 1970s through 1990s. Building has slowed in the state since then. The distribution of owners and renters is fairly consistent between various aged properties, though fewer renters live in housing built since 1990. New Mexico has a small percentage of older homes built before 1950; those that often need the most rehabilitation and often have the highest fuel bills.

**Table 15**  
**New Mexico Housing Units by Year Structure Built, 2008**

	<b>Number</b>	<b>Percentage</b>	<b>Owner Occupied</b>	<b>Renter Occupied</b>
Built 2005 or later	29,567	3.4%	78.0%	22.0%
Built 2000 to 2004	75,130	8.7%	77.2%	22.8%
Built 1990 to 1999	161,537	18.6%	73.0%	27.0%
Built 1980 to 1989	156,781	18.1%	69.7%	30.3%
Built 1970 to 1979	159,341	18.4%	66.7%	33.3%
Built 1960 to 1969	94,478	10.9%	63.7%	36.3%
Built 1950 to 1959	97,525	11.3%	69.3%	30.7%
Built 1940 to 1949	40,761	4.7%	65.1%	34.9%
Built 1939 or earlier	51,115	5.9%	69.1%	30.9%
<b>Total</b>	<b>866,235</b>	<b>100.0%</b>	<b>69.7%</b>	<b>30.3%</b>

Source: Claritas Data, 2008, American Community Survey, US Census Bureau, 2006, CSI

Compared to the United States and surrounding states, New Mexico's housing stock is much newer. Only Texas has fewer old homes than New Mexico.

Residential building permit data is tracked by the U.S. Census Bureau for 21 New Mexico counties. The following chart shows the number of building permits by type of housing unit in these 21 counties over the past seven years. Permits rose in the early part of the decade, but have slowed since, with a 6.2% drop between 2001 and 2007. The number of residential permits continues to drop. The New Mexico Home Builders Association compared building permits year to date between February 2007 and 2008 for all New Mexico Counties, and found that they fell from 1,323 in February 2007 to 855 in February 2008, a 35% drop. As sales of homes drop, builders cut back on the number of newly constructed homes offered for sale.

**Table 16**  
**Building Permit in New Mexico, 2001 - 2007**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>%Chg</b>
	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>01-07</b>
Single Family	7,325	8,474	9,996	10,693	11,360	10,429	6,871	-6.2%
Two Family	16	10	330	26	22	54	54	237.5%
Three or Four Family	80	188	215	177	167	166	272	240.0%
Five or More Family	943	1,503	1,349	678	570	1,059	646	-31.5%
<b>Total</b>	<b>8,364</b>	<b>10,175</b>	<b>11,890</b>	<b>11,574</b>	<b>12,119</b>	<b>11,708</b>	<b>7,843</b>	<b>-6.2%</b>

Source: US Census Bureau Building Permit Data

**Table 17**  
**New Mexico Older Housing Unit Stock vs. Surrounding States, 2006**

	<b>Percentage</b>
<b>United States</b>	14.6%
Colorado	9.1%
<b>New Mexico</b>	<b>6.0%</b>
Oklahoma	9.4%
Texas	5.0%
Utah	8.9%
Wyoming	14.1%

Source: American Community Survey, US Census Bureau, 2006

## Housing Characteristics

Most homes in New Mexico are heated with gas from a utility company. Eleven percent (11.3%) are heated with bottled propane gas and another 13.3% are heated with electricity. With the cost of gas and propane rising, it is unclear which energy source will be the most cost efficient for residents of New Mexico in the coming years. In the past, electric heat was more costly than propane or gas heat. However, rising fuel costs have made electricity more cost effective in some areas of the country.

**Table 18**  
**New Mexico Housing Heating Fuel, 2006**

	<b>Percentage</b>
Utility gas	67.9%
Bottled, tank, or LP gas	11.3%
Electricity	13.3%
Fuel oil, kerosene, etc.	0.1%
Coal or coke	0.1%
Wood	5.9%
Solar energy	0.4%
Other fuel	0.9%
No fuel used	0.2%

Source: American Community Survey, US Census Bureau, 2006

Very few housing units in New Mexico lack complete plumbing or kitchen facilities. Owners have a higher instance of these housing problems than renters.

**Table 19**  
**New Mexico Lacking Complete Plumbing, 2006**

	<b>Owners</b>	<b>Renters</b>
Complete plumbing facilities	98.9%	99.5%
Lacking plumbing facilities	1.1%	0.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: American Community Survey, US Census Bureau, 2006

**Table 20**  
**New Mexico Lacking Kitchen, 2006**

	<b>Owners</b>	<b>Renters</b>
Complete kitchen facilities	98.9%	99.2%
Lacking complete kitchen facilities	1.1%	0.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Source: American Community Survey, US Census Bureau, 2006

## Rental Housing Costs

As noted earlier, there is no statewide survey of rents in New Mexico. However, Census Bureau data shows that rents are rising statewide. The median rent in New Mexico rose an average of 3.2% per year between 2000 and 2006, for a total increase of 19.2%. The following graphic illustrates the shift in rents over this six year time period.

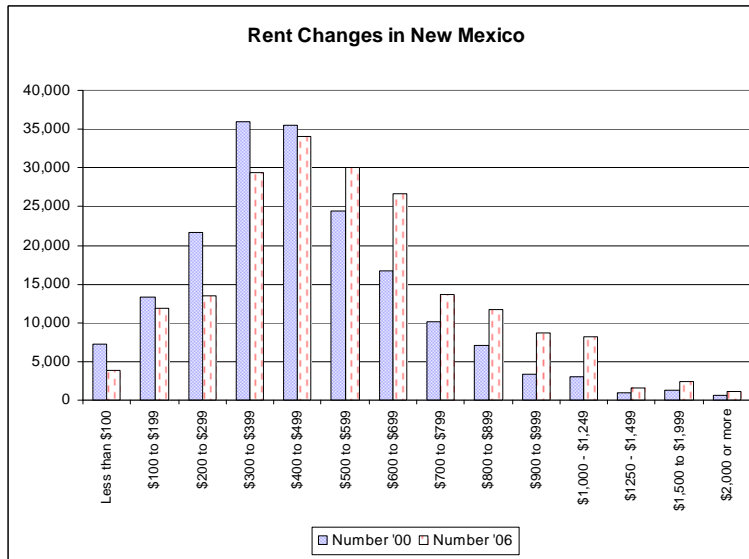
These shifts in rents will vary at the local level, depending upon the number of units on the market, job growth, and other factors that put pressure on the rental market and allow landlords to increase rents as demand increases.

**Table 21**  
**New Mexico Rents, 2000 and 2006**

	<b>Number '00</b>	<b>Number '06</b>	<b>Percent '06</b>
Less than \$100	7,305	3,918	1.8%
\$100 to \$199	13,335	11,966	5.4%
\$200 to \$299	21,675	13,439	6.1%
\$300 to \$399	35,944	29,337	13.3%
\$400 to \$499	35,473	34,088	15.5%
\$500 to \$599	24,352	29,985	13.6%
\$600 to \$699	16,764	26,686	12.1%
\$700 to \$799	10,128	13,629	6.2%
\$800 to \$899	7,001	11,713	5.3%
\$900 to \$999	3,430	8,612	3.9%
\$1,000 - \$1,249	3,109	8,153	3.7%
\$1,250 - \$1,499	978	1,534	0.7%
\$1,500 to \$1,999	1,291	2,373	1.1%
\$2,000 or more	665	1,087	0.5%
No Cash Rent	19,458	23,598	10.7%
<b>Total</b>	<b>200,908</b>	<b>220,118</b>	<b>100.0%</b>

Source: 2000 Census and American Community Survey, US Census Bureau, 2006

**Chart 3**



Source: US Census Bureau, 2000 Census and 2006 American Community Survey

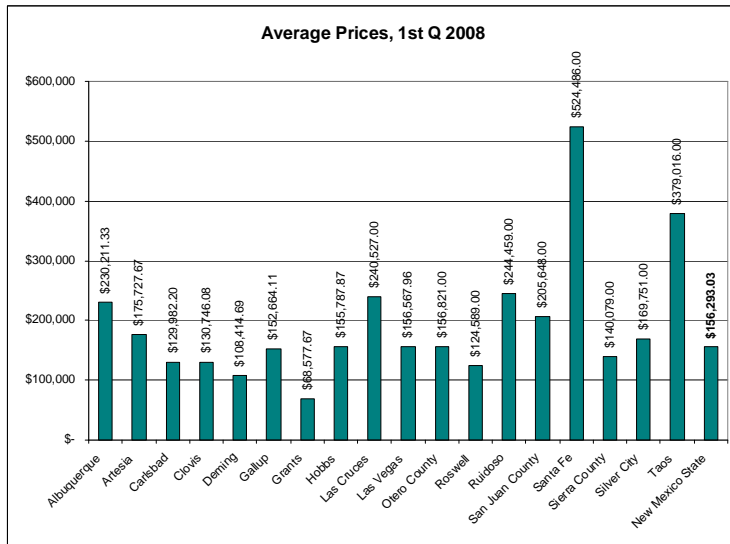
### For Sale Housing Costs

**Table 22**  
**Value of Owned Housing Units, New Mexico, 2008**

	Units	Percentage
Value Less than \$20,000	29,940	5.6%
Value \$20,000 - \$39,999	33,544	6.3%
Value \$40,000 - \$59,999	37,706	7.1%
Value \$60,000 - \$79,999	35,516	6.6%
Value \$80,000 - \$99,999	39,564	7.4%
Value \$100,000 - \$149,999	115,953	21.7%
Value \$150,000 - \$199,999	86,753	16.2%
Value \$200,000 - \$299,999	87,504	16.4%
Value \$300,000 - \$399,999	31,014	5.8%
Value \$400,000 - \$499,999	14,306	2.7%
Value \$500,000 - \$749,999	14,154	2.6%
Value \$750,000 - \$999,999	4,597	0.9%
Value \$1,000,000 or more	4,172	0.8%
<b>Total</b>	<b>534,723</b>	<b>100.0%</b>

Source: Claritas Data, 2008

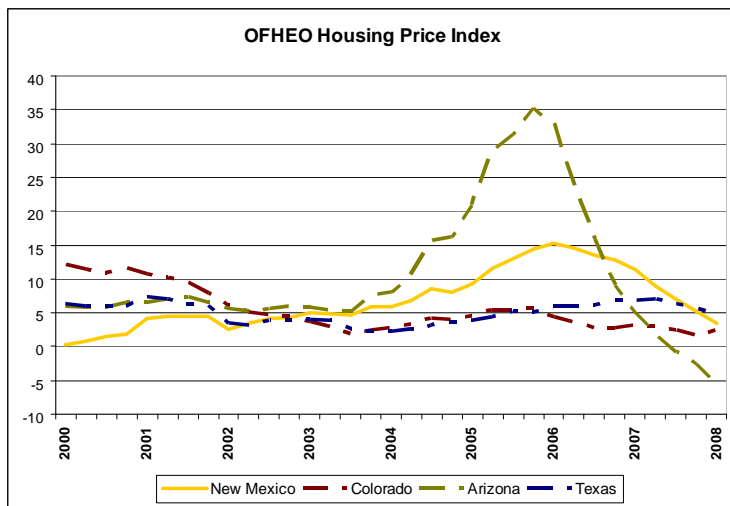
**Chart 4**



Source: Realtors Association of New Mexico

Statewide, sales of homes continue to drop in New Mexico during 2008, a trend that started in 2007. Single family home sales dropped 27.7% during the first quarter of 2008 compared to the first quarter of 2007, according to the Realtors Association of New Mexico. Statewide, the average price of a home dropped 19%. The average price of a home in New Mexico is now \$156,293. Prices had been rising each quarter until 2008.

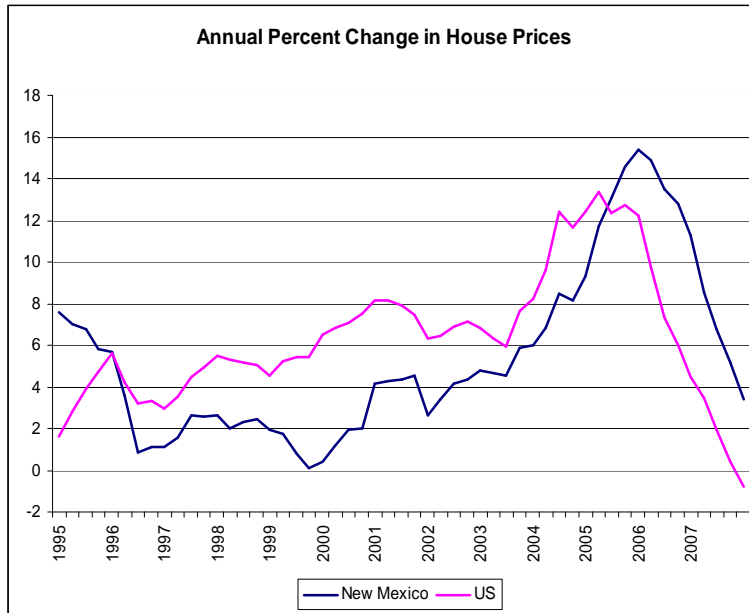
**Chart 5**



Source: Office of Federal Housing Enterprise Oversight (OFHEO)

Another source of home price data is the Office of Federal Housing Enterprise Oversight, (OFHEO) which tracks same home sales and refinancing of the same home. According to OFHEO, New Mexico homes gained 3.38% in value during the first quarter of 2008 compared to the 4<sup>th</sup> quarter of 2007. New Mexico has fared better than surrounding states in recent years. For the first quarter of 2008, New Mexico's index rose at a higher rate than all but Texas.

**Chart 6**



New Mexico prices have fared better than prices nationwide, according to the Freddie Mac Conventional Mortgage Home Price Index, since the second quarter of 2005. According to the Freddie Mac report *Housing and Mortgage Statistics – New Mexico*, the Moody’s Economy.com State Housing Affordability Index shows that households earning the statewide median income can still afford to purchase the median priced home in New Mexico, as they have since 2000.

Source: Freddie Mac Conventional Mortgage Home Price Index

However, purchasing power is decreasing as prices have risen since 2000.

According to the 2006 American Community Survey, 16.6% of all vacant housing units in New Mexico were for rent at the time of the ACS survey. The census also shows that 1.5% of all owned units are vacant, a rate that is considered market equilibrium. The number of housing units on the market has increased in the past two years as the national sales market has slowed, but this vacancy rate shows that New Mexico still has a healthy for-sale market.

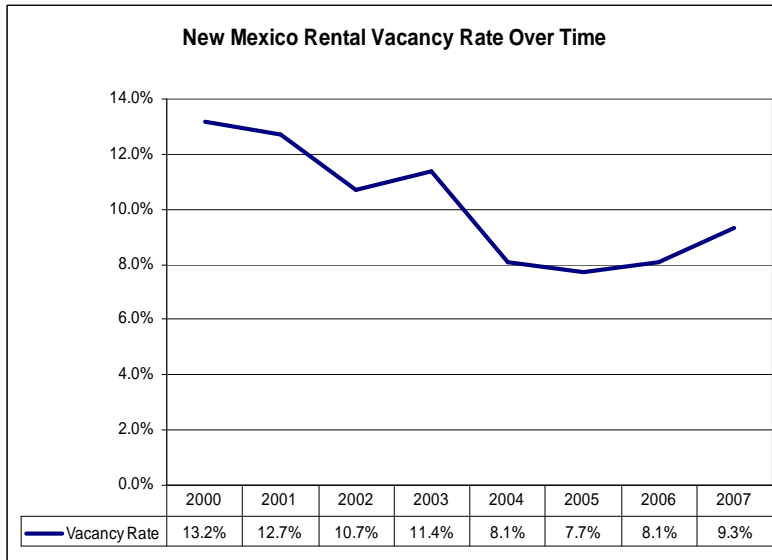
In total, 14.3% of all housing units in New Mexico were vacant in 2006. The majority of these were empty either because they are seasonal units or second homes, or they are not on the market for some reason.

**Table 23**  
**New Mexico Vacancy Status, 2006**

	Number	Percent of Total Vacancies
For rent	20,601	16.6%
Rented, not occupied	3,876	3.1%
For sale only	7,948	6.4%
Sold, not occupied	4,602	3.7%
For seasonal, recreational, or occasional use	42,091	33.9%
For migrant workers	354	0.3%
Other vacant	44,648	36.0%
<b>Total:</b>	<b>124,120</b>	<b>100.0%</b>

Source: American Community Survey, US Census Bureau, 2006

**Chart 7**



The 2007 vacancy rate of 9.3% for rental units in New Mexico is higher than the 5% rate that is considered market equilibrium. Often, rental and for sale vacancy rates are reported higher by the census bureau than by local or statewide rental vacancy surveys. The New Mexico Mortgage Finance Authority does not conduct a statewide rent and vacancy survey to compare these numbers to.

### Growth in Housing Units

Between 2000 and 2006, the number of New Mexico households grew 7.1%, from 677,971 to 766,023. The number of housing units grew more, 8.9%, during the same time period, from 780,579 to 850,095. It appears that at least at a statewide level, housing construction is keeping up with New Mexico population growth. However, this statewide analysis does not reflect local housing markets. This same analysis is also presented in the Regional Housing Needs section of this report at the local level.

## Housing Needs

Housing needs vary across the state, and also vary depending upon the income levels or special needs of the household or person that is looking for housing. Many lower income households and families have a hard time finding a rental unit or unit for sale that is affordable to them. Many end up paying much more than the 30% of income federal standard for housing expenses. When a household is “cost-burdened” by their rent or mortgage payment and utility costs, household budget items such as medical care and food become hard to pay for.

Seniors have special housing needs. Those on fixed incomes seek out rent restricted units that have amenities appropriate for Seniors and are accessible. Persons with disabilities also need low cost and accessible housing options. Some with severe mental or developmental disabilities need specialized housing choices with on-site care. Homeless individuals and families need very low or no cost housing with intensive case management services to help them increase income or become self-sufficient.

This section of the report discusses the need for a variety of housing options for all New Mexico residents.

### *Household Needs*

High, unaffordable housing costs are a strain on households and on local and state governments, nonprofit service providers, and housing agencies. Households that pay more than 30% of their income for housing expenses often go without health care, which increases the public health care costs. Service and housing agencies often assist low income cost-burdened households with food, and rent and utility assistance.

### Cost-Burdened Households

In 2006, 41.9% of renters and 23.7% of owners in New Mexico were cost-burdened, or paying more than 30% of their household income for housing costs. While these represent a large portion of New Mexico’s population, New Mexicans are faring better than households in all surrounding states.

**Table 24**

#### **Cost-Burdened Households in New Mexico and Surrounding States, 2006**

	<b>Renters</b>	<b>Owners</b>
United States	46.0%	30.3%
<b>New Mexico</b>	<b>41.9%</b>	<b>23.7%</b>
Arizona	45.2%	30.1%
Colorado	47.1%	32.6%
Texas	44.4%	27.2%

Source: US Census Bureau, 2006 American Community Survey

Rising housing costs have taken a toll on New Mexico households, however, as shown in the following table. The number of cost-burdened households is on the rise, and a larger share of New Mexico’s population was cost-burdened in 2006 than in 2000. Renters, who have lower incomes than owners, have been hit the hardest.

**Table 25**  
**Cost-Burdened Households in New Mexico, 2000 and 2006**

	2000	2006
Renters	37.6%	41.9%
Owners	21.8%	23.7%

Source: US Census Bureau, 2000 Census and 2006 American Community Survey

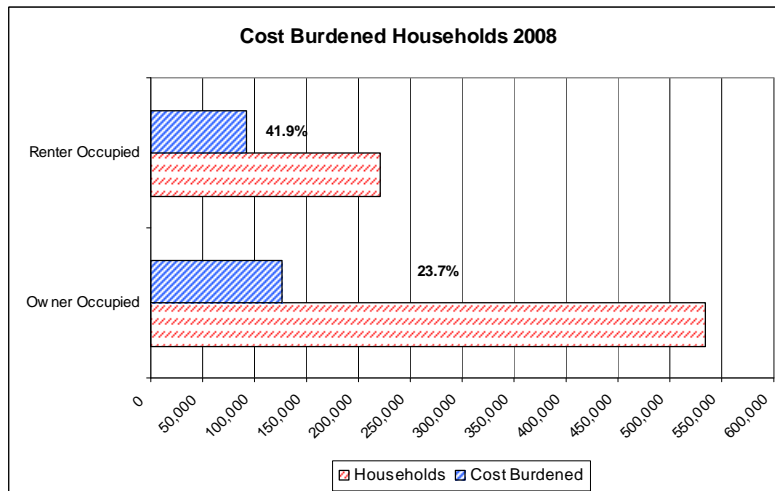
Table 26 shows the CSI estimate of cost-burdened households in 2008 based upon the 2006 ACS percentages of households that were cost-burdened. The rise in cost-burdened households in New Mexico is reflective of housing prices rising at a higher pace than wages, forcing many households to pay more of their income for housing.

**Table 26**  
**Estimated Cost-Burdened Households, 2008**

	Households	Cost Burdened	Percent Cost Burd.
Owner Occupied	534,723	126,569	23.7%
Renter Occupied	221,270	92,646	41.9%
Total	755,993	219,215	

Source: US Census Bureau, 2006 American Community Survey, CSI

**Chart 8**



Source: US Census Bureau, 2006 American Community Survey, CSI

## Overcrowded Households

According to the 2006 American Community Survey, 3.0% of New Mexico owners and 4.2% of New Mexico renters are “overcrowded”, according to the HUD definition of an overcrowded household. According to the HUD standard, any household that has over one resident per room in the dwelling is overcrowded. Households are overcrowded for many reasons, including a lack of larger housing units in a market area, a lack of affordable larger housing units in a market area, ethnic norms for having extended families live together, and extended families or multiple families living together to save on housing costs. Since 2000, the percentage of owners and renters that live in an overcrowded situation has been cut in half. In 2000, 6.4% of owners and 9.9% of renters were overcrowded.

**Table 27**  
**Overcrowded Households, 2006**

	Households	Over Crowded	Percent Overcrowded
Owner Occupied	534,723	16,291	3.0%
Renter Occupied	221,270	9,272	4.2%
<b>Total</b>	<b>755,993</b>	<b>25,563</b>	

Source: US Census Bureau, 2006 American Community Survey

In 2006, New Mexico had fewer overcrowded renter households than in the United States overall or in surrounding states. However, owners in New Mexico are still more crowded than in the U.S. or in any surrounding state, except Texas. Owners can be overcrowded because buyers choose smaller, more affordable homes, the homes in a market area are older and smaller, or when multiple generations live within the same dwelling unit.

**Table 28**  
**Overcrowded Households, New Mexico and Surrounding States, 2006**

	Owners	Renters
United States	1.6%	5.8%
<b>New Mexico</b>	<b>3.0%</b>	<b>4.2%</b>
Arizona	2.9%	8.4%
Colorado	1.2%	4.3%
Texas	3.3%	7.7%

Source: US Census Bureau, 2006 American Community Survey

## Single Female Head of Households

New Mexico has a higher rate of poverty for all households than in the nation as a whole. Almost 14% of all New Mexico households lived in poverty in 2006, according to the American Community Survey. This compares to 9.8% nationwide. Across all categories of household types, more New Mexico residents live in poverty than the U.S. averages.

Single mothers have the highest rate of poverty, both in the U.S. and in New Mexico. Almost half of all single mothers with children at home in New Mexico lived in poverty in 2006. CSI estimates that in 2008, there are almost 29,000 of these households, which

amounts to more than 58,000 women and children. In 2008, the poverty threshold for a family of three was \$17,600 annual income or less.

**Table 29**  
**Households Below Poverty Level, New Mexico, 2006**

	United States	New Mexico
	Total Households below Poverty Level	9.8%
Married-couple family	4.7%	7.2%
Male single parent household	17.7%	21.0%
Female single parent household	36.9%	46.5%
	New Mexico	In Poverty
<b>Female Single Parent Households 2008</b>	61,983	28,821
<b>Persons in Family or Household</b>	<b>Income</b>	
1	\$10,400	
2	\$14,000	
3	\$17,600	
4	\$21,200	
5	\$24,800	
6	\$28,400	
7	\$32,000	
8	\$35,600	

Source: US Census Bureau, 2006 American Community Survey

## Elderly Households

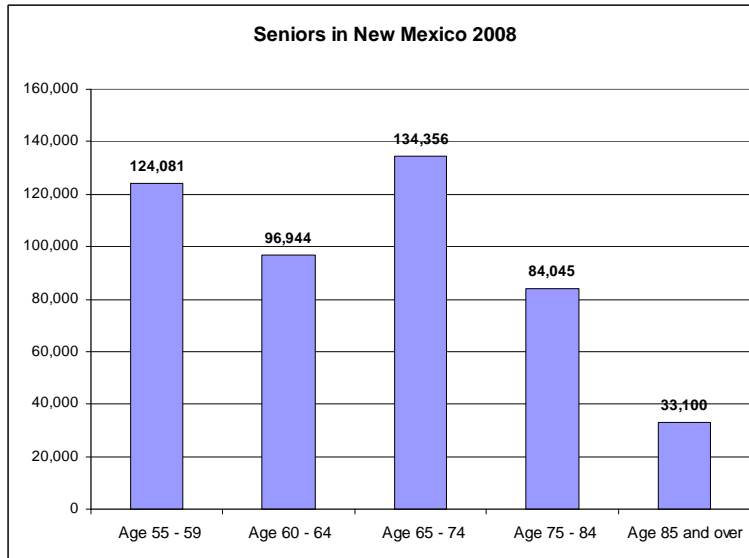
New Mexico has a growing elderly population. Not only is the existing population aging, but some geographic areas of New Mexico are attracting retirees as new residents. In 2008, CSI estimates that there are 472,526 persons age 55 and older residing in New Mexico. Table 30 shows that the age range with the largest number of Seniors is age 65-74. These active Seniors begin to need more health and care services as they age into the next decade.

**Table 30**  
**New Mexico Senior Population, 2008**

	Seniors
Age 55 - 59	124,081
Age 60 - 64	96,944
Age 65 - 74	134,356
Age 75 - 84	84,045
Age 85 and over	33,100
<b>Total</b>	<b>472,526</b>

Source: BBER Population Estimates by age by County Through 2030, 2004, CSI

**Chart 9**



The number of Seniors living in New Mexico will more than double over the next 22 years, according to the BBER population estimates by age. Housing providers and local governments need to analyze the senior housing stock and supportive services around the state in anticipation of higher demand for housing targeted to Seniors.

Many Seniors choose to sell their older and less accessible homes as they age, in

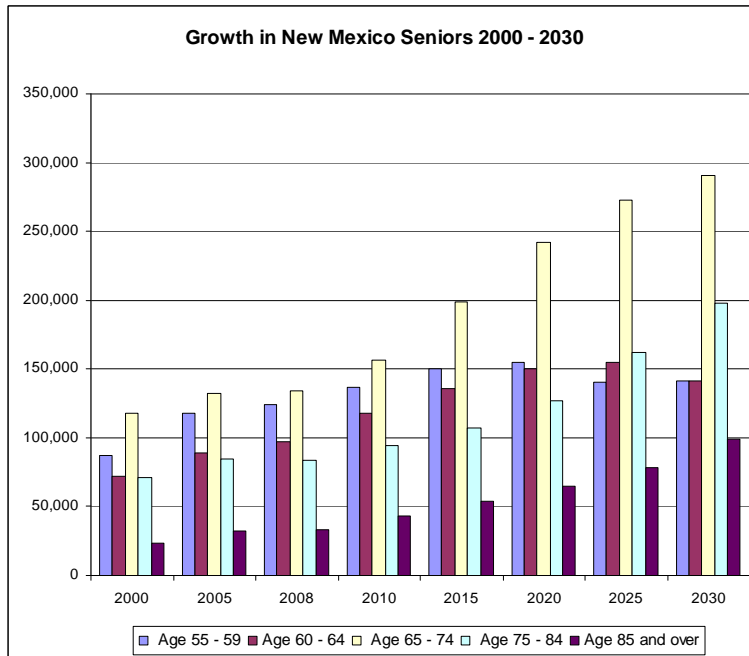
exchange for one story or patio homes. Other Seniors on small fixed incomes will need to move into rent restricted or subsidized Senior housing units. Demand has grown for home health services over the past decade as a more favorable choice for assistance than moving into assisted living facilities. Housing providers should expect that Seniors will age in place, in independent living units, and choose to stay in these properties even as their needs become greater. New properties targeted to Seniors should be designed for aging in place Senior residents.

**Table 31**  
**New Mexico Senior Population Growth, 2000 - 2030**

Selected Age Groups	2000	2030	Change	Pct. Change
50 years and over	487,708	1,016,491	528,783	108.4%
55 years and over	372,429	869,697	497,268	133.5%
60 years and over	284,917	728,103	443,186	155.5%
65 years and over	213,027	587,146	374,119	175.6%
70 years and over	149,572	436,018	286,446	191.5%
75 years and over	94,843	296,804	201,961	212.9%
80 years and over	50,922	182,196	131,274	257.8%
85 years and over	23,364	98,844	75,480	323.1%

Source: BBER Population Estimates by age by County Through 2030, 2004

**Chart 10**



Source: BBER Population Estimates by age by County Through 2030, 2004

### Disabled Households

The following charts show the number of New Mexicans who live with one or more disability, and the types of disabilities that they have. Not surprisingly, as people age, they have more disabilities. Persons with some disabilities may need to live in housing designed to serve people with disabilities. Persons with physical disabilities need accessible housing options, with wide doors, space in the bathroom for turning a wheelchair, modified cabinets and sinks, etc. People with mental or developmental disabilities may need to have a housing unit that includes group meeting spaces or even group homes with staff on site. Many people with disabilities live on Social Security Disability and need housing that is affordable on a very limited income.

Local governments and builders of affordable housing need to take note of the needs of disabled citizens when planning new housing units in their communities.

**Table 32**  
**New Mexico Population with Disabilities, 2006**

	Estimate	Percentage
Male:		
5 to 15 years		
With one type of disability	8,658	5.5%
With two or more types of disability	2,606	1.7%
16 to 64 years		
With one type of disability	36,020	5.9%
With two or more types of disability	49,516	8.2%
65 years and over:		
With one type of disability	19,922	19.2%
With two or more types of disability	22,872	22.0%
Female		
5 to 15 years:		
With one type of disability	6,192	4.1%
With two or more types of disability	1,824	1.2%
16 to 64 years:		
With one type of disability	39,376	6.2%
With two or more types of disability	48,248	7.6%
65 years and over:		
With one type of disability	22,198	17.0%
With two or more types of disability	35,934	27.5%

Source: US Census Bureau, 2006 American Community Survey

**Table 33**  
**New Mexico, Persons with Disabilities by Type of Disability, 2006**

	Age 5-15	Age 16-64	Age 65+	Total
Sensory Disability	4,295	46,555	47,747	98,597
Percent of Total Population	1.4%	3.8%	20.4%	5.5%
Physical Disability	4,003	50,048	76,732	130,783
Percent of Total Population	1.3%	4.0%	32.7%	7.3%
Mental Disability	14,718	69,431	30,338	114,487
Percent of Total Population	4.8%	5.6%	12.9%	6.4%
Self-Care Disability	2,427	29,761	24,663	56,851
Percent of Total Population	0.8%	2.4%	10.5%	3.2%
Work Disability	NA	NA	NA	88,740
Percent of Total Population	NA	NA	NA	5.0%

Source: US Census Bureau, 2006 American Community Survey

## Homeless Households

Homelessness is an issue that affects both urban and rural communities throughout the nation. In New Mexico, the New Mexico Coalition to End Homelessness consolidates these needs, catalogues the services available, and gaps in service delivery, every year to HUD in the New Mexico Balance of State Continuum of Care Application. This document does not document homeless needs in Albuquerque. The Continuum of Care is developed by a number of public and private agencies that serve the homeless or have an interest in homeless issues.

The New Mexico Coalition to End Homelessness provided the following estimates of New Mexico's non-Albuquerque homeless population in 2007. There were 1,739 estimated homeless people outside the metro area, 980 of whom were unsheltered.

**Table 34**  
**New Mexico Homeless Population, 2007**

	Sheltered			Total
	Emergency	Transitional	Unsheltered	
Number of households with dependent children	48	54	118	220
Number of households without dependent children	341	116	583	1,040
Total Homeless Households	389	170	701	1,260
Total Homeless Persons	485	274	980	1,739
<b>Homeless Subpopulations</b>				
Chronically Homeless	167		385	552
Severely Mentally Ill	66		NA	66
Chronic Substance Abuse	137		NA	137
Veterans	31		NA	31
Persons with HIV/AIDS	7		NA	7
Victims of Domestic Violence	255		NA	255
Homeless Youth alone	150		NA	150

Source: New Mexico Coalition to End Homelessness Continuum of Care Balance of State 2007

Homeless services are broken down into various categories. Homeless prevention services are targeted to people who are in danger of becoming homeless, and include rental and mortgage assistance, utility assistance, counseling, and legal assistance. Housing for persons who are already homeless ranges from shelters with beds, to transitional housing units that offer a sliding scale rent for up to 24 months, to permanent subsidized rental units. These housing services are combined with case management and other social and health services. Agencies also conduct street and other outreach to bring the homeless into the network of housing and services available to them.

There are many agencies throughout New Mexico that perform one or more of these pieces of the homeless delivery system. Not all services are available throughout the state, and often the most comprehensive homeless delivery systems are located in larger urban areas.

The New Mexico Balance of State Continuum of Care estimated the 2007 need for more homeless housing beds and units. There is unmet need for over 1,000 shelter beds, 400 transitional housing units and 175 permanent supportive housing units for the homeless.

**Table 35**  
**Unmet Homeless Needs, 2007**

Type	Need
Total Year Round Beds	
Individuals	478
Families	584
Transitional Housing Units	
Individuals	142
Families	250
Permanent Supportive Housing Units	
Individuals	123
Families (transitional)	55

Source: New Mexico Coalition to End Homelessness Continuum of Care Balance of State 2007

## Foreclosures and Delinquencies

Housing markets around the country are reeling from the foreclosure crisis that has hit the U.S. housing market in the past two years. Borrowers using a variety of “boutique” loan products have found themselves with unaffordable adjusted mortgages or in homes that are no longer worth what they borrowed on them. Foreclosed homes have increased the stock of houses on the market and reduced sales prices across the board.

Different areas of the country have been hit harder than others by this situation. All housing markets are seeing the effect on the lending community, with tightened credit and borrowing standards. Even in markets that do not have large numbers of foreclosures or reduced values, borrowers are finding it harder to enter or move up into new homes with new lending standards.

New Mexico is not immune to these problems, though foreclosures per household are not as high as in areas like Colorado, Arizona or California. Realty Trac, a California-based company, has been tracking foreclosure filings across the nation. As the following chart shows, foreclosure filings were up by 25.5% from the prior year in April of 2008, to 354, or one for every 2,401 households in New Mexico. However, this rate is much less than in the U.S. as a whole or compared to surrounding states.

New Mexico is experiencing a real estate slow down and price decreases, but this is mostly due to the impact of the national foreclosure and credit crisis, and not as directly related to the New Mexico housing market. As the nation recovers, so will New Mexico.

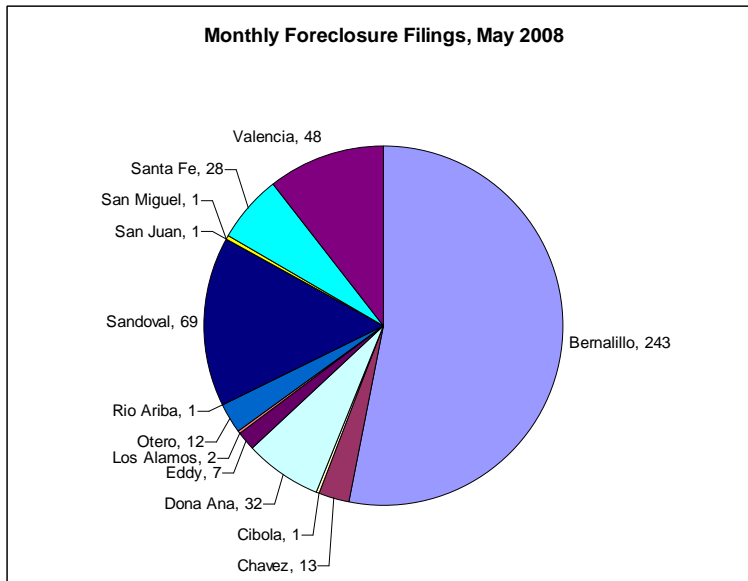
**Table 36**  
**Foreclosure Filings, April 2008**

Rank	State	Monthly Filings	1/every HH Rate	% Change from Apr 07
	<b>US</b>	<b>243,353</b>	<b>519</b>	<b>64.8%</b>
37	New Mexico	<b>354</b>	<b>2,401</b>	<b>25.5%</b>
3	Arizona	11,620	224	181.4%
5	Colorado	6,000	349	3.0%
17	Texas	11,406	809	-0.2%

Source: RealtyTrac Inc.

Most new filings are in Bernalillo County, with other high population counties like Sandoval, Santa Fe, Valencia and Dona Ana also having higher numbers of filings. Of the filings tracked by RealtyTrac, 92% were in these counties.

**Chart 11**



Source: RealtyTrac Inc

## ***Housing Units Needed***

In this section of the report, an analysis of the need for more housing development will be presented. Household income, what households can afford for housing, and how the existing and planned housing stock meets the needs of current residents will be discussed. Gaps in the housing stock will be identified based upon current household structure and income, housing prices, locations and conditions.

### **Households by Income Range**

CSI has estimated the number of households in New Mexico by income ranges set by the U.S. Department of Housing and Urban Development (HUD) for 2008. These ranges are used when determining eligibility for various affordable housing programs and properties.

### **Projected Number of Housing Units by AMI Level in New Mexico**

Subsidized rental housing is targeted to households at the 60 percent AMI range or less, while homebuyer programs usually target households with incomes higher than 60 percent AMI, usually up to a maximum of 100 percent AMI. There are a total of 102,682 renter households in New Mexico with incomes at 50 percent AMI or below.

There are a total of 46,228 renter households with incomes between 50 and 80 percent of AMI, those who are good candidates for downpayment assistance or other homebuyer assistance programs. The renter households with incomes above 80 percent AMI are perfect candidates for new, market rate, for sale housing that is being built or planned around the state.

Often, lower income homeowners have a hard time keeping up with taxes, utility payments and necessary home repairs. Those at 80% AMI or less can access the NM MFA Minor Home Repair programs in some areas in New Mexico that can help make health and safety repairs. Forty-one percent of all owners in New Mexico have incomes that qualify them for this type of program.

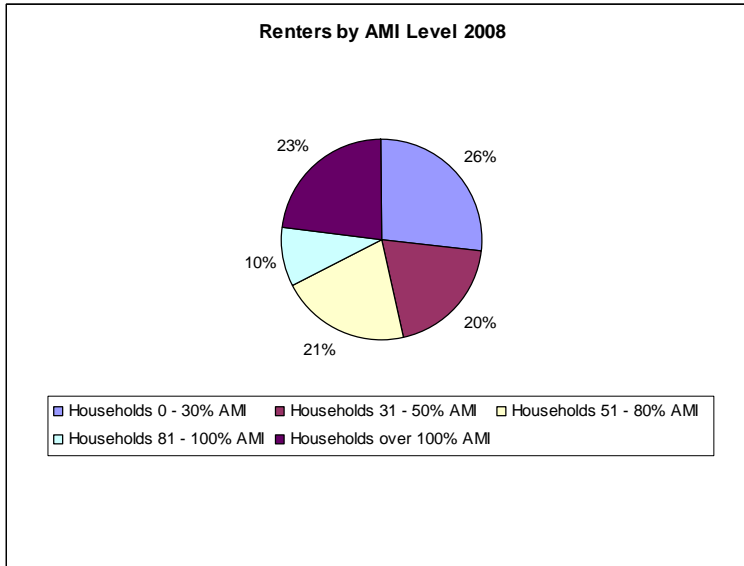
**Table 37**

**New Mexico Households by Income Range and Tenure, 2008**

	<b>Owners</b>	<b>Renters</b>	<b>Total</b>
Households 0 - 30% AMI	63,252	59,360	122,613
Households 31 - 50% AMI	57,153	43,322	100,474
Households 51 - 80% AMI	97,626	46,228	143,854
Households 81 - 100% AMI	59,361	21,364	80,725
Households over 100% AMI	257,331	50,997	308,328
All Households	534,723	221,270	755,993

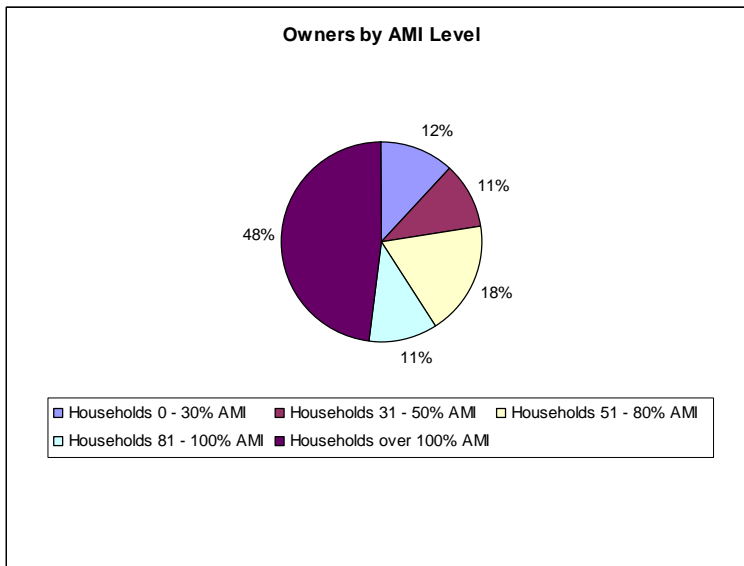
Source: CSI

**Chart 12**



Source: CSI

**Chart 13**



Source: CSI

**Number of Affordable Rent Restricted Units in New Mexico**

CSI conducted an inventory of all rent-restricted housing units in New Mexico, and found an estimated 35,386 units and HUD Section 8 Rental Assistance Vouchers across the state. The following chart estimates the number of units by federal program category. This number is only an estimate, as some properties obtain financing from more than one source and may be double counted, while properties financed through the HOME and CDBG programs may not all be included due to record keeping restrictions.

Of the estimated 35,386 units that are affordable, 14,278 have affordability that moves with the tenant using a voucher given to the landlord to make rents affordable, called Section 8 Vouchers. All units listed below except the Low Income Housing Tax Credit (LIHTC) units also have a rental assistance component that allows tenants to pay 30% of their income towards housing expenses with a subsidy paying the rest.

These units and Section 8 Vouchers are scattered across the state. Of the HUD units that have project based Section 8 rental assistance, 1,671 are located in Albuquerque, Santa Fe and Las Cruces. The rest are located in other cities and towns throughout the state. The USDA Rural Development 515 units are only located in smaller communities, according to federal regulations. The LIHTC units are located across the state, as are the 202/811 units which are targeted to Seniors and the disabled, and the Section 8 Vouchers.

**Table 38**  
**Rent Restricted Housing Units in New Mexico, August, 2008**

	Affordable Units
Low Income Housing Tax Credit Units	11,790
HUD Units with Section 8 Rental Assistance	4,217
HUD 202/811 Program Units	1,135
USDA Rural Development 515	3,966
Section 8 Vouchers	14,278
<b>Total Units</b>	<b>35,386</b>

Source: HUD, NMMFA, National Housing Trust, CSI

CSI also used 2000 census data and 2006 American Community Survey data to estimate the number of affordable rental units by HUD AMI income range by county, region and statewide. Because there are no surveys of privately-held rental units conducted in New Mexico, CSI looked at rent trends and trends in the HUD Fair Market Rents posted for every county to estimate changes in rents from 2000 to 2008. We then estimated the number affordable to households earning 30%, 50%, and 60% of AMI in each county, using a "30% of income for housing expenses" standard. Rent restricted units listed above are counted in the census, so these are subtracted from the total affordable number, to come up with the estimated number of privately-held rental properties affordable to households in the three income ranges.

While this analysis gives an estimate of the affordable inventory in the state, it is most helpful to review the data on a county by county level, which can be seen in the county demographic charts in Appendix A.

Using this methodology, CSI estimates that there are just over 190,000 affordable rental units in New Mexico in 2008. Of these, 154,721 are privately-held units.

**Table 39**  
**Private Sector Affordable Rentals in New Mexico, 2008**

	<b>Units</b>
Rental Units Affordable at 30% AMI	99,196
Rental Units Affordable at 31 to 50% AMI	78,853
Rental Units Affordable at 51 to 60% AMI	12,058
Total Affordable Units	190,107
Minus Subsidized Inventory	35,386
Private Sector Affordable units	154,721

Source: : US Census Bureau, 2006 American Community Survey, CSI

## Number of Affordable Homeownership Units

CSI used Claritas data estimating the values of units that are occupied by owners in 2008 to calculate an estimated number of units for sale in the state that are affordable at various income ranges. This analysis was completed at the county, regional and state level, which can be seen in the county demographic charts in Appendix A. CSI used the 1.5% vacancy rate for ownership units presented in the housing profile section of this report to estimate the number of units for sale in each range. This model assumes that units for sale in New Mexico are distributed by price, just as occupied units are distributed by value. This may over-estimate the number of units available for sale to lower income households. CSI underwriting assumptions for affordability include a 6.5% interest rate, 30 year fixed loan, 3% down and 25% of income going towards a mortgage.

**Table 40**  
**Number of Units Affordable For Sale, 2008**

	<b>Occupied Units</b>	<b>Estimated Units for Sale</b>
Units Affordable at <=30% AMI	39,711	596
Units Affordable at 31 to 50% AMI	45,045	676
Units Affordable at 51 to 60% AMI	21,007	315
Units Affordable at 61 to 100% AMI	126,367	1,896
Units Affordable 101% AMI and up	302,592	4,539

Source: Claritas, CSI

## Current Housing Units Needed

Current housing needs reflect the need for housing for current residents of New Mexico. CSI has estimated current housing needs for renters at 0 – 50% AMI, renters who could become homeowners with downpayment assistance or price restricted homes for sale, and also for current homeowners who need assistance with home repairs.

## Current Rental Housing Needed

CSI estimates the demand for new affordable rental housing units to be the same as the number of rent-burdened households at 50% or less of AMI throughout the state. The following table shows the estimated number of rent-burdened households in New Mexico in 2008 at or below 50% of the area median income. Rent-burdened, very low and extremely low income households need an affordable housing alternative that allows them to pay only 30% of their income towards housing expenses. Those that are rent-burdened are paying more than this standard, and thus indicate the need for new, lower rent housing units, with rents targeted to these households. Local housing providers have waiting lists for existing affordable rental housing, especially units with rental assistance provided at the property. Housing Authorities throughout the state have long waiting lists for Section 8 vouchers.

**Table 41**  
**Current Rental Housing Need, New Mexico, 2008**

0 - 30% AMI	45,582
31 - 50% AMI	30,567
<b>Total Rental Housing Need</b>	<b>76,149</b>

Source: HUD Special Tabulations, CSI

## Current Homeownership Units Needed

Rising prices for homes for sale make it hard for many working families to afford the move from being renters to being owners. Renters earning 60 - 80% of the area median income are perfect candidates for downpayment assistance programs and price-restricted, newly developed housing units for sale. New homebuyer opportunities were noted as a housing need in many counties throughout the state during CSI interviews.

The table below presents the number of renters earning 60 – 80% of the area median income in New Mexico. Research conducted by Stuart Rosenthal of Syracuse University, for the National Mortgage Bankers Association, indicates that approximately 27% of renter households are in a position to purchase a home. The remaining renters are constrained by weak credit or unfavorable debt ratios. CSI has used Rosenthal's research to calculate a potential borrower pool of renters.

**Table 42**  
**Potential Homebuyer Pool, New Mexico, 2008**

Renters 60 – 80% AMI	12,499
27% of Renters	X .27
	=
<b>Pool of Potential Owners</b>	<b>3,375</b>

Source: CSI

Renters earning less than 60% AMI throughout New Mexico can become homeowners, but are best served by programs such as the USDA Rural Development Self Help Housing program where buyers help build their own homes, or by Habitat for Humanity in areas where Habitat has a local chapter. USDA Rural Development 502 loans with no

downpayment and very low interest rates are also available to these households and make monthly mortgage payments more affordable below 60% AMI.

## Preservation Needs

Preservation of the current housing stock and, especially, the affordable housing stock is an issue that is of rising concern. Most of the income restricted rental housing units shown in the previous section of this report have an end date for affordability. Older properties, and especially those with rental assistance that makes them affordable to the lowest income residents of New Mexico, are “expiring”. Many choose not to renew their rent subsidies and can raise rents to market levels. New affordable housing production programs do not offer rent subsidies or deep rental discounts, and thus do not serve the very lowest income households.

Efforts have been underway nationwide to preserve the affordability of these housing units. States, including New Mexico, realize that in order to shrink the gap in affordable housing units needed, existing affordable units cannot be lost. New Mexico and other states have created incentives to encourage the purchase of these properties by parties that pledge to maintain affordability. Specifically, in New Mexico, the Low Income Housing Tax Credit program awards points to all housing rehabilitation projects, those that are converting existing market rate units to affordable units, and for preserving previously affordable properties. The New Mexico Private Activity Bond program also awards points in their review of applications for preserving previously affordable properties. The New Mexico Housing Trust Fund also provides funds for acquisition of existing properties, as does the state HOME program.

The National Housing Trust reports that 344 rental units were preserved using the LIHTC program from 2003 – 2006 in New Mexico, and another 2,203 were preserved using the Private Activity Bond program.

CSI used databases from HUD, the MFA, and the USDA Rural Development to estimate the number of rental units that have the potential for expiring subsidies and restrictions in the next five, ten, and fifteen years. Data was missing for many LIHTC properties, which are not included in this table. Many of these properties are on short, one to three year contracts to extend rental assistance with HUD or USDA Rural Development. Thus, they must re-apply to renew these subsidies frequently and often do so. Still, all properties with the potential to convert to market rate rents need to be monitored.

**Table 43**  
**Expiring Units**

	2008-2013	2014-2018	2018-2023
202/811	95	57	730
LIHTC	697	135	159
HUD Section 8	3,853	6	90
RD 515	182	61	0
<b>Total</b>	<b>4,827</b>	<b>259</b>	<b>979</b>

Source: HUD, NMMFA, USDA Rural Development, CSI

Preservation of older, affordable homes for sale is also an important strategy to ensure that there is adequate affordable inventory available in New Mexico. The Census Bureau reports that almost 91,900 housing units in New Mexico were built before 1950. These units often need health and safety repairs, and are less energy efficient than many newer homes. However, smaller, older homes are also more affordable to purchase, and provide opportunities for first time homebuyers to afford a home.

Older homes are concentrated in urban and rural areas. Newer homes are more concentrated in suburban areas. While older homes are usually smaller than new homes and have less garage space and bathrooms, they more often have basements. The US Census Bureau 2001 report *These Old Houses 2001* estimates a price difference of 27% in the western U.S. for homes built before 1920 and homes built after 1989. This report also found that nationwide, owners of older homes pay more, and more often, for home repairs and maintenance than those owning new homes. Seventeen percent (17.7%) of old home owners paid nothing for home repairs, while 36.6% of new home owners paid nothing. Old home owners paid a median of \$509 for home repairs and maintenance per year, while new home owners paid an average of \$338.

Old homes also have a higher concentration of older owners, many of whom live on fixed incomes and have a difficult time keeping up with rising taxes and maintenance costs. Owners of older homes had a lower median income than owners of new homes, due to lower purchase prices. These factors make home rehabilitation programs even more important to ensure that this housing stock is safe and habitable.

CSI has used the number of homeowners that have incomes at 80% or less of the area median income as the number of homeowners in need of housing rehabilitation statewide. Table 44 below shows that there are 139,912 owners qualified to use home rehabilitation loans in New Mexico in 2008. Interviews around the state revealed that affordable home owner rehabilitation loans are a high priority housing need.

**Table 44**

**Homebuyer Rehabilitation Needs, New Mexico, 2008**

Owners under 80% AMI	139,912
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Source: CSI

## **New Development Needs for a Growing Workforce**

When planning for new, affordable housing units and programs, it is important to look to future growth in jobs and population. CSI has developed a model to estimate the number of new housing units needed for households at various income ranges that is based upon job growth. The Future Housing Needs model estimates the number of housing units that should be developed in New Mexico, each Region and county using three different scenarios.

The first scenario is based upon job growth trends in each county from 2000 – 2008. This scenario assumes that the number of jobs in each county will grow at the same rate as in the past eight years, and calculates new housing demand from this growth in jobs for the next seven years, to 2015. All scenarios assume that the distribution between renters and owners

will remain constant, as well as the distribution of households among different income ranges.

The second scenario looks at job growth estimates for the State of New Mexico, and the proportion of jobs currently in each county. It assumes that each county will keep the same share of statewide jobs for the next seven years, and estimates the number of new jobs in each county in 2015 using this assumption. Again, this scenario assumes that the distribution of renters and owners will remain constant into the future, and that new households in each area will fall into the same distribution among income ranges as existing households.

The third scenario bases estimates of new housing units needed on BBER population projections for each county to 2015.

CSI has calculated the number of units needed in 2015 by tenure and income range using these three models and the current distribution of household by tenure and AMI. These estimates can be used by Regional Housing Authorities and local governments to plan new development activities that will meet the demand of future local employees and other new residents.

Table 45 shows the estimated number of households by tenure by income range in New Mexico in 2015. CSI estimates that there will be between 70,738 and 99,298 new owner households in New Mexico between 2008 and 2015, and between 29,058 and 36,258 new renter households during the same time period.

CSI estimates that in New Mexico, there will be a need for between **10,922 and 14,958 new units for sale** needed between 2008 and 2015 to keep up with population growth. An additional **1,856 to 2,938 units will be needed for new renters** coming to New Mexico during the same time period.

A more detailed description of the model is provided as Attachment B to this report.

**Table 45**  
**New, New Mexico Households by Income Range and Tenure, 2008 - 2015**

Homeowners			2015			Net Change		
	2008	%	Households 1	Households 2	Households 3	Households 1	Households 2	Households 3
Under 30% AMI	59,135	11.9%	69,452	71,720	69,139	10,317	12,585	10,004
30 - 50% AMI	53,434	10.8%	62,335	64,350	62,330	8,901	10,916	8,896
51 - 80% AMI	92,160	18.6%	107,162	110,673	108,010	15,002	18,513	15,850
81 - 100% AMI	55,560	11.2%	64,425	66,680	64,816	8,865	11,120	9,256
Over 100% AMI	235,543	47.5%	273,102	281,708	274,550	37,559	46,165	39,006
<b>Total</b>	<b>495,833</b>	<b>100.0%</b>	<b>566,571</b>	<b>595,131</b>	<b>578,844</b>	<b>70,738</b>	<b>99,298</b>	<b>83,011</b>
Renters	2008	%	Households 1	Households 2	Households 3	Households 1	Households 2	Households 3
Under 30% AMI	52,260	26.9%	60,195	62,062	61,439	7,935	9,802	9,179
30 - 50% AMI	37,992	19.6%	43,554	44,862	44,422	5,561	6,869	6,429
51 - 80% AMI	40,425	20.8%	46,144	47,456	46,809	5,719	7,031	6,383
81 - 100% AMI	18,730	9.6%	21,497	22,181	21,657	2,767	3,452	2,928
Over 100% AMI	44,756	23.1%	51,831	53,860	52,166	7,075	9,104	7,410
<b>Total</b>	<b>194,163</b>	<b>100.0%</b>	<b>223,221</b>	<b>230,421</b>	<b>226,493</b>	<b>29,058</b>	<b>36,258</b>	<b>32,330</b>
Total	2008	%	Households 1	Households 2	Households 3	Households 1	Households 2	Households 3
Under 30% AMI	111,395	16.1%	129,647	133,782	130,578	18,252	22,387	19,183
30 - 50% AMI	91,427	13.3%	105,888	109,211	106,752	14,462	17,785	15,325
51 - 80% AMI	132,586	19.2%	153,307	158,129	154,818	20,721	25,543	22,233
81 - 100% AMI	74,290	10.8%	85,922	88,861	86,473	11,632	14,572	12,183
Over 100% AMI	280,299	40.6%	324,933	335,568	326,716	44,634	55,269	46,417
<b>Total</b>	<b>689,996</b>	<b>100.0%</b>	<b>789,792</b>	<b>825,552</b>	<b>805,337</b>	<b>99,796</b>	<b>135,556</b>	<b>115,341</b>

**Table 46**  
**New Housing Units Needed in New Mexico by Tenure and Income Range, 2008 - 2015**

		<b>New Housing Units Needed 2008-2015</b>			<b>Avg Annual Production Need 2008-2015</b>			
<b>For Sale Units Needed By AMI</b>		<b>%</b>	<b>Growth #1</b>	<b>Growth #2</b>	<b>Growth #3</b>	<b>Growth #1</b>	<b>Growth #2</b>	<b>Growth #3</b>
Under 30% AMI	11.9%	9,118	12,488	10,600	1,303	1,784	1,514	
30 - 50% AMI	10.8%	8,239	11,284	9,578	1,177	1,612	1,368	
51 - 80% AMI	18.6%	14,210	19,462	16,519	2,030	2,780	2,360	
81 - 100% AMI	11.2%	8,567	11,733	9,959	1,224	1,676	1,423	
Over 100% AMI	47.5%	36,318	49,740	42,220	5,188	7,106	6,031	
<b>Total</b>	<b>100.0%</b>	<b>76,452</b>	<b>104,706</b>	<b>88,877</b>	<b>10,922</b>	<b>14,958</b>	<b>12,697</b>	
<b>Rental Units Needed by AMI</b>		<b>%</b>	<b>Growth #1</b>	<b>Growth #2</b>	<b>Growth #3</b>	<b>Growth #1</b>	<b>Growth #2</b>	<b>Growth #3</b>
Under 30% AMI	26.9%	3,496	5,536	4,423	499	791	632	
30 - 50% AMI	19.6%	2,542	4,025	3,215	363	575	459	
51 - 80% AMI	20.8%	2,704	4,282	3,421	386	612	489	
81 - 100% AMI	9.6%	1,253	1,984	1,585	179	283	226	
Over 100% AMI	23.1%	2,994	4,741	3,788	428	677	541	
<b>Total</b>	<b>100.0%</b>	<b>12,989</b>	<b>20,568</b>	<b>16,433</b>	<b>1,856</b>	<b>2,938</b>	<b>2,348</b>	

## **Assessment of Capacity of Regional Housing Authorities**

This section of the study will assess the status of the existing RHAs, examine their needs in relation to the state housing plan and compare the New Mexico model with three other state models as a way of formulating recommendations on how a new model might function more effectively. CSI has completed a regional plan for each suggested regional configuration to demonstrate how the new regions could have greater impact over identified needs, and how those plans could reflect the outline of requirements in the NMMFA Affordable Housing Act Rules and the State's Consolidated Plan.

### ***Region III Housing Authority***

#### ***Sandoval, Bernalillo, Valencia, Torrance Counties***

The Region III Housing Authority aptly illustrates the shortcomings of the New Mexico RHA model prior to the oversight language added to the RHA statute in 2007. Since the Region III RHA operated no federal housing programs, there was no agency responsible for reviewing the agencies contracts or finances. The Region III Housing Authority was engaged in a variety of business practices which ultimately forced it to default on a variety of bonds and debt instruments. The RHA was placed in receivership under the staffing of the MidRegion Council of Governments (COG). The MidRegion COG is in the process of pursuing the liquidation of any RHA assets in order to partially satisfy the outstanding financial obligations of the RHA. There are no plans at this time (July 2008) to launch any new affordable housing programs. It is probable that once all assets have been liquidated, the RHA will cease to function. Region III RHA is not serving the counties included in its service area. Since Region III includes Bernalillo County, it is likely that Bernalillo County will provide affordable housing services to the residents of that county through other agencies, rather than the RHA. For the other counties, it makes sense that a regional entity could provide service over and above what is provided by local housing agencies. With the level of capacity and resources available to the Albuquerque Metro area, it doesn't make sense to commission a regional housing authority there. For the surrounding smaller counties, a regional entity could provide a more comprehensive level of service than exists now.

### ***Region V Housing Authority***

#### ***Catron, Grant, Hidalgo, Luna Counties***

Region V RHA originally was affiliated with the Region V COG. In 1987, the housing authority ended the oversight relationship with the COG. Region V RHA operates a number of programs. Some programs, including Section 8 Vouchers and Public Housing, are operated through contracts with HUD. Region V has actively developed partnerships with other housing providers. The RHA provides application intake and counseling for an

owner occupied rehabilitation loan program, provided through a joint venture of the Region VI RHA and the Foundation for Building. Region V RHA provides application intake services for weatherization services provided by Southern New Mexico Community Action for all counties in the region. Homebuyer education and counseling is offered to all county residents of the region. Region V RHA sponsors a Section 8 Homeownership Program which allows low income voucher holders to utilize their rental assistance payments in order to purchase a first home. There has not been a closing yet for a Section 8 financed purchase. The RHA operates 54 Public Housing Units in Silver City. The RHA also administers 10 state rent vouchers made available under the Linkages program. This program provides state funded rental assistance to individuals who suffer from physical, emotional, or mental disabilities.

Region V RHA is pursuing a couple of potential homeownership development projects. It is working with the Town of Silver City on a land donation under the Affordable Housing Act. The Town has commissioned a feasibility study for a 52 lot, single family subdivision. Discussions are ongoing with private developers who may be willing to partner with the Town for development of first time ownership units. The 52 lots belong to the Town of Silver City and Region V will receive 8 lots for doing homeownership counseling for the Town. Region V is currently exploring a potential mix of uses on a site across from their public housing properties between homeowner units and rentals.

Region V RHA currently enjoys a positive performance rating on the operation of its federal programs. Region V holds 911 Rental Assistance Vouchers. At the time of this study, 836 of those units were leased for a utilization rate of 92%. Given normal turnover and vacancy rates, this utilization is at an acceptable level. The agency has current approved plans in place for its HUD programs including its Section 8 Administrative Plan, Five Year Plan and Admission and Continued Occupancy Plan (ACOP).

The Region V agency has an annual budget of \$4,263,491. Of this amount, \$325,330 is expended on salaries, which represent nearly 8% of the total budget. This personnel cost item is moderate given that many agencies operate with a 15% salary figure. The RHA employs 12 full time staff. The employees are members of the New Mexico Public Employees Retirement Association. RHA management believes that having access to a good retirement plan is a strong incentive when recruiting top notch employees.

Region V RHA has benefited from a stable staffing pattern. However, management expressed the desire to obtain more training for employees, particularly those employees who are facing changes within the programs they have operated, and for those employees who have been assigned the task of working within a new program area as part of one of the joint venture agreements the RHA has formed. It is a critical need to have well informed and trained employees in order to successfully comply with all requirements in complex federal housing programs.

The RHA believes there are needs that are not being met in their service area. There is a shortage of rental units that meet HUD standards for the Section 8 Rental Assistance Program. Many of the existing rental units need to be modernized in order to pass housing quality inspections. There is also a shortage of newer rental complexes. There is a shortage

of rental housing for the workforce. The RHA wants to work with local governments to take advantage of the resources brought forth through the Affordable Housing Act. There is a need for more senior housing as well as accessible units for the disabled. With the cuts in HUD funds in both the Public Housing Program and the Section 8 Rental Assistance program, there is not sufficient capital to hire staff to begin addressing some of these needs. New, lower income for sale units need to be constructed, as well as units for households earning above the median income. Many new households have moved into the region employed in energy and homeland security occupations.

There are a number of local housing authorities that operate within the same geographic areas as the Region V RHA service area. These housing authorities manage a relatively small number of units. Bayard Housing Authority manages 70 units, Lordsburg Housing Authority owns 100 units and the Santa Clara Housing Authority owns 32. As HUD and the federal government continue to make cuts in the operating budgets for housing authorities, it may become more efficient for the Regional Housing Authority to consolidate the resources of all HUD funded units in the region.

Housing Authorities with a small number of units or vouchers are going to be under increasing stress to maintain existing services for the amount of money HUD pays. Several of the smaller PHAs do not have a sufficient number of units under management to earn enough to pay existing staff in the long term. By benefiting from the economies of scale, cost savings achieved through centralized administration can be used to maintain housing authority jobs in the smaller communities by having those employees continue to do outreach and application intake for a greater number of programs than simply the Public Housing Programs. Cost savings can also be applied to continued maintenance and upkeep of PHA units in the communities that may choose to merge housing authorities. The only way to make the HUD programs “break even” is to have a substantial number of units under management control. Based on administrative fees earned for management services, a public housing authority needs to have at least 200 units/vouchers under contract in order to adequately cover the staffing, operating and audit costs of the program.

Region V management indicated that there are problems in obtaining enough board members to make a quorum for bi-monthly meetings. There currently is one board vacancy. New board members receive an orientation from RHA staff and are able to participate in National Association of Housing and Redevelopment Officials (NAHRO) trainings as they desire. The success of community organizations, such as a housing authority, relies on the volunteer participation of citizens as board members. Since it is often the case in smaller communities that the same volunteers do everything, it may be helpful to the regional organization to draw more members from a larger number of communities and/or counties in the region.

The Region V Housing Authority is pursuing the implementation of projects and programs which are in compliance with the state Consolidated Plan. Region V is implementing actions consistent with Priority 1: to increase opportunities for homeownership by increasing access to financing or to increase the supply of affordable single family homes and/or by improving the affordability of the existing single family stock. The RHA is doing this through its efforts to construct new single family housing and by providing home buyer education and counseling to potential purchasers. Region V is providing services to improve

the quality and affordability of the existing single family inventory through its co-sponsorship of the rehabilitation loan program and application intake for weatherization services. The homebuyer education program also assists buyers in gaining access to financing by teaching them what factors will be used to approve a loan for a home purchase.

Region V Housing Authority is involved in efforts to achieve outcomes related to State Priority 2: Improve and preserve the State's affordable housing stock. The RHA is using its limited resources to maintain and improve the affordable rental housing units it owns and operates. Additionally, the RHA applies for supplemental funding to upgrade units.

Region V has no active involvement in State Priority 3: Expand the supply of housing and service to assist the homeless.

Region V has involvement in State Priority 4: Expand housing opportunities and accessibility for special needs populations. Special needs populations do have access and utilize Section 8 Rental Assistance through the housing authority. Additionally, the Region V Housing Authority is one of three agencies in the state participating in the Linkages Pilot Project. This endeavor consists of providing 10 state funded rental vouchers to individuals suffering from behavioral or mental disorders. Region V is the only agency participating in the Linkage program with a rural focus.

The RHA is actively involved in State Priority 5: Expand and preserve the supply of decent, safe rental housing. The RHA rental units in Silver City are well maintained and meet housing quality standards. The RHA provides application intake for renters desiring to obtain energy conservation improvements to their rental dwelling. The RHA is not involved in any low income rental development or rehabilitation projects at the present time.

## ***Region VI Regional Housing Authority***

### ***Chaves, Eddy, Lea, Lincoln and Otero Counties***

The Region VI Housing Authority has the most substantial portfolio of units and programs of any of the Regionals. The RHA has been successful at managing and developing new properties and utilizing rental assistance vouchers. In addition to the 1,285 vouchers managed by the RHA, it also administers 564 Section 8 vouchers on behalf of the Region IV Housing Authority. In order to comply with the current Regional Housing Authority Statutes it was necessary for Region VI to utilize an existing non-profit corporation to contract with Region IV. The Region VI vouchers show a 92% utilization rate. Region IV vouchers are not as highly utilized with a 77% rate.

Region VI owns and operates affordable rental units developed and financed under a number of federal programs. The RHA operates 84 Public Housing units in Roswell, Capitan and Carrizozo. Region VI owns and manages 346 other affordable rentals under a variety of HUD and Rural Development programs. Their rental holding are located in 6 communities in the service area.

Region VI has actively pursued other programs to provide for the residents of their service area. Beginning in July of 2008, Region VI provides weatherization services to low income residents in the region. It has initiated a joint venture with the Foundation for Building and to offer low income homeowner rehabilitation loans . Region VI is developing a 22 unit first time homeowner development in Roswell. **Region VI** provides homebuyer training and counseling for those wishing to purchase a home. The Section 8 Homeownership Program is also offered to those households who are receiving rental assistance in the region. NMMFA has asked the RHADC to expand the home ownership counseling program into Lea County, covering Eunice and Hobbs.

Region VI is in good standing with HUD on its plans, including the five year plan, the administrative plan, and the Admission and Occupancy Plan. Region VI is classified in the standard performance category for its Public Housing Program. Region VI RHA has a yearly budget of approximately \$9,000,000 with \$800,000 expended for administration of its programs. This represents nearly a 9% administrative expense rate, which is reasonable when compared to other housing agencies and other public purpose entities. 45 FTE operate the regional housing authority and the non-profit which was established to manage the Region IV vouchers.

The 2007 Region VI audit contains some findings which indicate that the agency is short of cash to meet all the demands of its rental properties for ongoing maintenance. In several instances, the amounts expended on the properties exceeded the amounts originally budgeted. This condition usually occurs when property repair costs are greater than the cash flow produced from the property. In reviewing the financial statement included as part of the audit report, it is apparent that the RHA does not have a great amount of reserves available for budget shortfalls. It is critical that the RHA continue to operate in an efficient manner, but it is also important that the RHA pursue any opportunities to increase its revenues to support the overall organization. RHA is proactive in dealing with the drain on limited maintenance budgets. It is pursuing a sale of one its most costly properties to maintain.

Region VI has seven board positions with one of them being a resident in the low rent housing complex. There currently are six members on the board with one vacancy. Region VI management indicated that there consistently was a quorum for board meetings. Each county has one representative on the board and one representative is appointed to represent the private sector.

Region VI has several collaborative efforts underway at the present time. They have just started the rehab loan program with the Foundation for Building. They are partnering with the Carlsbad Community Development Corporation to complete a single family, first time buyer, subdivision. A partnership with YES for a tax credit financed rental project is in the formative stages. Region VI, through it's non-profit affiliate, successfully took over the operation of the Region IV Housing Authority when it was no longer feasible for that agency to continue operations.

In spite of a large array of assets, Region VI management expressed frustration that, primarily because of scarce resources, there are large needs in the region that are not being met. At any given time, there are 500 households on the rental assistance waiting list for a rent voucher. Many people who do eventually receive a voucher have difficulty finding a rental unit that is affordable and can meet HUD housing quality standards. An apartment that meets the quality standard typically has a rent rate that is 180% of the HUD fair market standard. The rents are seeing rapid and dramatic increases. Some homeowners in the Hobbs area in Lea County are moving out of their homes and leasing them to workers willing to pay \$1,800 to \$2,100 for a house. Workers who can't afford the high rents are driving up to 100 miles one way to find a cheaper residence.

In most counties of Region VI, construction of new, low income and workforce rental units is needed. More extensive homebuyer education and counseling is needed to assist people in taking the requisite steps to ensure they can be approved for a loan on a home. New, affordable homeownership units are needed throughout the region. Modernization of existing rental units would increase the number of units meeting the housing quality standards. The RHA also indicated that the cuts to the HUD Capital Improvements Grant makes it impossible to keep the public housing units in good shape.

There are four local housing authorities which also manage some units, with a high count of 226 in Alamogordo to a low of 20 in Eunice. As HUD administrative funds continue to diminish, there may be opportunities to consolidate administration of the public housing units and the vouchers so that the saving from a greater scale of effort can provide better management and more stable housing organizations.

Region VI is pursuing activities related to several of the priorities of the state's Consolidated Plan. The RHA is addressing State Priority 1: Increase opportunities for homeownership with its infill housing development in Roswell, and the work it is doing on two new single family developments in Roswell and Carlsbad. The homebuyer education program also prepares first time purchasers for the process of selecting a home and obtaining favorable financing for purchase.

Region VI, in conjunction with other agencies, is producing results tied to State Priority 2: Improve and preserve the State's affordable housing stock. The rehabilitation loan program assists homeowners in making their homes safer and more affordable through energy efficiency improvements. The Region VI weatherization program will assist low income homeowners and renters in reducing their utility bills and making their monthly shelter expense more affordable.

Region VI has no active involvement with State Priority 3: Expand the supply of housing and service to assist the homeless.

Region VI has no active involvement in State Priority 4: Expand housing opportunities and accessibility for special needs populations. Special needs populations do have access and utilize Section 8 Rental Assistance through the housing authority. RHA staff have indicated that group homes for the mentally disabled is a critical need in the region.

The RHA is actively involved in State Priority 5: Expand and preserve the supply of decent, safe rental housing. The authority owns a substantial portfolio of affordable housing units. In the future, the authority plans to develop a 100 unit tax credit project in Lea County. The authority is engaged in discussions with other local housing authorities about forming a consortium that could cover management of affordable housing units in areas where the concentration is not sufficient enough to support the staffing necessary to keep the units in top condition.

### ***Review of Regional entities in other states***

As part of the research for a plan for regional delivery of housing services, CSI explored various legislative and administrative structures used in other states. For the past 20 years, HUD has been an active proponent of regional approaches for most housing and development strategies. During the Smart Growth era of the 90s, many felt that the answer to more effective strategies for dealing with affordable housing needs was to involve a larger geographic area and more jurisdictions in common approaches to market failures that transcend one jurisdiction.

Housing markets are often regional. The design of the transportation infrastructure often ties areas together in such a way that residents of one jurisdiction may work in another jurisdiction and vice versa. The continuing contraction of public resources dedicated to affordable housing activities has also necessitated the creation of strategies that facilitate the production of affordable housing and delivery of assistance programs over ever larger geographic areas. Automated data processing systems make it feasible for one administrator to track thousands of records, instead of being able to only track as many files as one could process in a day. Because of the advantages of computer information systems, many functions which require repetitive processing of routine forms and payment requests can be carried out for a much cheaper unit cost when those transactions are handled in large batches. HUD has required PHAS to do some reporting electronically for about 10 years. The automated data system for the Regional Housing Authority Center will need to be a robust one. The data transmission demands will be greater than the needed for one way transmission of HUD reports.

In many respects, the infrastructure of the affordable housing delivery systems has not kept up with the efficiencies technology brings. Many communities and states still operate on a place-based model that assumes that administrative functions must be performed close to where the actual activities occur. This creates a situation such as found in New Mexico, where small local housing authorities are trying to operate a housing agency to manage a few rental units, when in fact the place-based activities need only to be occupancy and maintenance, and the other administrative functions could be handled by a larger organization some distance from the physical location of the properties. Some states are beginning to rethink the way they have designed their infrastructure for delivery of housing programs.

## ***Colorado Multi-Jurisdictional Housing Authorities Law***

In 2001, The Colorado Legislature passed the most comprehensive regional housing authority law in the nation. The provisions contained in CRS 29-1-204 provide utmost flexibility to local governments. “Any combination of home rule or statutory towns, counties and cities may establish a separate governmental entity known as a multi-jurisdictional housing authority” that “may can be used by contracting governments to effect the planning, financing, acquisition, construction, reconstruction or repair, maintenance, management and operation of projects or programs pursuant to a multi-jurisdictional plan.” The authority is formed by the execution of a contract between the local governments which wish to become a part of such an agency.

The statute provides for all the rights and powers of traditional housing authorities, including exemptions from property taxes on property held by the authority, and the ability to issue revenue or general obligation bonds which are not guaranteed by the local incorporating governments. The boundaries of the authority must be set forth in the contract but can be expanded to include new jurisdictions should another jurisdiction wish to join.

The make up of the board of directors is left to the desire of the incorporating local governments. The contract among the governments must specify the number and type of board members and how they will be appointed. The six regional authorities created under the statute, have all included provisions in their incorporating agreements that each participating jurisdiction will have one board member. Additionally, most stipulate that the board of the multi-jurisdictional authority has the power to appoint additional members from the community and other interest groups.

A unique feature of the Colorado Statute confers on the multi-jurisdictional authority the power to levy certain taxes and fees as a way of supporting the authority. The authorized fees include a one cent sales tax, an increase in the ad valorem taxes on real property up to 5 mils on each dollar of valuation, or development impact fees on new commercial and residential construction up to \$2.00 per square foot of finished space. The development impact fees can only be imposed if the authority has already also imposed either a sales tax or property tax or both. In order for any of the taxes to be initiated, the authority must hold an election among the affected voters in the housing authority jurisdiction. Currently there are three multi-jurisdictional authorities which have successfully implemented sales tax increases to support the authority’s affordable housing efforts.

Beyond sanctioning the creation of multi-jurisdictional authorities, the state has little involvement in oversight or financial support. There are no funds flowing from the state to support authority operations. The authorities are able to apply for state funding and federal funding for programs and projects but they are not eligible for CHDO money or other types of funding non-profits may access. The authorities rely on local government payments and revenues from their operations to support staff and operating expenses. A few of the multi-jurisdictional housing authorities operate voucher programs which they inherited as a result of consolidation of municipal and county housing authorities with the multi-jurisdictional entity. Some manage affordable rental units. There have been few new rental developments

completed by multi-jurisdictional authorities. Multi-jurisdictional authorities have been formed in La Plata County, San Miguel County, Summit County, Pitkin County, Routt County, and Garfield County. None of the authorities cross county lines. There is nothing in the statute that prevents multi-county agreements. There are no prohibitions in the statute relating to geography. As long as a jurisdiction is granted membership in one of the authorities, that jurisdiction doesn't have to be contiguous to the other member jurisdictions. Colorado law also enables municipal and county housing authorities under separate statutes. Neither of the local housing authorities has the authority to levy taxes to support operations.

### ***Oregon Housing Authorities Law***

OCR 46 of the Oregon statutes outlines the requirements for regional housing authorities. The Oregon law is less specific and less comprehensive than the Colorado law. However, Oregon has long been a leader in applying regional approaches to a variety of planning and community development systems. The Oregon law is very flexible and non-specific on items that might be considered unique to a regional authority. Section 456.95(2) is one of the few references of a regional authority. The statute reads: "When the governing bodies of two or more authorities join and cooperate with one another and create a regional authority to exercise all the powers conferred by the Housing Authorities Law, as authorized by ORS 456.140, the governing bodies of the cooperating cities and counties shall by resolution appoint a commission for the regional authority consisting of nine persons. The cooperating cities and counties shall each appoint an equal number of the nine commissioners. If nine divided by the number of joining or cooperating cities and counties produces a fraction, then the commissioners appointed by such cities and counties shall appoint one commissioner so that nine commissioners in all are appointed. The nine commissioners appointed by or on behalf of cities or counties may appoint at least one but not more than two additional commissioners for the housing authority. At least one additional commissioner must be a resident who receives direct assistance from the housing authority. The second additional commissioner, if any, at a minimum must live within the jurisdiction of the authority."

Oregon communities have used this language as a guide for establishing regional authorities. Oregon has regional authorities that not only include multiple counties but cross state lines and include counties in Washington State. Section is used as the authorizing section for regional authorities. Section 456.140 reads: "Joinder or cooperation of authorities. Any two or more authorities may join or cooperate with one another in the exercise of any or all of the powers conferred by the Housing Authorities Law for the purpose of financing, planning, undertaking, constructing or operating a housing project or projects located within the area of operation of one or more of the authorities."

The Oregon statute is definitive about the composition of governing boards. The statutory structure is more workable for a regional authority without too many participating jurisdictions. If the authority includes a larger number of jurisdictions, a more flexible board structure would be preferable.

Current count indicates that there are twelve regional housing authorities in Oregon. Those authorities operate a variety of programs including HUD Low rent housing and Section 8

rental assistance. Additionally, most of them operate a variety of community development and homeownership programs funded with federal funds made available to the State of Oregon.

The Oregon Department of Housing and Community Services has taken the regional approach one step further and created a network of Oregon Housing Centers. These housing centers include some of the regional housing authorities and other regional non-profit organizations which also function as community action agencies. These centers have been created through administrative action and are not referenced in Oregon law. The Department of Housing and Community Services provides basic administrative funding for the agencies through the Community Development Block Grant Program and some recycled bond proceeds.

The Housing Center is focused on the Oregon resident. Each housing center provides a basket of services which revolve around the needs of consumers. The centers use a broad definition of who the consumer is. The centers typically: build and provide rental and for sale housing for low and moderate income residents. They maintain contacts and data bases listing apartments for rent. They provide links and access to low-interest loans, down payment and closing cost assistance. Some Centers bring real estate broker or lenders together with first time buyers. Providing homebuyer classes and counseling prepares potential homeowners for their purchase. The centers provide zero per cent interest rehabilitation loans for low-income and moderate income persons needing to improve living conditions. The centers are required to form partnerships and sponsor educational activities with Realtors, property owners, property managers and community service organizations.

The Department of Housing and Community Services makes funding decisions for the housing centers based upon the following criteria: program management (readiness to proceed), regional collaboration, demonstrated need/demand, strategic plan and outcomes, grant administration. The Department also requires that a minimum of three local governments must show support for the center through in-kind and cash contributions. The Department encourages applicants to document collaborative efforts to provide services through written agreements and other formalized processes for ensuring adequate service coverage as well non-duplication of efforts. The housing center basket of services is separate from other more traditional programs such as Section 8 Vouchers or other Public Housing Programs. Those activities are not precluded from the portfolio of housing center agencies but the external appearance of the housing center more closely resembles a non-profit operation than a housing authority.

### ***Texas Housing Authority Laws***

The State of Texas, like Oregon, has utilized a dual approach for regional housing authorities. The Texas statutes allow county governments to create regional housing authorities.

§ 392.013. CREATION OF A REGIONAL HOUSING AUTHORITY.

(a) If the commissioners courts of two or more contiguous counties declare by resolution that there is a need for a housing authority to exercise the powers of a regional[0] housing

authority under this chapter in the counties, a regional housing authority is created for the counties.

Currently there are three areas of Texas utilizing the regional housing authority statute. Under the statute, the County Commissioners appoint the housing authority board. There is one board seat for each member county. In the case of a two-county authority, the two-county appointees select a third member. A regional authority does not have unqualified authority to operate within the municipal boundaries in a given region. If a regional authority desires to offer a service or construct a project within municipal boundaries, the regional must secure a resolution of support from both the municipal government as the municipal housing authority if there is one. While this process could be seen as burdensome, it does limit problems over duplication of services or issues over turf. Another mechanism that works to limit duplication is the requirement that if counties form a regional housing authority and also have a county housing authority, the county housing authority has to cease operation and assign its assets and liabilities to the new regional entity. The debt holders of the county housing authority must also give their consent to the transfer of assets.

Beyond the restrictions over geography and exclusion from municipalities, the regional housing authority law confers the same powers on a regional authority as those held by county or municipal authorities in Texas. The Texas statutes confer upon housing authorities the authority to sign cooperation agreements for various activities undertaken with other governmental entities including other housing authorities.

Both HUD and Texas law (392.059) permit the formation of housing authority consortia. In Texas and other states, there have been housing authority consortia formed that allow regional staffing of housing authorities. Typically the way this works is that the authorities desiring to form the consortium sign an agreement outlining the roles and responsibilities of the new consortium. The boards of the existing housing authorities appoint representatives to serve on the consortia board. The consortia board then becomes the legislative authority for the new entity and makes necessary policy and hiring decisions on behalf of the housing authorities which have joined the consortia.

HUD has not allowed the consortia to be recognized as a valid housing agency. The assets and reporting are still completed under the name of the housing authority which originated the assets. However, HUD has allowed the new entity to create one set of policies and administer the organization with one administrative plan. Some housing authority boards feel that they have lost control over the operations but that unease can be addressed by monthly or bi-monthly meetings with the consortium board and staff. Ultimately the end desire should be to dissolve the old authority, in favor of the consortium agency.

The consortium works well in lowering the cost of administering and managing HUD properties and programs. If staff members have more exposure to administrative processes, it helps them become more competent with the increased repetition. For some complex programs, such as the Section 8 Homeownership program, specialized staff is better able to navigate the complexities of using the rental assistance to help make the mortgage payments. If two smaller housing authorities try to master the program, neither may be able to do it successfully. However, one person who can focus time on that program will be better at making it work for the combined agency.

While only a limited number of consortia have formed in Texas, the model represents a new way of conducting business for small housing authorities. The Texoma partnership is one example: The Texoma Housing Partners Consortium was initiated in accordance with the 1998 Federal Housing Quality Work Responsibility Act and is comprised of seventeen small housing authorities located in four counties in North Texas. The primary goal of the Texoma Housing Partners is to provide the participating housing authorities the most efficient and effective delivery of housing services possible. Consolidation of all resources has enabled the Texoma Housing Partners to contract for professional management services. Presently there are two housing authority consortia operating in Texas.

## Opportunities for change in New Mexico

The New Mexico state profile presented earlier in the report reflects the challenges facing the state in meeting its affordable housing needs. In some areas of the state, population and employment are growing at robust rates. CSI and other economic projections do not see the growth slowing in the near term. Both new rental and for sale housing is needed. In other areas of the state, the available housing is affordable to the wage earner at the median income. Much of that housing is in need of modernization and upgrading in order to maintain its functionality and market value. Except for the most populated communities such as Albuquerque, Santa Fe, Las Cruces, and Rio Rancho, there is not sufficient local skill and resources to address the need.

This lack of viable housing agencies is more noticeable in smaller communities and rural areas. When the original Regional Housing Authority Law was adopted, the intention was to provide organizations in smaller communities that could effectively administer HUD programs over a large area, including multiple communities. The original act envisioned the regionals to be a local adjunct to the state housing authority. Later years produced a new approach by moving affordable housing programs out of New Mexico state government and placing them within the portfolio of the New Mexico Mortgage Finance Authority.

In the process of eliminating the state housing authority, the oversight function the state housing authority held over the regionals was also stricken from the law. Following that change, the regionals became lonely step- children in the housing delivery system. The regional mission was cloudy because HUD was already in the process of shrinking federal housing programs. By the 1990s following the Reagan/Bush era, the creation of new Section 8 vouchers slowed to an intermittent drip from the federal faucet. Public Housing Operating and Modernization funds dried up. By the middle of the 1990s, then President Clinton appointed HUD Secretary Cisneros, who was calling for the housing authorities across the nation to go out of business. With the passage of the Cranston-Gonzalez Act in 1991, HUD and the federal government officially moved away from the housing authority model for delivering local housing services and turned to the non-profit, community development corporation as the preferred provider.

Without state resources to help cushion the shock of the HUD cuts and changes, the New Mexico Regional Housing Authorities did not, for the most part, have an adequate resource base to make an impact in the smaller communities of New Mexico. Some Regionals were fortunate and farsighted enough to have gained a number of Section 8 vouchers during the years when Congress appropriated funds for incremental units of assistance. In some areas of the state, active local housing authorities competed for and received Certificate and then Voucher allocations. The competition for HUD resources in both Section 8 and Public Housing pointed up a weakness in the New Mexico system. The Regional Housing Authority statute did not contain a clear method for ensuring that a regional wouldn't duplicate or compete for resources that could just as easily be put to use by a municipal or county housing authority.

The recent history of the Regional Housing Authorities has witnessed the demise of several of the organizations because their business activities resulted in financial collapse. While the present New Mexico Statute creates seven service regions, there are only two functioning regional housing authorities. While it is important to change many parts of the regional housing authority statute, it will be important to leave in place the powers and legal status of the authorities so that they can continue to administer HUD Public Housing Programs. In order to contract with HUD, a housing authority has to supply HUD with a legal opinion attesting to its legal authority to function under state statute.

### ***Oversight and the Role of NMMFA***

The New Mexico Mortgage Finance Authority is designated in State Statute as the state housing authority. As part of the role assigned to MFA, that agency should have complete state level oversight and control over the governance of the regional organizations. The current statute enacted in 2007 divides the oversight between the MFA and the Department of Finance and Administration. The statute, NMS 11-3A-30 directs the Department to review budgets and approve contracts that the Regionals enter into. 11-3A-30-C directs MFA to conduct a needs assessment of the programs of each Regional, work with them and advise on developing a plan to meet the needs as they interrelate with the state housing plan. The Department of Finance and Administration doesn't necessarily have the expertise on housing programs and housing finance to make an informed decision about the soundness of the Regional Housing Authority budgets. Furthermore, it is doubtful that if the Department withheld its approval for a contract which a Regional Housing Authority was about to enter into, such a disapproval would not hold up in court. The functioning Regional Housing Authorities have ongoing contracts with HUD and those federal contracts are not necessarily subject to state review or approval. The present statute also requires the Regional Housing Authorities to seek approval from DFA when they are entering into contracts for repair and maintenance of their properties. This can be a time consuming process and can create delays in the timely completion of work on housing authority properties. Those delays can result in extra project costs to already strained budgets.

A more workable arrangement for the surviving Regional Housing Authorities would be to have one agency perform oversight functions for them. MFA is the logical candidate because it has both program expertise and compliance monitoring capabilities for affordable housing in the state. NMMFA would be in a much better position to deal both with compliance and governance issues as well as the planning requirements. That approach would make a seamless oversight relationship with the Regional Housing Authorities.

Later in the report, CSI will outline a new regional service configuration. It is not feasible to maintain a seven region map given the limitations of resources that exist at both the federal and state level. CSI believes that the two functioning regional housing authorities would be good candidates for designation as a Regional Housing Opportunity Center by MFA. If the two functioning RHAs desire the designation they will need to demonstrate how they can implement the action items included in the Regional Profiles included later in this report

A critical threshold for that designation will be how effectively the Regional Housing Opportunity Center can partner with other agencies and service providers which already

provide various services in parts of the region. The concept behind the Regional Housing Opportunity Center is that the center will become the broker and facilitator of housing services provided by a range of agencies. The priority for the Regional Center will be to devise ways of extending services to all counties and citizens in each of the three regions. The larger communities, including Albuquerque Metro, Santa Fe County and Dona Ana County have substantial resources and capacity to provide a continuum of affordable housing services. The Regional Housing Opportunity Center is designed to provide more access to rural counties and the smaller towns which have to rely on state resources to address their needs.

It is assumed that the functioning two Regionals will transition into the new alignment. The Region VI Housing Authority would cover the old Region 2 and the Region V Housing Authority would cover Region 3 (see map on Page 65). In Region 1, which covers most of the northern area of the state, a new agency will have to be designated. There is not a functioning Regional Housing Authority in this area. A municipal or county housing authority may choose to expand their mission and seek the designation as a Regional Housing Opportunity Center. NMMFA will have to work with the local governments and the existing agencies serving the northern counties to develop an entity that can meet the new requirements that CSI recommends be included in a new statute.

### ***Changes Affecting the Regional Housing Authority Statutes***

CSI is recommending that the Regional Housing Authority concept be changed. A broader organization that reflects both the characteristics of a Housing Authority and a Community Development Corporation will serve the state better. The Housing Authority structure is more regulated and limited in scope than a Community Development Corporation (CDC). A CDC is characterized by less regulation and a more entrepreneurial approach to community housing. Given the present federal and state environment, New Mexico needs blended organizations that can increase the availability of housing opportunities to residents in the rural areas of the state.

In order to demonstrate a clear departure from the flawed Regional Housing Authority model, a new name for the regional organizations should be included in the revised statute. CSI recommends that the transitioned organizations be called Regional Housing Opportunity Centers. The reality is that there probably will be only a minimal increase in public housing budgets in the future. If there are new Section 8 Vouchers or Public Housing funds available, the new Regional Housing Opportunity Centers should have the right legal structure to receive new allocations from HUD. Generally non-profit corporations are not eligible for the public housing programs.

If the statutory link to government is maintained, the Regional Housing Opportunity Centers will not be eligible for CHDO certification under the HOME Program rules. CHDOs must demonstrate that they are private organizations with no link to government. There is the possibility that the Regional Housing Opportunity Center could create an independent non-profit subsidiary that could meet CHDO certification criteria. Another important advantage for maintaining the statutory link to a governmental structure is that

both existing and new employees of the Regional Housing Opportunity Centers would have access to membership in the New Mexico Public Employee Retirement Association. Both the Region V and VI Housing Authorities indicated that their ability to recruit top-notch employees was enhanced by having a good retirement benefit available to them.

The historic role of Regional Housing Authorities in New Mexico was narrow. That narrow purpose reflected a time when HUD was providing more support to housing authorities than it does now. Like any other non-profit community development corporation, a new Regional Housing Opportunity Center will have to compete with other public and private organizations to obtain the necessary program and operating revenues to survive following the start up period. After an initial 3 year start period, the new agency should have enough varied revenue sources that it can stand on its own. In order to achieve the support and participation of all counties in a designated region, the governance structure must be broad enough to include the participation of both the public and private sectors.

There will need to be a transition statute enacted, similar to NMS11-3A-29, indicating that all powers and privileges available to the Regional Housing Authorities will be available to the Regional Housing Opportunity Centers. This will be necessary to ensure that all contracts, agreements, and federal grants will continue to the agency in spite of the change of name in statute. The power of the Regional Authorities to issue bonds should also be maintained. Nationally, most housing authorities have the legal ability to issue their own bonds and this power should continue. For agencies serving smaller communities, the ratings on bonds may be lower than what the mortgage finance authority can issue. For some smaller projects it may be difficult for those projects to obtain FHA risk sharing or other more traditional credit enhancements. The rating and underwriting of these bonds would be done by agencies not affiliated with MFA, just as current Regional Housing Authority Bonds are underwritten and rated. In order to minimize the repeat of past problems with RHA bonds, the bonding authority should come with the stipulation that the bond offering would have to be reviewed by an outside financial advisor, rating agency and bond counsel. In order to maintain a clear separation from the prospective issuer and the professionals preparing disclosure information on the issue, MFA could provide a list of acceptable, competent, unaffiliated financial advisor, bond counsel and rating firms.

The limitations on income in the definition of low income person should be expanded for homeownership activities to include individuals, couples or a family whose gross income does not exceed 120% of the a county median income as determined annually by HUD. The statute should distinguish between rental and home ownership qualifying incomes. In many communities in the state, there is a critical need for more home ownership opportunities for households working in growing resource and security industries. Often these workforce households have income in excess of the more traditional low income limits but they still need assistance with a down payment and in obtaining a below market interest rate loan to make a home affordable. By allowing workers with incomes up to 120% of the County median income, the Regional Housing Center can assist households which are not poor, but yet don't have the necessary income or savings to purchase entry level housing in some growing communities. This income limit corresponds to the one used by MFA in its Mortgage Revenue Bond financing program.

## ***Regional Housing Opportunity Center Governance***

As described below, the existing Regional Housing Authority statute relating to board member appointments (11-3A-6.A) will need extensive revision. The board structure should include a representative from each county which chooses to participate in the regional housing center. The County, with input from the municipalities should nominate someone to represent the county on the board. Because the designated Regions are large, this board should function as the plenary board to set policy and ratify annual plans for the organization. The larger board should only meet once or twice a year. An executive board composed of no more than seven members selected by the larger board should meet at least on a monthly basis and set day to day policies in conjunction with staff. This board should have the power to ratify contracts, and enter into agreements with other entities for the provision of housing services. This board should link closely with MFA as the statewide housing authority exercises its oversight and planning functions.

The larger plenary board of the Regional Housing Centers should be selected using a qualification-based criterion rather than purely a residential one. For instance, the statute should stipulate that a County government which wants to participate in the Regional Housing Opportunity Center should appoint a board representative that has expertise and experience in one of the following fields: housing construction, real estate, architecture, law, banking, housing finance, business, property management, accounting, residential development and/or public housing programs. The local government should be encouraged to appoint a board representative who is not directly affiliated with the local government. The nomination would originate from the County and be forwarded to MFA for concurrence and recommendation prior to submission to the Governor's Office of Boards and Commissions. Assuming a positive review, that name would be submitted to the Governor for appointment.

The initial board terms should be staggered on a two and four year basis so that there is always continuity on the board. In order to make a smooth transition between the existing Regional Housing Authority Boards and the board for the Regional Housing Center, current RHA board members should continue their present term until that term expires. In some cases there is more than one board member from a single county. All previously appointed board members should be allowed to finish their unexpired terms if they so desire. As those terms expire, there should only be one new appointee per county.

There really is no reason to limit terms. As long as a board member is actively engaged in the governance of the Regional Housing Opportunity Center, they should be allowed to serve. Following the initial phase of appointments, the board member terms should be four years. Any vacancies which are filled by new appointments, should be considered for reappointment at the end of the original appointee's term.

As part of the oversight function performed by MFA, the capacity of the Housing Opportunity Center Board should be reviewed. If the MFA analysis suggests that a board member's performance has changed, that member's appointment should be reviewed by MFA. If it is determined that the member is not fulfilling the obligations of a board member under the bylaws and Statute, MFA should forward its findings to the Office of Boards and

Commissions for action by the appointing authority. For instance, the Regional Housing Center By-Laws might state that board members cannot have more than 3 unexcused absences and remain in good standing. In that case, MFA may choose to recommend that the Office of Boards and Commissions solicit another nominee from the affected county.

### ***Budgetary Considerations***

A clear weakness in the Regional Housing Authority system was that there was not a dedicated funding stream available for the operational costs of setting up an effective organization. If the Regional Housing Opportunity Centers are going to be more viable than the previous model, the state will have to invest some money in start-up expenses. CSI recommends that the state consider making a three year commitment of \$150,000 annually for each of the three new regions.

With that sum, the new agencies will be able to hire an executive director, support staff and part-time accounting staff. Some agencies which might pursue the Regional Housing Center designation may have in place executive staff, or accounting staff. Based on the work plan negotiated between NMMFA and the Regional Housing Opportunity Center, the state investment may be directed toward hiring staff that can begin working on development projects or a staff person that could undertake the installation of a region-wide Intranet computer system. For any staff hired, the emphasis must be on experience and competence. Both federal and state housing programs require a high level of knowledge of the regulations and the basic business of housing. In the past, some Regional Housing Authority personnel were hired because of prior community service or family connections. If the Regional

Housing Opportunity Centers are going to perform as required, staff will have to start with a solid background in housing programs and activities. That solid background will have to be augmented by continuing training to update and expand skills. A variety of training organizations have certificate qualification programs which provide agencies the ability to assess the level of competency of staff members or potential staff members. A performance objective of obtaining a certain certification is way of motivating staff to continue their education, as well as a way for the agency to continue to invest in and improve the competency of staff.

In addition to the basic staffing and minimal operating expenses, the new entity should have enough money to invest in a robust computerized network to link various partner agencies and offices throughout the service area. In order to efficiently deliver a basic set of affordable housing services to each smaller county in the state, much of the administrative paperwork needs to be accomplished electronically. Many organizations with multiple field offices have created Internet-based "Intranets" that allow the various field offices to transfer application and financial information securely back and forth between different groups that work on differing aspects of the same document/data. For instance: a homeowner needing home repair could go to a local field office and fill out an electronic application on-line, with assistance from someone who had been trained on the process.

That application could then be forwarded electronically for review by staff at the Regional Housing Opportunity Center. The staff could review the application and give it a tentative

approval for eligibility and then schedule an inspection of the property with a field inspector assigned to the applicant's home county. The inspection and rehabilitation estimate could be completed and submitted electronically to become an attachment to the electronic application file. The Regional Housing Opportunity Center staff could then review the estimate and approve a loan. The loan approval and work write-up could be generated electronically and distributed to the homeowner and the contractor assigned to do the work. Interim inspection forms and payment invoices could be submitted electronically from the field. An investment in a decentralized system creates the opportunity for continued and new employment in the smaller communities. If existing staff has instant electronic access to program guidelines and application forms, they will be able to effectively deal with local needs while having the backing of the larger regional organization.

To create such a system, an investment will have to be made in hardware and in some communities an internet access portal will have to be purchased. That portal may be through high speed cable, a digital subscriber telephone line or by satellite. It may also be necessary for the Regional Housing Opportunity Center to purchase laptop computers and cellular internet cards for those laptops for use in the field. Because of the limitations on staffing and travel expenses, electronic data transfer will be critical to efficient delivery of service.

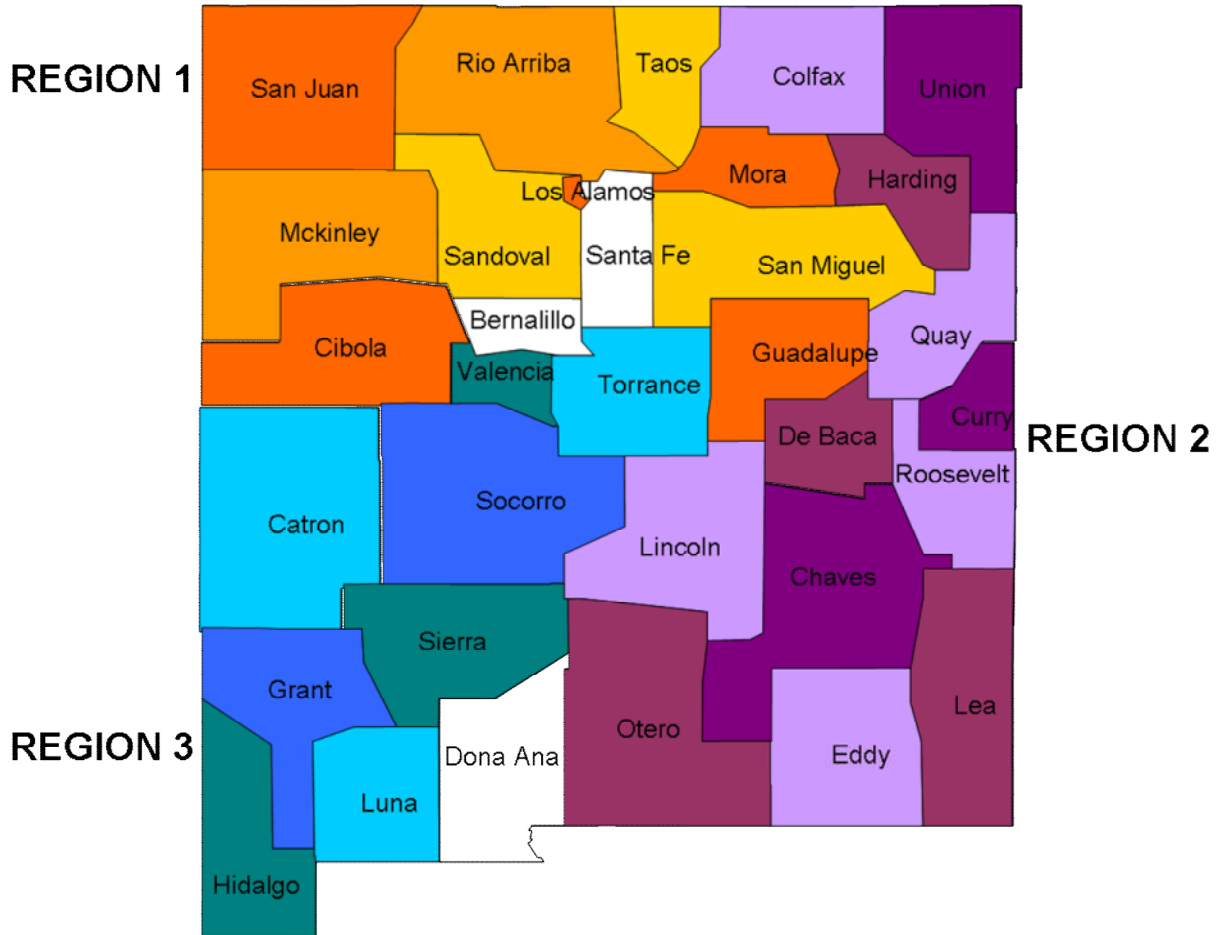
In the Regional Profile section of this report, there is a clearly defined action plan with proposed production targets for each region. These plans will have to be modified by the Regional Housing Opportunity Centers to reflect current conditions and partnership agreements in place. For the state investor in the regional housing center system, the action plans provide a quantifiable basis for judging the effectiveness of the state investment. NMMFA can compare actual accomplishments with these targets to determine whether the Regional Housing Center is performing up to expectation or not. When a Regional Housing Opportunity Center agency is inaugurated, a work plan with measurable targets should be in place. The plan may need modification based on changing circumstances but any modifications should still focus on measurable results.

At the end of the three year start-up period, the Regional Housing Opportunity Centers will have to have a plan in place for sustainable revenue. The key to a sustainable revenue plan will be having the broadest possible catalogue of services. Revenues will have to be earned from program services, developer fees and donations, as well as support from public and private sources within the service area. The benefit of an initial state investment is that the housing agencies will be able to leverage that investment into millions of dollars of other investment annually. That outside investment which will come from the federal government, lenders and consumers will increase employment and help stabilize the tax base in smaller communities which have not seen growth in population or in employment. In all areas of the state, key informants told CSI that the condition of the existing housing stock was deteriorating. A Regional Housing Opportunity Center can facilitate the cooperation of many entities to increase the level of investment in improving housing quality in rural New Mexico. Typically, for each state dollar invested in the Regional Housing Opportunity Centers, \$8.00 to \$12.00 additional funds will be leveraged for local investment. For instance, if the state were to invest \$150,000 annually in start-up expenses for a Regional Housing Opportunity Center, the return in program dollars to support rehab, homeownership training and counseling and federal public housing programs would be in

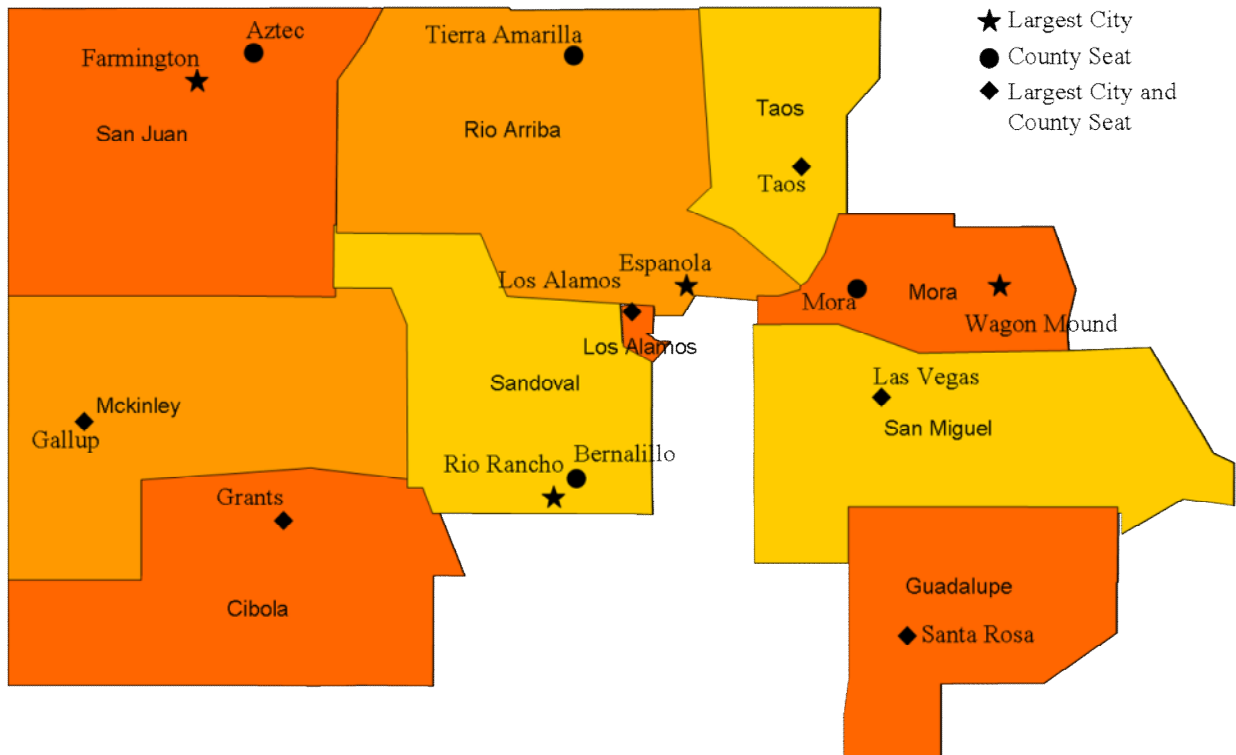
the range of \$1.2M to \$1.8 M for each \$150,000 invested. There are few public investments that can match the return of an investment in affordable housing in smaller communities.

## Regional Profiles

### NEW MEXICO HOUSING REGIONS



## Region 1 Housing Needs Assessment



### *Regional Profile*

Region 1 is located in the northeastern and north central portions of New Mexico and includes both urban and rural areas. Region 1 borders Colorado to the North and Arizona to the west. There are 11 counties in Region 1. Housing prices in Region 1 vary greatly, depending upon job growth, population growth and geographic distance from a city or large town. Some counties are seeing economic growth due to increased mining of coal and uranium as well as tourism, while others have stable or declining populations.

### **Geography**

Region 1 counties include:

- Cibola
- Guadalupe
- Los Alamos
- McKinley
- Mora
- Rio Arriba
- Sandoval
- San Juan
- San Miguel
- Taos

Larger counties in Region 1 include Los Alamos, Sandoval, San Juan and Santa Fe. The Region 1 Regional Housing Authority will not serve the City of Santa Fe, and demographic and housing need information for the City of Santa Fe has been excluded from this profile. This Region is composed of primarily rural counties with mid-size and smaller towns containing most of the housing units and the employment centers. Growth in Region 1 is attributable either to increased resource based employment or to tourism and recreational developments.

## Population

- The population of Region 1 is estimated to be 479,575.
- There are an estimated 89,374 persons with disabilities in Region 1, aged 5 and over, or 20.1% of the population
- Seniors make up 19.2% of the total population of the region

		<b>% of Total Population</b>
55-65	52,420	9.5%
Age 65 - 74	30,333	5.5%
Age 75 - 84	17,226	3.1%
Age 85 and over	6,666	1.2%
<b>Total</b>	<b>106,645</b>	<b>19.2%</b>

## Households

- The number of households is estimated to be 169,179 in 2008
- Region 1 has a homeownership rate of 78%
- There are an estimated 32,400 households living in poverty in 2008, or 27.1% of renters and 13.5% of owners. Many of these households are single mothers with children. Some counties within Region 1 such as San Miguel, have very high poverty rates, while others like Las Alamos, have strong economies and higher than average incomes

	<b>Renters</b>	<b>Owners</b>	<b>Total</b>
Households 0 -30% AMI	7,634	18,870	26,503
Households 31 - 50% AMI	5,475	14,717	20,192
Households 51 - 6-0% AMI	2,345	8,103	10,447
Households 61 - 80% AMI	4,126	15,124	19,250
Households 81 - 100% AMI	3,548	15,111	18,659
Households over 100% AMI	13,661	56,339	70,000
<b>Total Households</b>	<b>36,789</b>	<b>132,390</b>	<b>169,179</b>

<b>In Poverty</b>		<b>%</b>
Renters	11,493	27.1%
Owners	20,907	13.5%

## Housing Profile

- There are an estimated 197,582 housing units in Region 1
- Older homes, those built before 1960, number 31,407, and make up 15.9% of the housing stock
- New homes built after 1999 make up 17.1% of the housing stock
- 9.5% of all homes, or an estimated 16,903 in 2008, lack complete plumbing facilities
- 7.6% of all homes, or an estimated 15,411, lack complete kitchen facilities

## Housing Needs Indicators

- Between 2000 and 2008, the number of households grew by 1.5% or 20,232, while the number of housing units grew by 1.2% or 19,705, making the housing market more competitive
- There are an estimated 15,484 renters and 37,836 owners who pay more than 30% of their income for housing and are considered cost-burdened in Region 1

Increase in Households vs. Increase in Housing Units 2000 - 2008	
Households/Ann. % Increase	Housing Units/Ann. % Increase
20,232 / 1.7%	19,705 / 1.4%

Cost-Burdened Households	Renters	Owners	Total
0 - 30% AMI	4,532	9,932	14,464
31 - 50% AMI	3,095	5,781	8,876
51 - 80% AMI	2,351	7,575	9,927
All Households	11,407	27,502	38,909

## Region 1 Current Housing Needs

The following observations were made during interviews and community forums held throughout Region 1:

- Increased mining activity in the region is putting pressure on the rental markets in some counties.
- Much of the affordable rental stock in smaller towns is public housing units in disrepair that need substantial rehabilitation. Private rentals in many areas are also of low quality and do not meet Housing Quality Standards (HQS).
- Some counties have immediate existing housing gaps for rental and affordable for sale housing that need to be addressed.
- The increasing number of senior households make senior housing a priority housing need in much of the region.

- In some counties, there is a need for more single family development targeted at 80% or less AMI.
- Many very low income owners live in Region 1 who need housing rehabilitation assistance. In some very poor communities households live without water or septic systems.
- Most housing authorities have long waiting lists for subsidized rental units and Section 8 Vouchers.
- Some communities within the region need more housing choices for persons with disabilities.
- Most counties report that homelessness is a current housing need, and that families are doubling up to deal with low wages and high housing costs in many areas of the region.

CSI has estimated the existing housing needs in Region 1 for renters; for renters who would like to become homeowners; and for existing owners that need housing rehabilitation loans. The number of rental units needed equals the number of rent-burdened households from 0 – 50% of the Area Median Income in Region 1. Rent-burdened very low and extremely low income households need an affordable housing alternative that allows them to pay only 30% of their income towards housing expenses. Those that are rent-burdened are paying more than this standard, and thus indicate the need for new lower rent housing units with rents targeted to these households.

Rising prices for homes for sale make it hard for many working families to afford the move from being renters to being owners. Renters earning 60 - 80% of the area median income are perfect candidates for downpayment assistance programs and price restricted newly developed housing units for sale. Research conducted by Stuart Rosenthal of Syracuse University for the National Mortgage Bankers Association, indicates that approximately 27% of renter households are in a position to purchase a home. The remaining percentage of renters are constrained by weak credit or unfavorable debt ratios. CSI has used Rosenthal's research to calculate the number of renters who would be able and interested in becoming owners in Region 1.

CSI has used the number of homeowners that have incomes at 80% or less of the area median income as the number of potential homeowners in need of housing rehabilitation services in Region 1. These owners often cannot afford to make health and safety updates to their homes and need loans with flexible lending criteria to make such repairs.

<b>Renters</b>	<b>7,627</b>
<b>New Owners</b>	<b>4,126</b>
<b>Existing Owners</b>	<b>56,813</b>

## Region 1 Future Housing Needs

When planning for new affordable housing units and programs, it is important to look to future growth in jobs and population. CSI has developed a model to estimate the number of new housing units needed for households at various income ranges that is based upon job growth. The Future Housing Needs model estimates the number of housing units that should be developed in New Mexico, each Region and county using three different scenarios.

The first scenario is based upon job growth trends in each county from 2000 – 2008. This scenario assumes that the number of jobs in each county will grow at the same rate as in the past eight years, and calculates new housing demand from this growth in jobs for the next seven years, to 2015. All scenarios assume that the distribution between renters and owners will remain constant, as well as the distribution of households among different income ranges.

The second scenario looks at job growth estimates for the State of New Mexico, and the proportion of jobs currently in each county. It assumes that each county will keep the same share of statewide jobs for the next seven years, and estimates the number of new jobs in each county in 2015 using this assumption. Again, this scenario assumes that the distribution of renters and owners will remain constant into the future, and that new households in each area will fall into the same distribution among income ranges as existing households.

The third scenario bases estimates of new housing units needed on BBER population projections for each county to 2015.

All three scenarios take the current number of housing units by tenure into consideration when projecting the need for new units.

CSI has calculated the number of units needed in 2015 by tenure and income range using these three models and the current distribution of households by tenure and AMI. These estimates can be used by Regional Housing Authorities and local governments to plan new development activities that will meet the demand of future local employees and other new residents.

In Region 1, CSI estimates that future job and population growth will increase the need for owner occupied units by between 3,545 and 5,563 between 2008 and 2015, depending upon the extent of job growth in the region. Using BBER population estimates for counties in Region 1, the need for additional housing units is 3,800 housing units during this seven year time period.

Between 906 and 1,493 new rental units are also needed between 2008 and 2015 in Region 1, based upon job growth estimates. Using BBER population estimates for counties in Region 1, 856 new rental units will be needed.

**Region 1 Future Housing Needs Growth Scenarios**

Region 1		New Housing Units Needed 2008-2015			Avg Annual Production Need 2008-2015		
For Sale Units Needed By AMI	%	Growth #1	Growth #2	Growth #3	Growth #1	Growth #2	Growth #3
Under 30% AMI	14.3%	3,537	5,551	3,792	505	793	542
30 - 50% AMI	11.1%	2,759	4,329	2,957	394	618	422
51 - 80% AMI	17.5%	4,354	6,832	4,667	622	976	667
81 - 100% AMI	11.4%	2,833	4,445	3,036	405	635	434
Over 100% AMI	45.7%	11,335	17,787	12,150	1,619	2,541	1,736
Total	100.0%	24,818	38,944	26,603	3,545	5,563	3,800
Rental Units Needed by AMI	%	Growth #1	Growth #2	Growth #3	Growth #1	Growth #2	Growth #3
Under 30% AMI	20.7%	1,316	2,169	1,243	188	310	178
30 - 50% AMI	14.9%	944	1,556	892	135	222	127
51 - 80% AMI	17.6%	1,115	1,839	1,054	159	263	151
81 - 100% AMI	9.6%	612	1,008	578	87	144	83
Over 100% AMI	37.1%	2,355	3,882	2,225	336	555	318
Total	100.0%	6,341	10,453	5,992	906	1,493	856

## Region 1 Land Use and Regulatory Challenges

Many of the local land use decisions and regulatory policies are beyond the scope of a regional level report such as this. Local governments control many of the facets of the land use environment. The New Mexico Affordable Housing Act Rules requires that, in formulating plans for the use of local resources, the local governments must address land use policies and the possible existence of other governmental constraints creating difficulties for the production of an adequate supply of housing in the local jurisdiction. CSI research was focused on broader land use and regulatory issues that affect multiple counties or potential problems that may need a state level resolution.

There is a trend among some counties in the region to increase the number of square feet required for a minimum lot size. By increasing the size of building lots, local governments are limiting the number of lots available because larger lots require more land and thus become more expensive. In areas of the region where infrastructure is limited and/or there is a limited supply of developable land, greater land use densities make better use of the existing land served by public facilities. Some local governments may prefer to create graduated land use zones so that in some areas there is a higher density which will lower the cost of each building site. In many areas of the country, local zoning requirements identify an area in which the minimum lot size is as small as 4,000 square foot which is the equivalent of 8 lots to the acre. Some municipalities are not able to annex more land because they are bordered by federal or tribal lands. Gaining higher land utilization is critical in an area where the incorporated boundaries are frozen.

Many communities in Region 1 report that they are having problems with their utility infrastructure: both water supply and water treatment. This problem limits the ability of developers to bring new housing on-line. The City of Las Vegas reports that it will not approve any new construction because there are no available water taps. This constriction on the supply of new housing will continue to force the prices of existing homes higher. Las Vegas is considering adopting an affordable housing act ordinance yet perhaps the most effective action that could be taken would be to expand the water system to provide for new taps. Gallup officials also report that lack of water supply limits their ability to approve new development and they don't see any near term solutions for the water supply shortage. Cuba officials indicate that they lack adequate infrastructure for new sewer taps. Other communities including Grants, Farmington, Los Alamos and Bloomfield rate their infrastructure and land supply as adequate to meet present and future demand.

There are several state level issues that some communities believe are creating barriers in the housing production system. Some Counties are concerned that the new state-adopted electrical code is going to increase the square foot cost of new construction by as much as \$1.00 per square foot. Key informants in many counties including some in Region 1 expressed frustration that there is a lack of licensed contractors available to build new homes or to rehab existing housing. They believe that the state-based contractor licensing law is restricting the supply of contractors in local communities.

For general building construction and repair, it may be appropriate to have a couple of different standards so that some basic work such as flatwork, framing, plastering and trim can be done by less qualified contractors. Several of the agencies sponsoring home rehabilitation programs also indicated that their greatest challenge is finding licensed contractors to take on the jobs. The same dilemma exists for manufactured housing units and mobile homes. Some of the rehab agencies do not work on factory-built housing because they cannot find local contractors who have their specialized license for repairing mobile homes. It may be appropriate to review the licensing requirements and create new designations depending on the level of complexity and the life safety issues involved in a particular type of work.

Key informant interviews in Region 1 did not produce any concerns with fee structures, permitting processes or other local items which might constrain the production system. There was a general concern that as some communities face growth, attempts to bolster planning and subdivision requirements will make it more difficult to keep building lots affordable. As local communities focus on ways to encourage the production of both rental and for sale housing units, they should examine their regulatory policies to identify changes which might encourage development without negatively impacting other community values and standards. Some actions which local governments might undertake to lessen the regulatory burden would be to conduct an annual land market monitoring report to determine if there is an adequate supply of land zoned to allow small lot single family development and land zoned for multifamily rental development; adopt local fee deferral/waiver and donation policies for affordable projects; provide for the use of accessory dwelling units; review of application and permitting procedures to ensure that preconstruction time is not wasted by disorganized or duplicative reviews.

## **Regional Recommendations**

One purpose of the study of regional housing opportunities is to provide a basic strategic plan that could be used by the regional housing centers for implementing various strategies designed to address regional housing needs. This section of the report will discuss those options and then lay them out in an action plan that can be used to realize the broad goals listed here. Because the New Mexico Mortgage Finance Authority is the oversight agency for the regional effort and because the MNMFA must present a statewide strategic plan to HUD every five years in order to remain eligible for federal housing and community development funds, it is important that state plans and local plans match up.

The Regional Recommendations and Action Plan will reference the major housing priorities as contained in the Consolidated Plan for the State of New Mexico. In addition to the 5 major goals, CSI has added one goal which deals with the collaborative efforts needed in the region to successfully form a basket of housing services which are available to counties and municipalities in the region.

### **Increase opportunities for homeownership**

Many counties in the region have a demand for increasing the supply of homeownership opportunities. CSI projections from 2008 to 2015, based on just the population growth correlation, show a demand for approximately 1,400 units annually. The population projection is based on the established growth rate for the state. This is a broader calculation than the employment growth factor, because it captures demand that will be generated by households moving into the region for retirement and recreational opportunities, not just employment opportunities. That is not the total demand for homeownership units, but only the demand for units to serve households in the 80% to 100% AMI range. The opportunities for households below the 80% AMI range are limited because in most markets, in order to make the payment affordable, the subsidy has to be so large that it becomes economically unfeasible to provide the assistance. Some programs, such as the RD Mutual Self Help program and the Habitat for Humanity model, balance the need to large amounts of equity by allowing the home buyer and community volunteers to help build the home and creating the extra equity in the form of "sweat equity."

Increasing homeownership opportunities involves a number of actions. The construction of new homes is one option. However, in many communities in the region, preserving the existing housing by modernizing it and making it more appealing to potential buyers is another solid strategy. Most key informants emphasized the importance of homebuyer education and downpayment assistance programs as critical elements of helping younger, modest income wage earners to successfully purchase a first home.

The demand is substantial enough throughout the region that the Region 1 Housing Opportunity Center will have some potential partners in order to respond to the demand. Regional players include Homewise, Los Alamos Housing Partnership, Santa Fe Community Housing Trust and Foundation for Building. Currently there is no agency that offers a regional program of acquisition and rehab with simplified financing for first time buyers. Because the region is low on homeownership development capacity, the Housing Opportunity Center will have to initiate new programs to address first time homeownership needs.

### **Preserve the Region's existing affordable housing stock**

There are over 37,000 cost-burdened owner households in Region 1. It is very likely that a substantial percentage of those owners do not have the financial ability to upgrade and maintain the major systems in their homes. In all communities in the region, key informants emphasized the need for an aggressive rehabilitation loan program. With such a program, homeowners could obtain below market interest loans, based on their ability to pay, to finance needed health and safety improvements. In order to bring rehabilitation loans to most communities in the region, it will be necessary to have local satellite offices. There are a number of local agencies including housing authorities, non-profit organizations, and social services offices that could provide applications and intake services for homeowner rehabilitation and energy conservation services. A more detailed discussion of this approach is contained earlier in this study.

The homeowner rehabilitation need is not the only preservation need in the region. Most of the municipal and county housing authorities indicated that the capital improvement funds provided through the Public Housing program was not sufficient to finance the improvements needed on the affordable housing units. The housing authorities also indicated that there were privately held rental units that were modestly priced but couldn't pass housing quality inspections. The Region 1 Housing Opportunity Center should develop a plan for expanding the rehabilitation program to not only focus on owner occupied units, but also on investor owned units. Generally, the processes for a rental rehabilitation program are identical to the homeowner rehabilitation process. The major differences involve the underwriting for investor owned properties and policy considerations relating to rent restrictions placed on the properties after rehabilitation.

An important piece of a regional housing preservation effort includes the resources available through the EnergySmart program. Los Amigos is the regional weatherization agency for many counties in Region 1. Both renter occupied and owner occupied units are eligible for energy conservation improvements including such items as weatherization, weather stripping and heating system improvements. Close coordination could result in maximizing the use of both preservation programs together on individual units.

### **Expand the supply of housing and services to assist the homeless**

Homelessness is a problem in some counties in Region 1. Not all counties seem to have it on the radar, but there are those who believe that they don't have adequate resources to deal with all the needs, especially as some of those needs relate to homeless individuals with disabilities. Some of the counties which have the greatest homeless needs include McKinley, particularly in Grant; Sandoval, around the Cuba area; San Juan, within Farmington and Shiprock; San Miguel, around the Las Vegas city limits.

Any homeless continuum of care system must include emergency housing, supportive services, transitional housing and lastly permanent deep subsidy housing. The region needs to expand the capacity of its emergency housing system, the transitional housing inventory and the supply of long term rental housing affordable to very low income households. A facet of the homeless problem in the region centers on domestic violence victims. The larger communities in the region each need to have a domestic violence shelter large enough to serve the number of individuals displaced as a result of violence.

Any homeless efforts, including prevention, must be coordinated with tribal programs. This need for coordination is particularly important in Region 1 because of the number of Tribal programs and tribal members in need of homeless assistance.

### **Expand housing opportunities and access for special needs populations**

As part of the effort to address special needs housing, a regional organization could work with HUD Sec 202 and 811 specialists in forming a development package for new elderly and handicapped housing that could be funded in part by HUD funds that are allocated to the non-entitlement areas of New Mexico. The Region 1 Housing Opportunity Center can work with other developers who wish to build affordable properties to ensure that more accessible units are included in development plans. The Housing Opportunity Center could

convene discussions with developers and special needs providers to ensure that new accessible units also have access to supportive services for the residents.

### **Expand the supply of decent affordable rental housing**

This state priority is the keystone for addressing the housing needs of many very low and low income New Mexico renters. While many special needs populations are not able to live independently in affordable housing without supportive services, all low income renters need a decent rental unit with rents low enough that they can afford them on very limited incomes. In the geographic area of the state identified as Region 1, there has been a lack of significant development of affordable rental units. A Regional Housing Center should take a lead role in working with potential developers and funders to devise specific project plans within the first year of operation. The development timeline for deep subsidy rental housing projects often extends 2-3 years, but that time and complexity should not be a deterrent to an organization that has the resources and capability of drawing development teams together in multiple areas.

CSI has estimated that there are over 1,300 cost-burdened low and moderate income renters in Region 1. Future demand projections call for a need to produce roughly 485 units annually in order to keep up with future population growth. In order to make any impact on existing need and future need just due to population growth, multiple projects have to be underway in the various communities.

The following counties need more low income rental housing: Cibola has mining employment gains that will make the market even tighter for those with limited means. Cuba would like to see new rental units built there. The opinion in Aztec, Bloomfield and Farmington is that low rent housing is the most pressing need in San Juan County. San Miguel County has identified a shortage of 100 rental units at the present time. Taos County estimates that it needs 50-100 units now to meet the needs of elderly and single parent female head of household families.

### **Form innovative partnerships and collaborations among local and regional entities to maximize human and financial resources for affordable housing programs and development.**

This priority may be the most crucial in determining success of the regional approach. Presently there is no designated or recognized regional agency operating in all the counties of Region 1. Unlike the other two regions, Region 1 would be faced with forming an entirely new organization to fulfill this role. It might be that an existing organization, such as the Santa Fe Municipal Housing Authority, would chose to expand its mission and territory to serve the region. There are several organizations in the region that offer services in multiple counties. It may be feasible for one of those organizations to expand its reach to include all the counties. The Regional Housing Opportunity Center model does not cast the regional organization as the sole provider of affordable housing services in a region. The Housing Opportunity Center should serve as the broker and initiator of the expansion of a basic set of services to each county in its assigned region.

There are a variety of organizations operating within the counties included in the Region 1 Service area. Many of those groups are effectively delivering housing and services in local areas. It does not make sense for a newly designated Regional Housing Center to duplicate services already available in a community. The Regional Housing Center will have to take the lead in formulating an implementation plan identifying the type of service offered, with the agency which will provide that service, and in which counties.

The Housing Opportunity Center plan will need to fill the gaps in a given community or county. The Regional Housing Center may have agreements with several providers to deliver service or parts of services for various programs. The local housing authorities may form the backbone for a local outreach and application intake system that serves as the entry point for local residents seeking a rehabilitation loan for their home, or for an elderly renter seeking a subsidized housing unit. Forming a region-wide outreach and application intake system is the first priority for establishing a regional approach.

The Regional Housing Center should have the capacity to effectively administer all Federal Housing programs. This ability will immediately benefit the smaller municipal and county housing authorities that don't have the resource base to sustain their public housing, or Section 8 programs. The Regional Housing Opportunity Center should have the capacity on staff to convene a development team to undertake either a rental or homeowner development. The Regional may not perform all the concrete tasks for getting the development in the ground but can bring the necessary players together who can execute all the necessary tasks. The Regional Housing Opportunity Center should form agreements with entities providing emergency and transitional housing to homeless and special populations for expansion of that system in Region 1. The Regional Housing Opportunity Center could function as a facilitator as well as a team leader for development activities undertaken to expand the supply of special needs housing.

The Housing Opportunity Center can serve as the link between local governments and MFA as the local governments move toward taking the necessary actions provide support for affordable efforts as stipulated in the Affordable Housing Act. The Regional Housing Opportunity Center could assist a community in hiring a developer to complete a given housing project. Through the use of an RFP process, the Regional could serve as a co-developer with a private company. This partnership would marry both public and private resources for affordable projects.

The future range of activities is immense. However, the Regional Housing Opportunity Center, during the first three year start up period, should concentrate on effectively delivering a specific basket of housing services. A major portion of the effort will be to coordinate between existing services providers to ensure full coverage with minimal duplication. This basket might include the following: (1) Administration of Section 8 and Public Housing programs; (2) Provision of owner occupied rehabilitation in all counties of the service area; (3) Homebuyer training and downpayment assistance needed for special homebuyer efforts; (4) Coordination and support for local governments in the local affordable housing efforts; and (5) Affordable rental and/or homeownership development. All of these activities will involve linking and partnering with numerous other entities in Region 1 and in other parts of the state. The challenge to the Region 1 Housing

Opportunity Center will be to establish its own successes, while successfully teaming with other agencies to improve the delivery of services.

### **COST ESTIMATE AND PRIORITY SCALE**

As part of the information contained in the Action Plan, general estimates are made of the cost of a given action. Because specific details of a given action are not known at this time, only a general estimate can be formed. Once an implementation plan for a specified action is formulated, the greater detail contained in the implementation plan can be used for a more accurate cost estimate.

\$	Little or no dollar outlay
\$\$	\$1,000 to \$100,000
\$\$\$	\$100,000 to \$200,000
\$\$\$\$	\$200,000 to \$1,000,000
\$\$\$\$\$	More than \$1 million

In assessing costs and priorities, CSI utilized the information gathered from key informant interviews, reviews of statewide statutes and plans, other needs assessment data and our own research. It will be up to the oversight agency and the Regional Housing Center to set priorities. Based on those priorities, funds can be budgeted and obtained for addressing those priorities. This action plan is intended to be a basis upon which to open a discussion of the future needs and services in the three regions identified. The interplay between cost and priority will help form that discussion. There may be an item that is a high priority but doesn't cost a lot of money to implement. There may be other high priority items that will be costly and the implementation period may stretch over a number of years or budget cycles.

<b>Priority Scale</b>	
H	High
M	Medium
L	Low

**Goal 1: Action Steps to Increase Opportunities for Homeownership**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg.1 Housing Opportunity Center will formulate the necessary plans and arrangements to provide Homebuyer education and counseling services in each county of Region 1. Provide a structured program to 125 households annually.	H	2009-2012	HUD, NMMFA, Local Governments, Boards of Realtors, local housing authorities, HFH Homewise, SF Community Housing Trust, tribal housing organizations, ECHO, local lenders	\$\$
b.	Reg. 1 Housing Opportunity Center will coordinate financial resources and training programs with other sponsors of low-income homeownership programs for qualified households wishing to purchase a first home. Downpayment assistance funds will be targeted to special needs households and Section 8 households with incomes below 50% of the county median income. Target 10 loans annually.	H	2009-2012	HUD, RD, NMMFA, Local Governments, Boards of Realtors, local lenders, local housing authorities, Homewise, LA Housing Partnership, SF Community Housing Trust, HFH, self-help housing sponsors	\$\$\$
c.	Reg. 1 Housing Opportunity Center should initiate a single family infill housing development program for households at 80% to 110% of the County AMI. Reg. 1 HOC can work with home builders and other non-profit groups to build 5 to 10 units annually as a startup goal. The price range for the workforce housing units should be \$125,000 to \$175,000. A start up production target should be 10 houses annually.	H	2009-2012	RD, NMMFA, Local Governments, Foundation for Building, local housing authorities, Boards of Realtors, local lenders, Homewise, LA Housing Partnership, SF Community Housing Trust	\$\$\$\$
d.	Reg. 1 Housing Opportunity Center should work with other regional and statewide developers on new single family ownership developments for the growing workforce. Target: assist one developer in commencing a new affordable development in one community of Region 1 by year 2.	M	2009-2012	RD, HUD, NMMFA, Foundation for Building, LA Housing Partnership, Homewise, ECHO, local governments, Boards of Realtors, local lenders	\$\$\$

**GOAL 2: Action Steps to Preserve the Region's Affordable Housing Stock**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg.1 Housing Opportunity Center will formulate the necessary plans and arrangements to coordinate and provide owner occupied rehabilitation services to 60 homes annually. As appropriate weatherization services should be coordinated with rehab efforts	H	2009-2012	HUD, RD, NMMFA, local governments, local housing authorities, Foundation for Building, tribal housing organizations, ECHO, Los Amigos	\$\$\$\$
b.	Reg. 1 Housing Opportunity Center will develop the necessary programmatic and financial analysis tools to offer a multi-family rental rehab program to multi-family rental property owners. Application to be submitted to MFA for HOME or CDBG funding. Program startup and marketing efforts during year one with a year two and after, production goal of 10 units annually	M	2009-2012	HUD, RD, NMMFA, Local Governments, Boards of Realtors, local lenders, local housing authorities, Homewise, LA Housing Partnership	\$\$\$
c.	Reg. 1 Housing Opportunity Center will work with small municipal and county housing authorities to assess potential for sharing of Administrative duties and HUD reporting requirements to enhance management of Section 8 voucher contracts and Public Housing units. Local staff will be used for application, occupancy, and maintenance services as appropriate. Target: 1 consortium or management agreement in place by the end of year 2.	H	2009-2012	HUD, NMMFA, local governments, local housing authorities	

**GOAL 3: Action Steps to Expand the Supply of Housing and Services to Assist the Homeless**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg.1 Housing Opportunity Center will coordinate efforts with domestic violence and homeless agencies to identify opportunities for expansion of the emergency housing inventory available in Region 1. Performance target: participation in Continuum of Care meetings.	H	2009-2012	HUD, RD, NMMFA, NM Coalition to End Homelessness, local governments, local housing authorities, tribal housing organizations, CARE 66, Balance of State Continuum of Care Consortium, Community Against Violence, Crisis Center of N. N. Mexico, Family Crisis Center, S.J. County Emergency Shelter, Taos Coalition to End Homelessness	\$

**GOAL 4: Action Steps to Expand Housing Opportunities and Access for Special Needs Populations**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg.1 Housing Opportunity Center will coordinate efforts with special needs providers to include accessible units with supportive services in new rental developments in the Region. Secure TBRA to buydown rents in market rate projects. Production target to average 10 units annually beginning in 2010.	H	2009-2012	HUD, RD, NMMFA, local governments, local housing authorities, tribal housing organizations, CARE 66, Balance of State Continuum of Care Consortium, NM Behavioral Health Purchasing Collaborative	\$\$\$
b.	Reg. 1 Housing Opportunity Center will co-develop assisted housing using state and federal programs including HUD 811 and 202 funds. Production target to be one assisted development.	H	2009-2012	HUD, RD, NMMFA, local governments, local housing authorities, tribal housing organizations, CARE 66, Balance of State Continuum of Care Consortium, Community Against Violence, Crisis Center of N. N. Mexico, Family Crisis Center, S.J. County Emergency Shelter, Taos Coalition to End Homelessness	\$\$\$

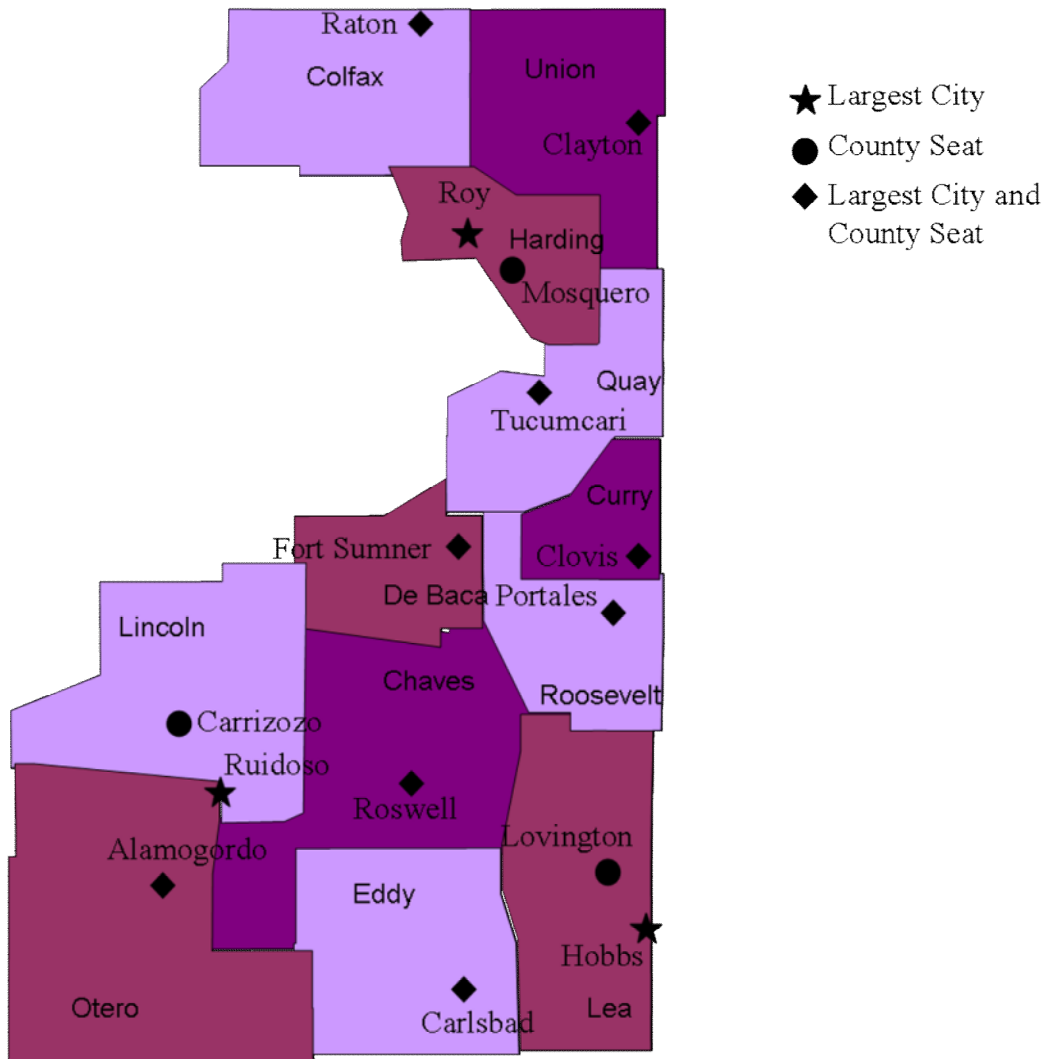
**GOAL 5: Action Steps to Expand the Supply of Decent Affordable Rental Housing**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg.1 Housing Opportunity Center will coordinate efforts with other developers to expand the supply of affordable rental housing. Region 1 HOC will formulate plans and joint venture agreements to add at least 10% of the below 50%AMI projected need or 60 units annually beginning in year 2.	H	2010-2012	HUD, RD, NMMFA, YES, local governments, local housing authorities, tribal housing organizations, tax credit developers,	\$\$\$\$
b.	Region 1 HOC will identify infill parcels of land with utilities for construction of smaller rental complexes.	H	2009-2012	HUD, RD, NMMFA, , local governments, local housing authorities, tribal housing organizations	\$\$\$
c.	Reg. 1 HOC will assist local governments in identifying resources and regulatory changes which could facilitate the production of more affordable rental properties. Target: at least one community annually will provide land, fee waivers & deferrals or other resources to support a particular rental project.	M	2009-2012	HUD, RD, NMMFA, local governments, tax credit developers, local non-profits	\$

**Goal 6: Action Steps to Form Innovative Partnerships and Collaborations Among Local and Regional Entities to Maximize Human and Financial Resources for Affordable Housing Programs and Development.**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	A Region 1 based organization will formulate a series of agreements, MOUS, and collaborative plans to respond to the invitation for proposals.	H	2009	NMMFA, local governments, local housing authorities, local non-profits, tribal housing organizations	\$\$\$
b.	Reg.1 Housing Opportunity Center will hire the necessary executive and support staff to implement the plan submitted to NMMFA on behalf of Region 1. Target: staff in place	H	2009	HUD, RD, NMMFA, local governments, tax credit developers , local non-profits	\$\$\$
c.	Reg. 1 Housing Opportunity Center will form voluntary agreements with local housing authorities to regionalize administration of HUD rental assistance and Public Housing programs. Cost savings will be directed at preservation of housing authority units. Target: addition of one local housing authority agreement annually.	H	2009-2012	HUD, NMMFA, local governments, local housing authorities	\$
d.	Reg. 1 Housing Opportunity Center will act to fill gaps in basic housing services and coordinate with existing housing services providers to address service needs for each county in Region 1. Target: service availability relating to each of the state goals/needs of this plan.	H	2009-2012	HUD, NMMFA, local governments, local housing authorities, local and regional non-profit service providers, statewide housing agencies	\$
e.	Reg. 1 Housing Opportunity Center will commission the creation of a region wide computer intranet system which will allow uniform application intake and processing throughout local intake offices in the region. Target: electronic management information system links participating agencies in region.	H	2009-2010	HUD, NMMFA, local governments, local housing authorities, local and regional non-profit service providers, statewide housing agencies, software and hardware vendors	\$\$\$

## Region 2 Housing Needs Assessment



### **Regional Profile**

Region 2 is located along the eastern boundary of New Mexico, from the Colorado border to the border with Texas. There are 12 counties in Region 2. The region includes all rural counties. Some areas of the region are seeing job growth from the oil and gas industry and other economic development activities, as well as population growth from retirees moving into the area. In Lincoln County, and Ruidoso, resort pricing is forcing workers to find housing elsewhere. Southern counties that border Mexico are seeing population growth in the immigrant community due to US border initiatives. Other counties have stagnant population growth or are losing population to bigger towns and cities.

## Geography

Region 2 counties include:

- Chavez
- Colfax
- Curry
- De Baca
- Eddy
- Harding
- Lea
- Lincoln
- Otero
- Quay
- Roosevelt
- Union

## Population

- Region 2 has the smallest population of the three regions, and no large cities in the region.
- The total 2008 estimated population of Region 2 is 350,223 in 2008.
- There are an estimated 66,884 persons with disabilities in Region 2, or 20.7% of the population.
- 24.9% of the population in Region 1 are Seniors.

	<b>% of Total Population</b>	
<b>55-65</b>	37,491	10.7%
<b>Age 65 - 74</b>	25,474	7.3%
<b>Age 75 - 84</b>	17,024	4.9%
<b>Age 85 and over</b>	7,048	2.0%
<b>Total</b>	87,037	24.9%

## Households

- The total estimated number of households is 133,831 in 2008.
- The homeownership rate in Region 2 is 70% in 2008.
- There are an estimated 24,132 households living in poverty in Region 2 in 2008, or 30.9% of all renter households and 12.5% of all owner households.

	<b>Renters</b>	<b>Owners</b>	<b>Total</b>
Households 0 -30% AMI	10,035	10,959	20,994
Households 31 - 50% AMI	7,416	9,887	17,303
Households 51 - 60% AMI	3,067	5,350	8,417
Households 61 - 80% AMI	5,230	11,176	16,406
Households 81 - 100% AMI	4,253	10,083	14,336
Households over 100% AMI	10,084	41,061	51,145
<b>Total Households</b>	<b>40,085</b>	<b>93,746</b>	<b>133,831</b>

	<b>Below Poverty Level</b>	<b>%</b>
<b>Renters</b>	12,398	30.9%
<b>Owners</b>	11,734	12.5%

## Housing Profile

- There are 243,233 housing units in Region 2 in 2008
- Older homes, those built before 1960, number 48,793, and make up 20.1% of the housing stock
- New homes built after 1999 make up 7.3% of the housing stock
- 1.7% of all homes, or an estimated 2,884 in 2008, lack complete plumbing facilities
- 2.2% of all homes, or an estimated 3,709, lack complete kitchen facilities

## Housing Needs Indicators

- Between 2000 and 2008, the number of households grew by 6,889, or .5%, while the number of housing units grew by 4,553, or .4%, making the housing market more competitive
- In 2008, there are an estimated 11,578 renter households and 18,040 owner households that are cost-burdened, or paying more than 30% of their income for housing

<b>Increase in Households vs. Increase in Housing Units, 2000-2008</b>	
<b>Households/Ann. % Increase</b>	<b>Housing Units/Ann. % Increase</b>
6,889 / .5%	4,553 / .4%

<b>Cost-Burdened Households</b>	<b>Renters</b>	<b>Owners</b>	<b>Total</b>
0 - 30% AMI	7,529	8,504	16,033
31 - 50% AMI	5,064	5,554	10,618
51 - 80% AMI	2,511	5,939	8,450
All Households	13,855	22,038	35,892

## Region 2 Existing Housing Needs

The following observations were made during interviews and community forums held throughout Region 2:

- Rent rates in some areas with high job growth are jumping dramatically and there is a need for more affordable rental housing, as well as an increase in the overall housing stock in counties such as Chavez County, Eddy County and Curry County.

- Waiting lists for public housing units with rental assistance and Section 8 Vouchers are long in many counties.
- Much of the affordable rental stock in smaller towns is public housing units in disrepair that need substantial rehabilitation. Private rentals in many areas are also of low quality and do not meet Housing Quality Standards (HQS).
- New affordable units for sale are a priority in growing counties where a lack of new units for sale is hurting job retention and creation, and many workers commute into job centers because of a lack of housing.
- Homebuyer assistance is a priority need in growing counties,
- Many low income owners need assistance to rehabilitate their homes, in both areas of growth and in areas with declining populations and stagnant income growth, and where the housing stock is old and deteriorating,
- Homelessness is identified as a concern and need in some counties, though not in most of Region 2,

CSI has estimated the existing housing needs in Region 2 for renters, renters who would like to become owners, and existing owners that need housing rehabilitation loans. The number of rental units needed equals the number of rent-burdened households from 0 – 50% of the Area Median Income in Region 2. Rent-burdened very low and extremely low income households need an affordable housing alternative that allows them to pay only 30% of their income towards housing expenses. Those that are rent-burdened are paying more than this standard, and thus indicate the need for new, lower rent housing units, with rents targeted to these households.

Rising prices for homes for sale make it hard for many working families to afford the move from being renters to being owners. Renters earning 60 - 80% of the area median income are perfect candidates for downpayment assistance programs and price restricted newly developed housing units for sale. Research conducted by Stuart Rosenthal of Syracuse University for the National Mortgage Bankers Association, indicates that approximately 27% of renter households are in a position to purchase a home. The remaining percentage of renters are constrained by weak credit or unfavorable debt ratios. CSI has used Rosenthal's research to calculate the number of renters who would be able and interested in becoming owners in Region 2.

CSI has used the number of homeowners that have incomes at 80% or less of the area median income as the number of potential homeowners in need of housing rehabilitation services in Region 2. These owners often cannot afford to make health and safety updates to their homes and need loans with flexible lending criteria to make such repairs.

<b>Existing Housing Needs</b>	
<b>Renters 0 – 50% AMI</b>	<b>12,593</b>
<b>New Owners 60 – 80% AMI</b>	<b>1,412</b>
<b>Existing Owners</b>	<b>37,372</b>

## Region 2 Future Housing Needs

When planning for new affordable housing units and programs, it is important to look to future growth in jobs and population. CSI has developed a model to estimate the number of new housing units needed for households at various income ranges that is based upon job growth. The Future Housing Needs model estimates the number of housing units that should be developed in New Mexico, each Region and county using three different scenarios.

The first scenario is based upon job growth trends in each county from 2000 – 2008. This scenario assumes that the number of jobs in each county will grow at the same rate as in the past eight years, and calculates new housing demand from this growth in jobs for the next seven years, to 2015. All scenarios assume that the distribution between renters and owners will remain constant, as well as the distribution of households among different income ranges.

The second scenario looks at job growth estimates for the State of New Mexico, and the proportion of jobs currently in each county. It assumes that each county will keep the same share of statewide jobs for the next seven years, and estimates the number of new jobs in each county in 2015 using this assumption. Again, this scenario assumes that the distribution of renters and owners will remain constant into the future, and that new households in each area will fall into the same distribution among income ranges as existing households.

The third scenario bases estimates of new housing units needed on BBER population projections for each county to 2015.

All three scenarios take the current number of housing units by tenure into consideration when projecting the need for new units.

CSI has calculated the number of units needed in 2015 by tenure and income range using these three models and the current distribution of household by tenure and AMI. These estimates can be used by Regional Housing Authorities and local governments to plan new development activities that will meet the demand of future local employees and other new residents.

In Region 2, CSI estimates that future job and population growth will increase the need for owner occupied units by between 1,086 and 4,263 between 2008 and 2015, depending upon the extent of job growth in the region. Using BBER population estimates for counties in Region 1, the need for additional housing units is a much lower 1,086 housing units during this seven year time period.

Up to 1,305 new rental units are also needed between 2008 and 2015 in Region 1, based upon job growth estimates. Using BBER population estimates for counties in Region 1, no new rental housing development will be needed in the region.

<b>Region 2</b>		<b>New Housing Units Needed 2008-2015</b>			<b>Avg Annual Production Need 2008-2015</b>			
		<b>%</b>	<b>Growth #1</b>	<b>Growth #2</b>	<b>Growth #3</b>	<b>Growth #1</b>	<b>Growth #2</b>	<b>Growth #3</b>
<b>For Sale Units Needed By AMI</b>								
Under 30% AMI		11.7%	2,614	3,488	<b>889</b>	373	498	<b>127</b>
30 - 50% AMI		10.5%	2,358	3,147	<b>802</b>	337	450	<b>115</b>
51 - 80% AMI		17.6%	3,941	5,260	<b>1,340</b>	563	751	<b>191</b>
81 - 100% AMI		10.8%	2,405	3,209	<b>818</b>	344	458	<b>117</b>
Over 100% AMI		49.4%	11,040	14,733	<b>3,753</b>	1,577	2,105	<b>536</b>
Total		100.0%	22,357	29,838	<b>7,601</b>	3,194	4,263	<b>1,086</b>
<b>Rental Units Needed by AMI</b>								
		<b>%</b>	<b>Growth #1</b>	<b>Growth #2</b>	<b>Growth #3</b>	<b>Growth #1</b>	<b>Growth #2</b>	<b>Growth #3</b>
Under 30% AMI		25.0%	1,480	2,287	<b>None</b>	211	327	<b>None</b>
30 - 50% AMI		18.5%	1,093	1,690	<b>None</b>	156	241	<b>None</b>
51 - 80% AMI		20.7%	1,223	1,891	<b>None</b>	175	270	<b>None</b>
81 - 100% AMI		10.6%	627	969	<b>None</b>	90	138	<b>None</b>
Over 100% AMI		25.2%	1,487	2,298	<b>None</b>	212	328	<b>None</b>
Total		100.0%	5,910	9,134	<b>None</b>	844	1,305	<b>None</b>

## Region 2 Land Use and Regulatory Challenges

Many of the local land use decisions and regulatory policies are beyond the scope of a regional level report such as this. Local governments control many of the facets of the land use environment. The New Mexico Affordable Housing Act Rules requires that in formulating plans for the use of local resources, the local governments must address land use policies and the possible existence of other governmental constraints creating difficulties for the production of an adequate supply of housing in the local jurisdiction. CSI research was focused on broader land use and regulatory issues that affect multiple counties or potential problems that may need a state level resolution.

Communities in Region 2 do not seem to have the problems with their utility infrastructure water supply and water treatment. All communities but Carlsbad report that their local infrastructure has the capacity to accommodate future growth in housing units. Some communities are in the process of updating water and sewer systems now.

Key informants in many counties in Region 2 expressed frustration that there is a lack of licensed contractors available to build new homes or to rehab existing housing. They believe that the state-based contractor licensing law is restricting the supply of contractors in local communities. It may be appropriate to review the licensing requirements and create new designations depending on the level of complexity and the life and safety issues involved in a particular type of work. Partnerships could be formed with community colleges or vocational training programs in the region to train students in the construction trades programs through work on the rehab programs and building new homes in the area.

Key informant interviews in Region 2 did not produce any concerns with fee structures, permitting processes or other local items which might constrain the production system. Developers who were part of the key informant interviews also did not find that local governmental policies restricted housing development in Region 2. As local communities focus on ways to encourage the production of both rental and for-sale housing units, they should examine their regulatory policies to identify changes which might encourage development without negatively impacting other community values and standards. Some actions which local governments might undertake to lessen the regulatory burden would be to conduct an annual land market monitoring report to determine if there is an adequate supply of land zoned to allow small lot single family development and land zoned for multifamily rental development; adopt local fee deferral/ waiver and donation policies for affordable projects; provide for the use of accessory dwelling units; review of application and permitting procedures to ensure that preconstruction time is not wasted by disorganized or duplicative reviews.

## Regional Recommendations

One purpose of the study of regional housing opportunities is to provide a basic strategic plan that could be used by the regional housing centers for implementing various strategies designed to address regional housing needs. This section of the report will discuss those options and then lay them out in an action plan that can be used to realize the broad goals

listed here. Because the New Mexico Mortgage Finance Authority is the oversight agency for the regional effort and because the NM MFA must present a statewide strategic plan to HUD every five years in order to remain eligible for federal housing and community development funds, it is important that state plans and local plans match up.

The Regional Recommendations and Action Plan will reference the major housing priorities as contained in the Consolidated Plan for the State of New Mexico. In addition to the 5 major goals, CSI has added one goal which deals with the collaborative efforts needed in the region to successfully form a basket of housing services which are available to counties and municipalities in the region.

Region VI Housing Authority operates in Lincoln, Chaves, Otero, Eddy and Lea counties, and is a very high performing agency. Other non-profit agencies and housing authorities also operate affordable housing programs in Region 2. In order to maintain continuity in Public Housing and Rental Assistance programs in the region, it is assumed that the Region 2 Housing Authority would transition into the Region 2 Housing Opportunity Center .

### **Increase opportunities for homeownership**

Many counties in the region have demand for an increased supply of homeownership opportunities. CSI projections from 2008 to 2015, based on just the population growth correlation, show a demand for approximately 190 units annually for households at 50 – 80% AMI, and 120 units annually for households at 80 – 100% AMI. The population projection is based on the established growth rate for the state. This is a broader calculation than the employment growth factor because it captures demand that will be generated by households moving into the region for retirement and recreational opportunities, not just employment opportunities.

The opportunities for households below the 80% AMI range will be limited in some high growth markets like Roswell, Ruidoso, and Lea County, in order to make the payment affordable, the subsidy has to be so large that it becomes economically unfeasible to provide this assistance. However, in many other counties in Region 2, households at 50 – 80% AMI will be able to afford existing housing stock with downpayment and homebuyer education assistance.

Some programs such as the RD Mutual Self Help program and the Habitat for Humanity model, balance the need for housing priced for households below 80% AMI to large amounts of equity by allowing the home buyer and community volunteers to help build the home and creating the extra equity in the form of "sweat equity." There are multiple Habitat for Humanity chapters throughout Region 2 that are building units for lower income households.

Increasing homeownership opportunities involves a number of actions. The construction of new homes is one option. However, in many communities in the region, preserving the existing housing by modernizing it and making it more appealing to potential buyers is another solid strategy. In Region 2, much of the housing stock is old , and community revitalization efforts were mentioned in key informant interviews as necessary in many areas without high job growth rates. Most key informants emphasized the importance of

homebuyer education and downpayment assistance programs as critical elements of helping younger, modest income wage earners to successfully purchase a first home.

The demand for homebuyer programs is substantial enough throughout the region that the Region 2 Housing Opportunity Center will have some potential partners in order to respond to the demand. The Region VI Housing Authority has already been successful in development partnerships with local agencies to create new affordable homes for sale. Other regional players involved in developing single family homes include Foundation for Building and Eastern Plains Housing Development Corporation. Currently there is no agency that offers a program of acquisition and rehab with simplified financing for first time buyers, however the Region VI Housing Authority offers both of these services and could combine both services to create such a program. This type of program would both serve potential demand for homebuyers while also solving redevelopment issues in many smaller communities in Region 2 with older housing stock.

### **Preserve the Region's existing affordable housing stock**

There are over 22,000 cost-burdened owner households in Region 2, most with incomes below 50% of the Area Median Income. It is very likely that a substantial percentage of those owners do not have the financial ability to upgrade and maintain the major systems in their homes. In all communities in the region, key informants emphasized the need for an aggressive rehabilitation loan program. With such a program, homeowners could obtain below market interest loans based on their ability to pay, to finance needed health and safety improvements. In order to bring rehabilitation loans to most communities in the region, it will be necessary to have local satellite offices. There are a number of local agencies including housing authorities, non-profit organizations and social services offices that could provide applications and intake services for homeowner rehabilitation and energy conservation services. Local agencies will form the backbone of a region wide application intake network.

In Region 2, the Region VI Housing Authority provides a home rehabilitation program in five of the Region 2 counties. This program is a partnership between the Housing Authority and Foundation For Building. Coordination of rehabilitation services is needed to ensure that every county in Region 2 is served by one program with local satellite offices.

An important piece of a regional housing preservation effort includes the resources available through the EnergySmart program. Both renter occupied and owner occupied units are eligible for energy conservation improvements including such items as weatherization, weather stripping and heating system improvements. Close coordination could result in maximizing the use of both preservation programs together on individual units. In Region 2, the Region VI Housing Authority, and the Community Action Agency of Southern New Mexico offer weatherization services.

### **Expand the supply of housing and services to assist the homeless**

Homelessness is a problem in some counties in Region 2. Not all counties see homelessness as a housing issue, but there are those who believe that they don't have adequate resources

to deal with all the needs, especially as some of those needs relate to homeless individuals and victims of domestic violence. Many key informants stated that families are doubling up to deal with high housing costs. Domestic violence often leads to homelessness, and many key informants in Region 2 stated that serving victims of domestic violence is a need in their communities. Some of the counties which have the greatest homeless needs include Curry, particularly in Clovis; Eddy County and Carlsbad; and Quay County.

Any homeless continuum of care system must include emergency housing, supportive services, transitional housing and lastly permanent deep subsidy housing. The region needs to expand the capacity of its emergency housing system, the transitional housing inventory and the supply of long term rental housing affordable to very low income households. A facet of the homeless problem in the region centers on domestic violence victims. All counties but Harding in Region 2 are served by domestic violence programs, including Roswell Refuge for Battered Adults, Alternatives to Violence, Curry Shelter for Victims of Domestic Violence, Carlsbad Battered Families Shelter, Grammy's House, Option, Inc, and C.O.P.E., Inc. There is not a shelter located in each county.

### **Expand housing opportunities and access for special needs populations**

As part of the effort to address special needs housing, a regional organization could work with HUD Sec 202 and 811 specialists and the Housing Specialist for the New Mexico Behavioral Health Purchasing Collaborative in identifying potential development projects for individuals with Special Needs and forming a development package for new elderly and handicapped housing that could be funded in part by HUD funds that are allocated to the non-entitlement areas of New Mexico. Key informants called out the need for group homes for persons with mental illness as a high priority need in Region 2. More housing alternatives for elderly residents of Region 2 is also a priority. The Region 2 Housing Opportunity Center can work with other developers who wish to build affordable properties to ensure that more accessible units are included in development plans. The Housing Opportunity Center could convene discussions with developers and special needs providers to ensure that new accessible units also have access to supportive services for the residents.

### **Expand the supply of decent affordable rental housing**

In the geographic area of the state identified as Region 2, there has been a lack of significant development of affordable rental units in growing areas, which has resulted in some people driving 100 miles one way to work, or homeowners renting out their houses to new workers for exorbitant rents. A Regional Housing Center should take a lead role in working with potential developers and funders to devise specific project plans within the first year of operation. The development timeline for deep subsidy rental housing projects often extends 2-3 years, but that time and complexity should not be a deterrent to an organization that has the resources and capability of drawing development teams together in multiple areas. There are some affordable rental projects planned in Region 2, such as a 100 unit project in Lea County.

CSI has estimated that there are over 12,500 cost-burdened low and moderate income renters in Region 2. Future demand projections based upon population projections from the state do not show a need for new rental development in the region. However, based upon

estimated future job growth, between 550 and 840 new rental units will be needed annually in the region priced to serve households at 80% or less of the AMI. An additional 300 to 450 market rate units will also be needed to keep up with demand in counties with high rates of job growth. In order to make any impact on existing need and future need just due to population growth, multiple projects have to be underway in the various communities. The following counties need more low income rental housing: Chavez County has Federal Law Enforcement Training Center as well as oil and gas industry job gains that will make the market even tighter for those with limited means. Units need to be built in Roswell. Workers are now driving over 100 miles one way to find affordable housing in Chavez County. In Eddy County and Carlsbad, there is a need for more low cost and market rate rental housing. Lea County, especially Hobbs, also has an extreme shortage of rental units due to job growth. The homebuyer program operated by the Region VI Housing Authority is also a solution to the extremely tight rental market. By encouraging and enabling those that qualify to purchase homes, the demand for higher end rentals should be eased.

The Region VI Housing Authority has the most substantial portfolio of units and programs of any of the Regional Housing Authorities. The RHA has been successful at managing and developing new properties and utilizing rental assistance vouchers. In addition to the 1,285 vouchers managed by the RHA, Region VI also administers 564 Section 8 vouchers on behalf of the Region IV Housing Authority through its nonprofit affiliate.

Region VI owns and operates affordable rental units developed and financed under a number of federal programs. The RHA operates 84 Public Housing units in Roswell, Capitan and Carrizozo. Region VI owns and manages 346 other affordable rentals under a variety of HUD and Rural Development programs. Their rental holdings are located in 6 communities in the service area. Region VI has plans to expand rental housing units in the five counties that it serves. Development is also being planned by the Eastern Plains Housing Development Corporation on its own and in collaboration with YES Housing.

**Form innovative partnerships and collaborations among local and regional entities to maximize human and financial resources for affordable housing programs and development.**

This priority may be the most crucial in determining success of the regional approach. In Region 2, the Region VI Housing Authority already operates a wide variety of housing programs in five of the 12 counties in Region 2. This agency is a high performer, and could expand its reach to serve all counties in Region 2. Programs operated by Region VI Housing Authority will be absorbed into the new Region 2 Housing Opportunity Center. There are other housing agencies operating in multiple counties in Region 2, such as the Eastern Plains HDC, which is a CHDO. The Regional Housing Opportunity Center model does not cast the regional organization as the sole provider of affordable housing services in a region. The Housing Opportunity Center should serve as the broker and initiator of the expansion of a basic set of services to each county in its assigned region.

There are a variety of organizations operating within the counties included in the Region 2 Service area. Many of those groups are effectively delivering housing and services in local areas. It does not make sense for a newly designated Regional Housing Center to duplicate services already available in a community. Programs currently operated by the Region VI

Housing Authority will be transitioned to the new Regional Housing Opportunity Center and could be expanded to all counties in the region if there is no other provider already serving that county. The Regional Housing Center will have to take the lead in formulating an implementation plan identifying the type of service offered, with the agency which will provide that service in each county.

The Housing Opportunity Center plan will need to fill the gaps in a given community or county as referenced in the Recommendations section of this report. The Regional Housing Center may have agreements with several providers to deliver service or parts of services for various programs. The local housing authorities may form the backbone for a local outreach and application intake system that serves as the entry point for local residents seeking a rehabilitation loan for their home or for an elderly renter seeking a subsidized housing unit. Forming a regionwide outreach and application intake system is the first priority for establishing a regional approach.

The Regional Housing Center should have the capacity to effectively administer all Federal Housing programs, especially those already operated by the Region VI Housing Authority. This ability will immediately benefit the smaller municipal and county housing authorities that don't have the resource base to sustain their public housing nor Section 8 programs. The Regional Housing Opportunity Center should have the capacity on staff to convene a development team to undertake either a rental or homeowner development. The Regional may not perform all the concrete tasks for getting the development in the ground but can bring the necessary players together who can execute all the necessary tasks. The Regional Housing Opportunity Center could function as a facilitator as well as a team leader for development activities undertaken to expand the supply of special needs housing.

The Regional Housing Opportunity Center could assist a community in hiring a developer to complete a given housing project. Through the use of an RFP process, the Regional could serve as a co-developer with a private company. This partnership would marry both public and private resources for affordable projects.

The Regional Housing Opportunity Center, during the first three year start-up period, should concentrate on effectively delivering a specific basket of housing services. A major portion of the effort will be to coordinate between existing services providers to ensure full coverage with minimal duplication. Programs operated by Region VI Housing Authority must continue to run at the high performance level that they agency has provided in the past.

This basket of services might include the following: (1) Administration of Section 8 and Public Housing programs; (2) provision of owner occupied rehabilitation and weatherization in all counties of the service area; (3) homebuyer training and downpayment assistance needed for special homebuyer efforts; (4) coordination and support for local governments in the local affordable housing efforts; and (5) affordable rental and/or homeownership development. All of these activities will involve linking and partnering with numerous other entities in Region 2 and in other parts of the state. The challenge to the Region 2 Housing Opportunity Center will be to establish its own successes while successfully teaming with other agencies to improve the delivery of services.

## Cost Estimate and Priority Scale

As part of the information contained in the Action Plan, general estimates are made of the cost of a given action. Because specific details of a given action are not known at this time, only a general estimate can be formed. Once an implementation plan for a specified action is formulated, the greater detail contained in the implementation plan can be used for a more accurate cost estimate.

\$	Little or no dollar outlay
\$\$	\$1,000 to \$100,000
\$\$\$	\$100,000 to \$200,000
\$\$\$\$	\$200,000 to \$1,000,000
\$\$\$\$\$	More than \$1 million

In assessing costs and priorities, CSI utilized the information gathered from key informant interviews, reviews of statewide statutes and plans, other needs assessment data and our own research. It will be up to the oversight agency and the Regional Housing Center to set priorities. Based on those priorities, funds can be budgeted and obtained for addressing those items. This action plan is intended to be the basis to open a discussion of the future needs and services in the three regions identified. The interplay between cost and priority will help form that discussion. There may be an item that is a high priority but doesn't cost a lot of money to implement. There may be other high priority items that will be costly and the implementation period may stretch over a number of years or budget cycles.

Priority Scale	
H	High
M	Medium
L	Low

**Goal 1: Action Steps to Increase Opportunities for Homeownership**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Region 2 Housing Opportunity Center will expand provision of Homebuyer education and counseling services in each county of Region 2. Provide a structured program to 75 households annually.	H	2009-2012	HUD, NMMFA, Local Governments, Boards of Realtors, local housing authorities, Eastern Plains Council of Governments, local lenders	\$\$
b.	Reg. 2 Housing Opportunity Center will coordinate financial resources and training programs with other sponsors of low-income homeownership programs for qualified households wishing to purchase a first home. Downpayment assistance funds from the existing program and new funding sources will be targeted to special needs households and Section 8 households with incomes below 50% of the county median income. Target 10 loans annually.	H	2009-2012	HUD, RD, NMMFA, Local Governments, Boards of Realtors, local lenders, local housing authorities, self-help housing sponsors	\$\$\$
c.	Reg. 2 Housing Opportunity Center should initiate a single family infill housing development program for households at 60% to 100% of the County AMI. Reg. 2 HOC can work with home builders and other non-profit groups to build up to 10 units per year throughout Reg 2. The price range for the workforce housing units should be \$100,000 to \$150,000. An annual production target should be 10 houses annually.	H	2009-2012	RD, NMMFA, Local Governments, Foundation for Building, local housing authorities, Boards of Realtors, local lenders, Eastern Plains HDC, Carlsbad CDC, Eastern Plains Council of Governments, Lea County Housing	\$\$\$\$
d.	Reg. 2 Housing Opportunity Center should work with other regional and statewide developers on new single family ownership developments for the growing workforce, continuing the Region VI construction program. Target: 25 units a year among all developers.	M	2009-2012	RD, HUD, NMMFA, Foundation for Building local housing authorities, Eastern Plans HDC, Lea County Housing, local Habitat for Humanity chapters, local governments, Boards of Realtors, local lenders	\$\$\$

**GOAL 2: Action Steps to Preserve the Region's Affordable Housing Stock**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg.2 Housing Opportunity Center will expand and coordinate owner occupied rehabilitation services to 40 homes annually in all 12 counties in the region. As appropriate weatherization services should be coordinated with rehab efforts	H	2009-2012	HUD, RD, NMMFA, local governments, local housing authorities, Foundation for Building, Los Amigos, Eastern Plains HDC, Eastern Plains Council of Governments, Community Action Agency of Southern New Mexico	\$\$\$\$
b.	Reg. 2 Housing Opportunity Center will develop the necessary programmatic and financial analysis tools to offer a multi-family rental rehab program to rental property owners. Application to be submitted to MFA for HOME or CDBG funding. Program startup and marketing efforts during year one with a year two and after, production goal of 10 units annually	M	2009-2012	HUD, RD, NMMFA, Local Governments, Boards of Realtors, local lenders, local housing authorities, Foundation for Building, Eastern Plains HDC, Eastern Plains Council of Governments	\$\$\$
c.	Reg. 2 Housing Opportunity Center will work with small municipal and county housing authorities to cooperatively manage Section 8 voucher contracts and Public Housing units. Local staff will be used for application, occupancy, and maintenance services as appropriate.	H	2009-2012	HUD, NMMFA, local governments, local housing authorities	

**GOAL 3: Action Steps to Expand the Supply of Housing and Services to Assist the Homeless**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg.2 Housing Opportunity Center will facilitate agreements and program expansion to ensure that homeless prevention services are available to individuals and households in need in each county of Reg. 2	M	2009-2010	HUD, RD, NMMFA, NM Coalition to End Homelessness, local governments, local housing authorities, tribal housing organizations, Balance of State Continuum of Care Consortium, Assurance Home, Southeast NM Community Action Corp, Alternatives to Homelessness, Youth Shelters and Family Services, Eastern Plains Community Action Agency, Shelter for Victims of Domestic Violence, Roswell Refuge for Battered Adults, Carlsbad Battered Families Shelter, Granny's House, Manna Outreach Inc, Option, Inc, COPE, Inc., Help End Abuse for Life, Inc., Eastern Plains HDC	\$

**GOAL 4: Action Steps to Expand Housing Opportunities and Access for Special Needs Populations**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg.2 Housing Opportunity Center will coordinate efforts with special needs providers to include accessible units with supportive services.	H	2009-2012	HUD, RD, NMMFA, local governments, local housing authorities, tribal housing organizations, Balance of State Continuum of Care Consortium, NM Behavioral Health Purchasing Collaborative, CHOICES Center for Independent Living, Independent Living Resource Center, People Care, Inc, Alianza of New Mexico, Carlsbad Mental Health Association, the Ability Center for Independent Living	\$\$\$
b.	Reg. 2 Housing Opportunity Center will co-develop assisted housing using state and federal programs including HUD 811 and 202 funds. Production target to be one assisted development.	H	2009-2012	HUD, RD, NMMFA, local governments, local housing authorities, tribal housing organizations, Balance of State Continuum of Care Consortium, NM Behavioral Health Purchasing Collaborative, CHOICES Center for Independent Living, Independent Living Resource Center, People Care, Inc, Alianza of New Mexico, Carlsbad Mental Health Association, the Ability Center for Independent Living	\$\$\$

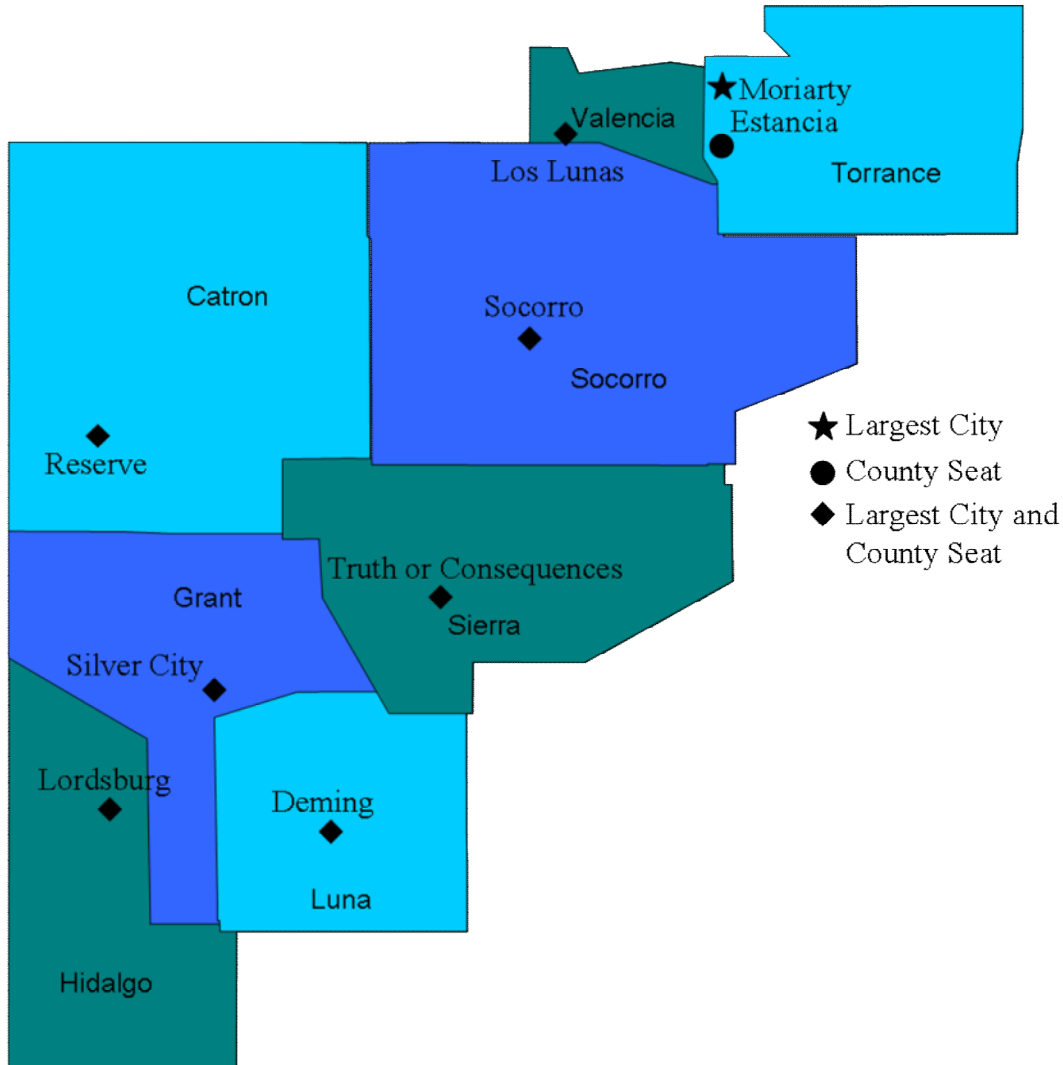
**GOAL 5: Action Steps to Expand the Supply of Decent Affordable Rental Housing**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg.2 Housing Opportunity Center will coordinate efforts with other developers to expand the supply of affordable rental housing. Region 2 HOC will formulate plans and joint venture agreements to add at least 10% of the below 50%AMI projected need or 65 units annually beginning in year 1.	H	2010-2012	HUD, RD, NMMFA, YES, local governments, local housing authorities, Eastern Plains HDC, tax credit developers	\$\$\$\$\$
b.	Region 2 HOC will identify infill parcels of land with utilities for construction of smaller rental complexes.	H	2009-2012	HUD, RD, NMMFA, Eastern Plains HDC, local governments, local housing authorities,	\$\$\$\$
c.	Reg. 2 HOC will assist local governments in identifying resources and regulatory changes which could facilitate the production of more affordable rental properties. Target: at least one community annually will provide land, fee waivers & deferrals or other resources to support rental projects.	M	2009-2012	HUD, RD, NMMFA, local governments, tax credit developers, local non-profits	\$

**Goal 6: Action Steps to Form Innovative Partnerships and Collaborations Among Local and Regional Entities to Maximize Human and Financial Resources for Affordable Housing Programs and Development.**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Region VI Housing Authority will adopt regional and state level recommendations on needs to develop a transition plan for implementing the regional housing center concept.	H	2009	NMMFA, local governments, local housing authorities, local non-profits, tribal housing organizations	\$\$\$
b.	Reg.2 Housing Opportunity Center will review current Region VI staffing plan and job descriptions, and hire the necessary additional staff needed to implement the plan submitted to NMMFA on behalf of Region 2. Target: staff in place	H	2009	HUD, RD, NMMFA, local governments, tax credit developers, local non-profits	\$\$\$
c.	Reg. 2 Housing Opportunity Center will form voluntary agreements with local housing authorities to regionalize administration of HUD rental assistance and Public Housing programs. Cost savings will be directed at preservation of housing authority units. Target: addition of one local housing authority agreement annually.	H	2009-2012	HUD, NMMFA, local governments, local housing authorities	\$
d.	Reg. 2 Housing Opportunity Center will use the statement of needs to address gaps in affordable housing services and coordinate with existing housing services providers to address service needs for each county in Region 2. Target: service availability relating to each of the recommendations on state goals of this plan.	H	2009-2012	HUD, NMMFA, local governments, local housing authorities, local and regional non-profit service providers, statewide housing agencies	\$
e.	Reg. 2 Housing Opportunity Center will commission the creation of a region-wide computer intranet system which will allow uniform application intake and processing throughout local intake offices in the region. Target: electronic management information system links participating agencies in region.	H	2009-2010	HUD, NMMFA, local governments, local housing authorities, local and regional non-profit service providers, statewide housing agencies, software and hardware vendors	\$\$\$

## Region 3 Housing Needs Assessment



### ***Regional Profile***

Region 3 is located in the southwestern and southern portion of New Mexico, bordering Arizona, Texas, and Mexico. There are 9 counties in Region 3. Most are rural counties. Dona Ana County includes the City of Las Cruces. The Region 3 Housing Authority will not serve Las Cruces, and demographic and housing need information about Las Cruces is not included in this profile.

## Geography

Region 3 counties include:

- Catron
- Grant
- Hidalgo
- Luna
- Sierra
- Socorro
- Torrance
- Valencia

## Population

- The total population of Region 3 is estimated to be 186,262 in 2008
- There are an estimated 38,996 persons age five or older with a disability in Region 3, or 22.4% of the population
- 17.0% of the Region 3 population is a senior, or 50,558 persons

	<b>% of Total Population</b>	
55-65	21,742	7.3%
Age 65 - 74	15,358	5.2%
Age 75 - 84	9,767	3.3%
Age 85 and over	3,691	1.2%
<b>Total</b>	<b>50,558</b>	<b>17.0%</b>

## Households

- The total number of households is estimated to be 69,847
- The homeownership rate in Region 3 is 79%
- There are an estimated 14,075 households living in poverty in Region 3, or 25.7% of all renters and 10.2% of all owners

	<b>Renters</b>	<b>Owners</b>	<b>Total</b>
Households 0 -30% AMI	4,765	7,595	12,360
Households 31 - 50% AMI	2,927	6,950	9,877
Households 51 - 60% AMI	1,161	3,854	5,015
Households 61 - 80% AMI	1,824	7,280	9,104
Households 81 - 100% AMI	1,380	6,149	7,528
Households over 100% AMI	2,858	21,282	24,139
<b>Total Households</b>	<b>14,914</b>	<b>54,933</b>	<b>69,847</b>

<b>Below Poverty Level</b>		<b>%</b>
Renters	5,782	25.7%
Owners	8,293	10.2%

## Housing Profile

- There are 83,726 housing units in Region 3 in 2008
- Older homes, built before 1960, make up 25.1% of the housing stock and number 20,986
- There are 24,701 homes in Region 3 that were built after 1999, or 29.5% of the housing stock
- 2.8% of housing units, or 2,239, lack complete plumbing facilities
- 2.7% of housing units, or 2,099, lack complete kitchen facilities

## Housing Needs Indicators

- Between 2000 and 2008, the number of households in Region 3 grew by 6,486 or .8% per year, while the number of housing units grew by 8,452, or .9% per year. Housing construction outpaced population growth in this region.
- In 2008, 6,659 renter households and 20,091 owner households are estimated to be cost-burdened, or paying more than 30% of their income for housing expenses

<b>Increase in Households vs. Increase in Housing Units, 2000-2008</b>	
<b>Households/Ann. % Increase</b>	<b>Housing Units/Ann. % Increase</b>
6,486 / .8%	8,452 / .9%

<b>Cost-Burdened Households</b>	<b>Renters</b>	<b>Owners</b>	<b>Total</b>
0 - 30% AMI	2,979	4,761	7,740
31 - 50% AMI	1,583	3,433	5,016
51 - 80% AMI	270	4,230	4,500
All Households	6,659	20,091	26,750

## Region 3 Existing Housing Needs

The following observations were made during interviews and community forums held throughout Region 3:

- High housing costs in Dona Ana, Grant, and other growing counties have led to a shortage of affordable rental housing and long waiting lists for both Public Housing units and Section 8 Vouchers.
- Areas with strong real estate markets and rising sales prices need more downpayment assistance for future homebuyers, as well as more affordable for sale housing stock.
- Many poor families living in colonias are doubled up, and high poverty rates and homelessness are prevalent in poor areas along the border.
- Farm worker housing is needed in agricultural communities.
- Homeowner rehabilitation is needed for older homes that have health and safety concerns, especially for Seniors in the region.

- Much of the affordable rental stock in smaller towns is public housing units in disrepair that need substantial rehabilitation. Private rentals in many areas are also of low quality and do not meet Housing Quality Standards (HQS).
- Border patrol growth in Hidalgo and other counties have led to housing shortages for border patrol officers and others in a growing workforce.
- Seniors and persons with disabilities need more accessible housing units in many Region 3 counties.

CSI has estimated the existing housing needs in Region 3 for renters, renters who would like to become owners, and existing owners that need housing rehabilitation loans. The number of rental units needed equals the number of rent-burdened households from 0 – 50% of the Area Median Income in Region 3. Rent-burdened, very low and extremely low income households need an affordable housing alternative that allows them to pay only 30% of their income towards housing expenses. Those that are rent-burdened are paying more than this standard, and thus indicate the need for new lower rent housing units with rents targeted to these households.

Rising prices for homes for sale make it hard for many working families to afford the move from being renters to being owners. Renters earning 60 - 80% of the area median income are perfect candidates for downpayment assistance programs and price restricted newly developed housing units for sale. Research conducted by Stuart Rosenthal of Syracuse University for the National Mortgage Bankers Association, indicates that approximately 27% of renter households are in a position to purchase a home. The remaining percentage of renters are constrained by weak credit or unfavorable debt ratios. CSI has used Rosenthal's research to calculate the number of renters who would be able and interested in becoming owners in Region 3.

CSI has used the number of homeowners that have incomes at 80% or less of the area median income as the number of potential homeowners in need of housing rehabilitation services in Region 3. These owners often cannot afford to make health and safety updates to their homes and need loans with flexible lending criteria to make such repairs.

### **Existing Housing Needs**

<b>Renters 0 – 50% AMI</b>	<b>4,561</b>
<b>New Owners 60 – 80% AMI</b>	<b>1,824</b>
<b>Existing Owners</b>	<b>25,679</b>

### **Region 3 Future Housing Needs**

When planning for new, affordable housing units and programs, it is important to look to future growth in jobs and population. CSI has developed a model to estimate the number of new housing units needed for households at various income ranges that is based upon job growth. The Future Housing Needs model estimates the number of housing units that

should be developed in New Mexico, each Region and county using three different scenarios.

The first scenario is based upon job growth trends in each county from 2000 – 2008. This scenario assumes that the number of jobs in each county will grow at the same rate as in the past eight years, and calculates new housing demand from this growth in jobs for the next seven years, to 2015. All scenarios assume that the distribution between renters and owners will remain constant, as well as the distribution of households among different income ranges.

The second scenario looks at job growth estimates for the State of New Mexico, and the proportion of jobs currently in each county. It assumes that each county will keep the same share of statewide jobs for the next seven years, and estimates the number of new jobs in each county in 2015 using this assumption. Again, this scenario assumes that the distribution of renters and owners will remain constant into the future, and that new households in each area will fall into the same distribution among income ranges as existing households.

The third scenario bases estimates of new housing units needed on BBER population projections for each county to 2015.

All three scenarios take the current number of housing units by tenure into consideration when projecting the need for new units.

CSI has calculated the number of units needed in 2015 by tenure and income range using these three models and the current distribution of household by tenure and AMI. These estimates can be used by Regional Housing Authorities and local governments to plan new development activities that will meet the demand of future local employees and other new residents.

In Region 3, CSI estimates that future job and population growth will increase the need for owner-occupied units by between 2,207 and 3,803 between 2008 and 2015, depending upon the extent of job growth in the region. Using BBER population estimates for counties in Region 1, the need for additional housing units is 3,803 housing units during this seven year time period. In Region 3, BBER population projections show the need for more housing units than either job growth scenario.

Between 324 and 808 new rental units are also needed between 2008 and 2015 in Region 1, based upon job growth estimates. Using BBER population estimates for counties in Region 1, 808 new rental units will be needed.

<b>Region 3</b>		<b>New Housing Units Needed 2008-2015</b>			<b>Avg Annual Production Need 2008-2015</b>			
<b>For Sale Units Needed By AMI</b>		<b>%</b>	<b>Growth #1</b>	<b>Growth #2</b>	<b>Growth #3</b>	<b>Growth #1</b>	<b>Growth #2</b>	<b>Growth #3</b>
Under 30% AMI	13.8%	2,050	2,808	2,510	293	401	359	
30 - 50% AMI	12.7%	1,876	2,570	2,297	268	367	328	
51 - 80% AMI	20.3%	3,006	4,117	3,680	429	588	526	
81 - 100% AMI	11.2%	1,660	2,273	2,032	237	325	290	
Over 100% AMI	42.1%	6,238	8,543	7,637	891	1,220	1,091	
Total	100.0%	14,830	20,311	18,156	2,119	2,902	2,594	
<b>Rental Units Needed by AMI</b>		<b>%</b>	<b>Growth #1</b>	<b>Growth #2</b>	<b>Growth #3</b>	<b>Growth #1</b>	<b>Growth #2</b>	<b>Growth #3</b>
Under 30% AMI	31.9%	819	1,173	1,102	117	168	157	
30 - 50% AMI	19.6%	503	720	677	72	103	97	
51 - 80% AMI	20.0%	513	735	690	73	105	99	
81 - 100% AMI	9.3%	237	340	319	34	49	46	
Over 100% AMI	19.2%	491	703	661	70	100	94	
Total	100.0%	2,564	3,670	3,448	366	524	493	

## Region 3 Land Use and Regulatory Challenges

Many of the local land use decisions and regulatory policies are beyond the scope of a regional level report such as this. Local governments control many of the facets of the land use environment. The New Mexico Affordable Housing Act Rules requires that in formulating plans for the use of local resources, the local governments must address land use policies and the possible existence of other governmental constraints creating difficulties for the production of an adequate supply of housing in the local jurisdiction. CSI research was focused on broader land use and regulatory issues that affect multiple counties or potential problems that may need a state level resolution. As part of the planning process in a given local jurisdiction, a review of current land use policies and other regulatory processes should be conducted to identify items that may be streamlined in order to minimize the regulatory costs of building homes.

Most municipalities in Region 3 did not report many problems with their infrastructure or water supply and water treatment systems. However, in the unincorporated areas of some counties including Grant, Hidalgo, and Luna, developing areas are in need of water and sewer improvements. Within these counties the colonias settlements continue to have infrastructure needs. Much of the growth taking place within the colonias area is driven by lower income households which cannot afford better quality housing in the municipalities. This makes it difficult to finance new infrastructure since the appraised values of those properties are not high enough to support bonds for the needed infrastructure. Silver City is in the process of adopting a local Affordable Housing Ordinance to support affordable housing development efforts in the area. Luna County Housing Corporation and the City of Deming plan to create an Affordable Housing Ordinance.

Key informants in many counties in Region 3 concurred with other regions that there is a lack of licensed contractors available to build new homes or to rehab existing housing. They believe that the state based contractor licensing law is restricting the supply of contractors in local communities. It may be appropriate to review the licensing requirements and create new designations depending on the level of complexity and the life safety issued involved in a particular type of work. This issue is a state level issue and it may be appropriate for housing developers and affordable housing agencies to work with the state's educational institutions to develop a more pro-active training process to assist potential contractors in obtaining the training to successfully pass the state licensing exams and to successfully operate a building business.

Key informant interviews in Region 3 did not produce any major concerns with fee structures, permitting processes or other local items which might constrain the production system. Developers who were part of the key informant interviews also did not find that local governmental policies restricted housing development in Region 3. As local communities focus on ways to encourage the production of both rental and for-sale housing units, they should examine their regulatory policies to identify changes which might encourage development without negatively impacting other community values and standards. Some actions which local governments might undertake to lessen the regulatory burden would be to conduct an annual land market monitoring report to determine if there

is an adequate supply of land zoned to allow small lot single family development and land zoned for multifamily rental development; adopt local fee deferral/ waiver and donation policies for affordable projects; provide for the use of accessory dwelling units; review of application and permitting procedures to ensure that pre-construction time is not wasted by disorganized or duplicative reviews.

Generally, local planning departments need to take the initiative to provide information to elected officials that will allow them to make the best decision regarding incentives and other actions to support affordable housing efforts. While planning departments are generally perceived to be the protectors of the physical environment in a community, their powers also extend to providing the proper regulatory framework to ensure that a variety of housing choices in different price ranges are available in the community. If the regulatory approach is to discourage modest cost housing, then the community will have a hard time housing many of its essential workers such as teachers, firemen, nurses and retail salespersons.

## **Regional Needs and Recommendations**

One purpose of the study of regional housing opportunities is to provide a basic action plan that could be used by the regional housing centers for implementing various strategies designed to address regional housing needs. This section of the report will discuss those options and then lay them out in an action plan that can be used to realize the broad goals listed here. Because the New Mexico Mortgage Finance Authority is the oversight agency for the regional effort and because the MFA must present a statewide strategic plan to HUD every five years in order to remain eligible for federal housing and community development funds, it is important that state plans and local plans match up.

The Regional Recommendations and Action Plan will reference the major housing priorities as contained in the Consolidated Plan for the State of New Mexico. In addition to the 5 major goals, CSI has added one goal which deals with the collaborative efforts needed in the region to successfully form a base line of housing services which are available to counties and municipalities in the region.

Region V Housing Authority operates in Lincoln, Catron, Grant, Hidalgo, and Luna Counties and is a very high performing agency. Other non-profit agencies and housing authorities also operate affordable housing programs in proposed Region 3 include: Dona Ana County Housing Authority, the Community Action Agency of Southern New Mexico, Sunland Park Housing Authority, Tierra del Sol, and Medius Inc., Luna County Housing, Truth or Consequences Housing Authority, Socorro Housing Authority, Valencia County Housing Authority, Mountainair Housing Authority and Lordsburg Housing Authority. In order to maintain continuity in Public Housing and Rental Assistance programs in the region, it is assumed that the Region V Housing Authority would transition into the Region 3 Housing Opportunity Center. Because the Regional Housing Authority already has a staff and program management infrastructure in place, inclusion of new state investment should assist that agency in broadening its service reach to underserved rural areas and smaller towns.

### **Increase opportunities for homeownership**

Many counties in the region have demand for an increased supply of homeownership opportunities. CSI projections from 2008 to 2015, based on population growth correlation, show a homeownership demand for approximately 798 units annually for households at 50 – 80% AMI, and 417 units annually for households at 80 – 100% AMI. The population projection is based on the established growth rate for the state. This is a broader calculation than the employment growth factor because it captures demand that will be generated by households moving into the region for retirement and recreational opportunities not just employment opportunities.

The opportunities for households below the 80% AMI range will be limited in high growth markets like Silver City, Las Cruces, and Deming. In order to make the payment affordable, the subsidy has to be so large that it becomes economically unfeasible to provide the assistance. However, in many other counties in Region 3, households at 50 – 80% AMI will be able to afford existing housing stock with down payment and homebuyer education assistance.

Some programs such as the Section 8 Homeownership Program, Rural Development Mutual Self Help program and the Habitat for Humanity model, balance the need for large amounts of equity by allowing the home buyer and community volunteers to help build the home, thus creating the extra equity in the form of "sweat equity." There are three Habitat for Humanity chapters in Region 3 that are building units for lower income households.

Increasing homeownership opportunities involves a number of actions. The construction of new homes is one option. However, in many communities in the region, preserving the existing housing by modernizing it and making it more appealing to potential buyers is another solid strategy. In Region 3, much of the housing stock is old, and community revitalization efforts were mentioned in key informant interviews as necessary in many areas without high job growth rates. Most key informants emphasized the importance of homebuyer education and down payment assistance programs as critical elements of helping younger, modest income wage earners to successfully purchase a first home.

The demand for homebuyer programs is substantial enough throughout the region that the Region 3 Housing Opportunity Center will have potential partners in order to respond to the demand. Currently there is no agency that offers a program of acquisition and rehab with simplified financing for first time buyers. The Region V Housing Authority in conjunction with the Foundation for Building offer rehab services. The Region 3 HOC could package the rehab service and weatherization with the homebuyer training and down payment programs to develop a program that would allow first time buyers to purchase modernized housing units. This program would both serve demand for homebuyers while also solving redevelopment issues in many smaller communities in Region 3. Many of those communities with older housing stock and are not experiencing demand for new development.

One problem with the quality of much of the housing stock is that without modernization, it is not appealing to buyers. Buyers also have difficulty obtaining financing because the condition of many of the houses do not meet lender underwriting standards. For houses that

are viewed as non-conforming properties, the sub-prime loans carry a higher interest rate that makes them less affordable.

### **Preserve the Region's existing affordable housing stock**

There are over 12,000 cost-burdened owner households in Region 3, most with incomes below 50% of the Area Median Income. It is very likely that a substantial percentage of those owners do not have the financial ability to upgrade and maintain the major systems in their homes. In all communities in the region, key informants emphasized the need for an aggressive rehabilitation loan program. With such a program, homeowners could obtain below market interest loans based on their ability to pay, to finance needed health and safety improvements. In order to bring rehabilitation loans to most communities in the region it will be necessary to have local satellite offices. There are a number of local agencies including housing authorities, non-profit organizations, social services offices that could provide applications and intake services for homeowner rehabilitation and energy conservation services.

In Region 3, the Region V Housing Authority provides a home rehabilitation program in five of the Region 3 counties. This program is a partnership between the Region V and the Foundation For Building. The Region V role may need to expand as new counties are added to the service area. The Foundation for Building may not have adequate capacity to serve a larger area. Coordination of rehabilitation services is needed to ensure that every county in the new Region 3 is served by one program with local satellite offices.

An important piece of a regional housing preservation effort includes the resources available through the EnergySmart program. Both renter occupied and owner occupied units are eligible for energy conservation improvements including such items as energy audits, weather stripping and heating system improvements. Close coordination could result in maximizing the use of both preservation programs together on individual units. In Region 3, the Region V Housing Authority provides application intake for households while the Community Action Agency of Southern New Mexico provides the direct conservation improvements.

### **Expand the supply of housing and services to assist the homeless**

Homelessness is a problem in some counties in Region 3. Not all counties see homelessness as a housing issue, but there are those who believe that they don't have adequate resources to deal with all the needs, especially as some of those needs relate to homeless individuals suffering from various medical and psychological challenges as well as victims of domestic violence. A significant factor in perceived homeless needs centers on illegal immigrants who are fearful of accessing established homeless programs. Those individuals and families tend to congregate in rented housing which can create severe overcrowding.

Any homeless continuum of care system must include emergency housing, supportive services, transitional housing and, lastly, permanent deep subsidy housing. The region needs to expand the capacity of its emergency housing system, the transitional housing inventory and the supply of long term rental housing affordable to very low income households. The Region 3 HOC will need to confer with existing homeless housing providers to determine if it can assist in expanding the supply of emergency or transitional housing units.

### **Expand housing opportunities and access for special needs populations**

As part of the effort to address special needs housing, a regional organization could work with HUD Sec 202 and 811 specialists in forming a development package for new elderly and handicapped housing that could be funded in part by HUD funds that are allocated to the non-entitlement areas of New Mexico. Key informants called out the need for group homes for persons with mental illness as a high priority need in Region 3. More housing alternatives for elderly residents of Region 3 is also a priority. The Region 3 Housing Opportunity Center can work with other developers who wish to build affordable properties to ensure that more accessible units are included in development plans. The Housing Opportunity Center could convene discussions with developers and special needs providers to ensure that new accessible units also have access to supportive services for the residents.

Region V Housing Authority is the sole rural housing provider selected to participate in the Linkages Supportive Housing Pilot Program. This collaborative program was implemented by MFA and the State health care provider contractor to pilot a state funded rental assistance program to individuals suffering from mental or behavioral challenges. The housing provider is responsible for ensuring that the individual participant receives the housing and the needed supportive services for independent living. Depending on the availability of resources for the rental assistance, the Region 3 HOC could expand the successful pilot program.

### **Expand the supply of decent affordable rental housing**

In the geographic area of the state identified as Region 3, while there has been development of affordable rental units in growing areas, there has not been the increase in inventory that satisfies the demand. A Regional Housing Center should take a lead role in working with potential developers and funders to devise specific project plans within the first year of operation. The development timeline for deep subsidy rental housing projects often extends 2-3 years, but that time and complexity should not be a deterrent to an organization that has the resources and capability of drawing development teams together in multiple areas. If the current Region V Housing Authority exercises its prerogative to expand its service area to become a Regional Housing Center, there should be financial resources available to hire a development director that could work with profit oriented and non-profit developers to expand the supply of affordable rental units throughout the region.

CSI has estimated that there are over 7,100 cost-burdened low and moderate income renters in Region 3. Future demand projections based upon population projections from the state show a need for new rental development in the region. Based upon estimated future population growth, approximately 560 new rental units will be needed annually in the region, priced to serve households at 80% or less of the AMI. An additional 235 market rate units will also be needed to keep up with demand in counties with population growth. Valencia and Torrance are prime examples of growing counties. In order to make any impact on existing need and future need just due to population growth, multiple projects have to be underway in the various communities. The following counties/municipalities have low income rental housing needs in excess of present efforts: the municipality of Sunland Park, and Grant, Hidalgo, Luna, Torrance and Valencia Counties.

The Region V Housing Authority has the most substantial portfolio of units and programs of any of the Regional Housing Authorities. The RHA has been successful at managing Section 8 Rental Assistance and Public Housing units. In addition to the 911 vouchers managed by the RHA, Region V also administers 54 Public Housing Units. In addition to HUD Public Housing Programs, Region V also provides owner occupied rehab application intake. Region V also provides application intake for the weatherization program offered by the Community Action Agency of Southern New Mexico.

**Form innovative partnerships and collaborations among local and regional entities to maximize human and financial resources for affordable housing programs and development.**

This priority may be the most crucial in determining success of the regional approach. In proposed Region 3, the Region V Housing Authority already operates a wide variety of housing programs in five of the 12 counties of the region. This agency is a high performer, and could expand its reach to serve all counties. Programs operated by Region V Housing Authority will transition into the new Region 3 Housing Opportunity Center. The necessary transitional language will be added to the statutes to ensure that the two current Regional Housing Authorities will maintain their legal authority. Another important aspect of any transition is to reassure the existing employees that their employments and terms of employment will not be changed under the new agency.

There are a variety of organizations operating within the counties included in the Region 3 Service area. Many of those groups are effectively delivering housing and services in local areas. It does not make sense for a newly designated Regional Housing Center to duplicate services already available in a community. Programs currently operated by the Region V Housing Authority will be transitioned to the new Regional Housing Opportunity Center and could be expanded to all counties in the region if there is no other provider already serving that county. The Regional Housing Center will have to take the lead in formulating an implementation plan identifying the type of service offered, with the agency which will provide that service in which of the counties. This type of plan will need to follow up with agreements with other regional housing providers to ensure that there is region-wide coverage with a minimum of duplication. These agencies currently provide some type of affordable housing service Community Action Agency of Southern New Mexico, Tierra Del Sol, New Mexico Housing Community Development Corporation, Luna County CHDO, Truth or Consequences Public Housing Authority, Socorro Housing Authority, The Foundation for Building, YES Housing.

The Housing Opportunity Center plan will implement these recommendations to fill the gaps in a given community or county. The Regional Housing Center may have agreements with several providers to deliver service or parts of services for various programs. The local housing authorities and non-profits may form the backbone for a local outreach and application intake system that serves as the entry point for local residents seeking a rehabilitation loan for their home or for an elderly renter seeking a subsidized housing unit. Forming a region-wide outreach and application intake system is the first priority for establishing a regional approach.

The Regional Housing Center should have the capacity to effectively administer all Federal Housing programs, especially those already operated by the Region V Housing Authority. This ability will immediately benefit the smaller municipal and county housing authorities that don't have the resource base to sustain their public housing or Section 8 programs. The Regional Housing Opportunity Center should have the capacity on staff to convene a development team to undertake either a rental or homeowner development. The Regional Housing Center may not perform all the concrete tasks for getting the development in the ground but can bring the necessary players together who can execute all the necessary tasks. The Regional Housing Opportunity Center should encourage and help coordinate efforts aimed at providing emergency and transitional housing to homeless and special populations for expansion of that system in Region 3. The Regional Housing Opportunity Center could function as a facilitator as well as a team leader for development activities undertaken to expand the supply of special needs housing.

The Regional Housing Opportunity Center can work with local governments and NMMFA as the local governments move toward taking the necessary actions to provide local support for affordable efforts as stipulated in the Affordable Housing Act. Often local government leaders are not well versed on the economics of housing finance and the Regional Housing Opportunity Center could provide information on the type of deferrals, donations, or in-kind contributions the local government might make to increase affordability of a given local development. The Regional Housing Opportunity Center could assist a community in hiring a developer to complete a given housing project. Through the use of an RFP process, the Regional could serve as a co-developer with a private company. This partnership would marry both public and private resources for affordable projects.

The Regional Housing Opportunity Center, during the first three year start up period, should concentrate on effectively delivering a basic level of housing services. A major portion of the effort will be to coordinate between existing services providers to ensure full coverage with minimal duplication. Programs operated by Region V Housing Authority must continue to run at the high performance level that the agency has provided in the past.

This basket of services might include the following: (1) Administration of Section 8 and Public Housing programs; (2) provision and coordination of owner occupied rehabilitation and weatherization in all counties of the service area; (3) homebuyer training and down payment assistance needed for special homebuyer efforts (4) coordination and support for local governments in the local affordable housing efforts (5) affordable rental and/or homeownership development. All of these activities will involve linking and partnering with numerous other entities in Region 3 and in other parts of the state. Some local housing agencies may choose to partner with the Region 3 Housing Opportunity Center and others may not. The challenge to the Region 3 Housing Opportunity Center will be to establish its own successes while creating voluntary partnership with other agencies to improve the delivery of services.

## Cost Estimate and Priority Scale

As part of the information contained in the Action Plan, general estimates are made of the cost of a given action. Because specific details of a given action are not known at this time, only a general estimate can be formed. Once an implementation plan for a specified action is formulated, the greater detail contained in the implementation plan can be used for a more accurate cost estimate.

\$	Little or no dollar outlay
\$\$	\$1,000 to \$100,000
\$\$\$	\$100,000 to \$200,000
\$\$\$\$	\$200,000 to \$1,000,000
\$\$\$\$\$	More than \$1 million

In assessing costs and priorities, CSI utilized the information gathered from key informant interviews, reviews of statewide statutes and plans, other needs assessment data and our own research. It will be up to the oversight agency and the Regional Housing Center to set priorities. Based on those priorities, funds can be budgeted and obtained for addressing those items. This action plan is intended to be the basis to open a discussion of the future needs and services in the three regions identified. The interplay between cost and priority will help form that discussion. There may be an item that is a high priority but doesn't cost a lot of money to implement. There may be other high priority items that will be costly and the implementation period may stretch over a number of years or budget cycles.

Priority Scale	
H	High
M	Medium
L	Low

**Goal 1: Action Steps to Increase Opportunities for Homeownership**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg.3 Housing Opportunity Center will expand provision of Homebuyer education and counseling services in each additional county of Region 3. Target: Provide a structured program to 75 households annually.	H	2009-2012	HUD, NMMFA, Local Governments, Boards of Realtors, local housing agencies & authorities, local lenders	\$\$
b.	Reg. 3 Housing Opportunity Center will coordinate financial resources and training programs with other sponsors of low-income homeownership programs for qualified households wishing to purchase a first home. This effort will be targeted to special needs households and Section 8 households with incomes below 50% of the county median income. Target 10 loans annually.	H	2009-2012	HUD, RD, NMMFA, Local Governments, Boards of Realtors, local lenders, local housing authorities, Habitat for Humanity, Tierra del Sol, self-help housing sponsors	\$\$\$
c.	Reg. 3 Housing Opportunity Center should initiate a single family infill housing development program for households at 60% to 110% of the County AMI. Reg. 3 HOC can work with home builders and other non-profit groups to build up to 10 units per year throughout Reg. 3. The price range for the workforce housing units should be \$110,000 to \$160,000. .	H	2009-2012	RD, NMMFA, Local Governments, Foundation for Building, local housing authorities, Boards of Realtors, local lenders, Homewise, Tierra Del Sol, non-profit developers, for profit developers	\$\$\$\$
d.	Reg. 3 Housing Opportunity Center should work with other regional and statewide developers on new single family ownership developments for the growing workforce as a way of taking advantage of existing developer capacity. Target: 25 units a year among all developers.	M	2009-2012	RD, HUD, NMMFA, Foundation for Building local housing authorities, Homewise, local governments, Boards of Realtors, local lenders, contractors	\$\$\$

**GOAL 2: Action Steps to Preserve the Region's Affordable Housing Stock**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg. 3 Housing Opportunity Center will expand present program and coordinate owner occupied rehabilitation services to 40 homes annually in all 12 counties in the region. As appropriate, weatherization services should be coordinated with rehab efforts	H	2009-2012	HUD, RD, NMMFA, local governments, local housing authorities, Foundation for Building, Community Action Agency of Southern New Mexico, Luna County Housing Corp.	\$\$\$\$
b.	Reg. 3 Housing Opportunity Center will develop the necessary programmatic and financial analysis tools to offer a multi-family rental rehab program to rental property owners. Application to be submitted to MFA for HOME/CDBG funding. Program startup and marketing efforts during year one with a year two and after, production goal of 10 units annually	M	2009-2012	HUD, RD, NMMFA, Local Governments, Boards of Realtors, local lenders, local housing authorities, Foundation for Building, Luna County Housing Corp., NM Housing and CDC	\$\$\$
c.	Reg. 3 Housing Opportunity Center will work with small municipal and county housing authorities to assess potential for sharing of Administrative duties and HUD reporting requirements to enhance management of Section 8 voucher contracts and Public Housing units. Local staff will be used for application, occupancy, and maintenance services as appropriate. Target: 1 consortium or management agreement in place by the end of year 2.	H	2209-20012	HUD, NMMFA, local governments, local housing authorities	\$

**GOAL 3: Action Steps to Expand the Supply of Housing and Services to Assist the Homeless**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg. 3 Housing Opportunity Center will coordinate efforts with domestic violence and homeless agencies to identify opportunities for expansion of the emergency housing inventory available in Region 3. Performance target: participation in Continuum of Care meetings.	H	2009-2012	HUD, RD, NMMFA, NM Coalition to End Homelessness, local governments, local housing authorities, tribal housing organizations, Balance of State Continuum of Care Consortium, Border Area Mental Health	\$

#### GOAL 4: Action Steps to Expand Housing Opportunities and Access for Special Needs Populations

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg. 3 Housing Opportunity Center will expand Linkage Pilot program by coordinating efforts with special needs providers to include accessible units with supportive services in new rental developments in the Region. Secure new source of TBRA to buy down rents in market rate projects. Production target to average 5 units annually beginning in 2009.	H	2009-2012	HUD, RD, NMMFA, local governments, local housing authorities, tribal housing organizations, Balance of State Continuum of Care Consortium, NM Behavioral Health Purchasing Collaborative, El Refugio, Border Area Mental Health Center	\$\$\$
b.	Reg. 3 Housing Opportunity Center will co-develop assisted housing using state and federal programs including HUD 811 and 202 funds. Production target to be one assisted development in the development pipeline by year 3.	H	2009-2012	HUD, RD, NMMFA, local governments, local housing authorities, tribal housing organizations, Balance of State Continuum of Care Consortium, NM Behavioral Health Purchasing Collaborative, El Refugio, Border Area Mental Health Center	\$\$\$

**GOAL 5: Action Steps to Expand the Supply of Decent Affordable Rental Housing**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	Reg. 3 Housing Opportunity Center will coordinate efforts with other developers to expand the supply of affordable rental housing. Region 3 HOC will formulate plans and joint venture agreements to add at least 10% of the below 50%AMI projected need or 56 units annually beginning in year 2.	H	2010-2012	HUD, RD, NMMFA, YES, local governments, local housing authorities, Tierra Del Sol, tax credit developers, New Mexico Housing & CDC, Silver City CDC	\$\$\$\$
b.	Region 3 Housing Opportunity Center will identify infill parcels of land with utilities for construction of affordable rental housing	H	2009-2012	HUD, RD, NMMFA, local governments, local housing authorities, Tierra Del Sol, tax credit developers, New Mexico Housing & CDC, Silver City CDC	\$\$\$
c.	Reg. 3 Housing Opportunity Center will coordinate with local governments in identifying resources and regulatory changes which could facilitate the production of more affordable rental properties. Target: at least one community annually will provide land, fee waivers & deferrals or other resources to support a particular rental project.	M	2009-2012	HUD, RD, NMMFA, local governments, tax credit developers, local non-profits	\$

**Goal 6: Action Steps to Form Innovative Partnerships and Collaborations Among Local and Regional Entities to Maximize Human and Financial Resources for Affordable Housing Programs and Development.**

	<b>Actions</b>	<b>Priority</b>	<b>Time Frame</b>	<b>Players/Resources</b>	<b>Cost</b>
a.	A Region V Housing Authority will formulate a series of agreements, MOUS, and collaborative plans and consortia to make the transition to a Regional Housing Opportunity Center. Target: at least 3 counties will receive new or expanded services by end of year 1.	H	2009	NMMFA, local governments, local housing authorities, local non-profits, tribal housing organizations	\$\$\$
b.	Reg. 3 Housing Opportunity Center will review current Region V PHA staffing plan and job descriptions, and hire the necessary additional staff needed to implement the plan submitted to NMMFA on behalf of Region 3. Target: staff in place	H	2009	HUD, RD, NMMFA, local governments, tax credit developers, local non-profits, local housing authorities	\$\$\$
c.	Reg. 3 Housing Opportunity Center will form voluntary agreements with local housing authorities to regionalize administration of HUD rental assistance and Public Housing programs. Cost savings will be directed at preservation of housing authority units and jobs. Target: addition of one local housing authority agreement annually.	H	2009-2012	HUD, NMMFA, local governments, local housing authorities	\$
d.	Reg. 3 Housing Opportunity Center will utilize the recommendations in the report for expansion of basic housing services and to coordinate with existing housing services providers to address service needs as outlined above for each county in Region 3. Target: service availability relating to each of the state goals/needs of this plan	H	2009-2012	HUD, NMMFA, local governments, local housing authorities, local and regional non-profit service providers, statewide housing agencies	\$\$\$\$\$
e.	Reg. 3 Housing Opportunity Center will commission the creation of a region-wide computer intranet system which will allow uniform application intake and processing throughout local intake offices in the region. Target: electronic management information system links participating agencies in region.	H	2009-2010	HUD, NMMFA, local governments, local housing authorities, local and regional non-profit service providers, statewide housing agencies, software and hardware vendors	\$\$\$