



STATEWIDE HOUSING NEEDS

and HOW WE CAN ADDRESS THEM THROUGH THE
AFFORDABLE HOUSING ACT

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Introduction

Housing Needs & MFA

- Affordable housing is key to wealth, health, safety, and overall well-being and fulfills a basic human need for shelter.
- As our economy has encountered significant disruptions recently, obtaining affordable housing is proving to be more and more challenging statewide.
- Today we will cover:
 1. Housing Needs in New Mexico
 2. MFA and the Affordable Housing Act; how partnering with local governments can address some of the housing needs



Benefits of investing in affordable housing

Economic vitality and other economic benefits

- Affordable housing can attract and retain employees to the community
- Shortens commute for workforce and improves job access (Blumenberg and King, 2021, Urban Institute 2019)
- Construction of affordable homes can stimulate economic growth
- Attract businesses to provide goods and services to those who live by, creating a multiplier effect
- Frees up disposable income for supporting local businesses

Health benefits

- Reduces stress – alleviates worries of eviction/foreclosure –often referred to as HAS (Housing Affordability Stress) (Baker, Lester, Mason, and Bentley, 2020; Meltzer, R.; Schwartz, A. 2016.)
- Reduces toxins from pollution (Meltzer, R.; Scharzt, A. 2016).
- Housing provides shelter and reduces exposure to infectious diseases and chronic illness (Chen, J and Wu, Y. 2021.,Gibson, M. et al. 2011, Meltzer, R.; Scharzt, A. 2016).
- Healthier workforce reduces absenteeism
- Increased life expectancy (Dedman, Gunnell, and Frankel. 2001; Freeman, T. et al. 2020, Krieger and Higgins,2002; Baggett, T. et al, 2013).
- Improves mental and physical health overall (Baker, Lester, Mason, and Bentley, 2020; Meltzer, R.; Schwartz, A. 2016., RWJF 2011)
- Frees up disposable income that was previously limited to housing cost burden to spend on health care (Meltzer, R.; Scharzt, A. 2016).

Additional benefits

- Children who live in stable housing tend to do better in school – this is due to having less disruptions caused by unwanted moves.
- Mixing affordable housing with market rate housing and other types of housing promotes social and economic mobility



Benefits of Affordable Housing Cont'd

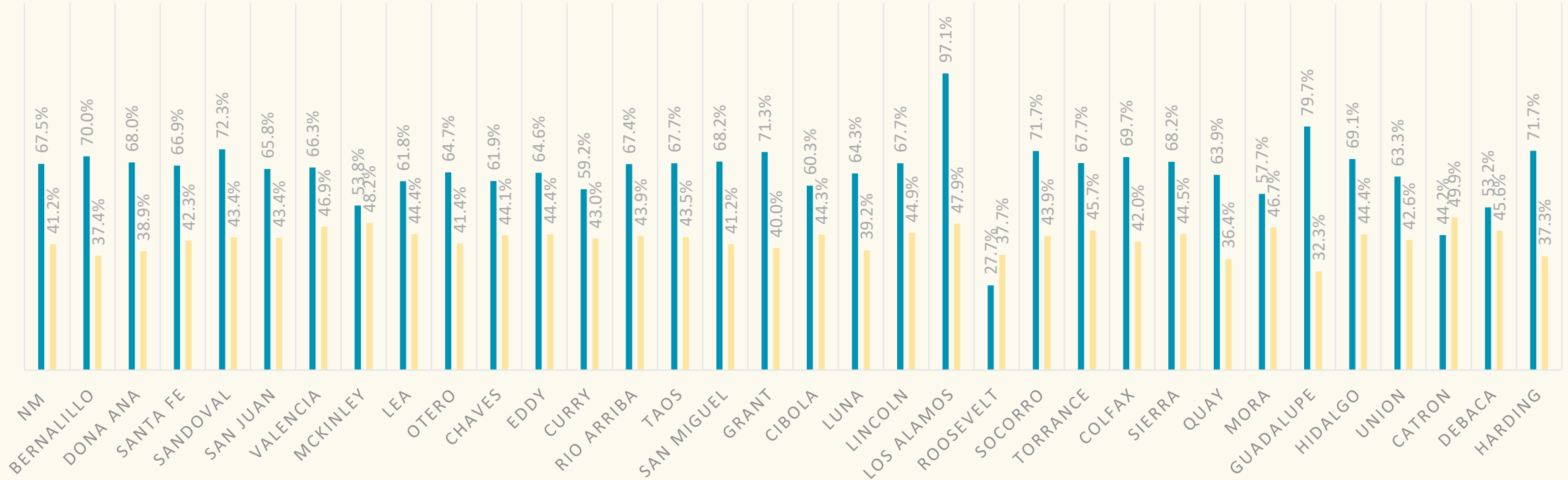




AFFORDABILITY BY TENURE

HOUSEHOLDS EARNING BELOW AMI BY COUNTY

■ Renter Households Earning Below AMI ■ Homeowner Households Earning Below AMI

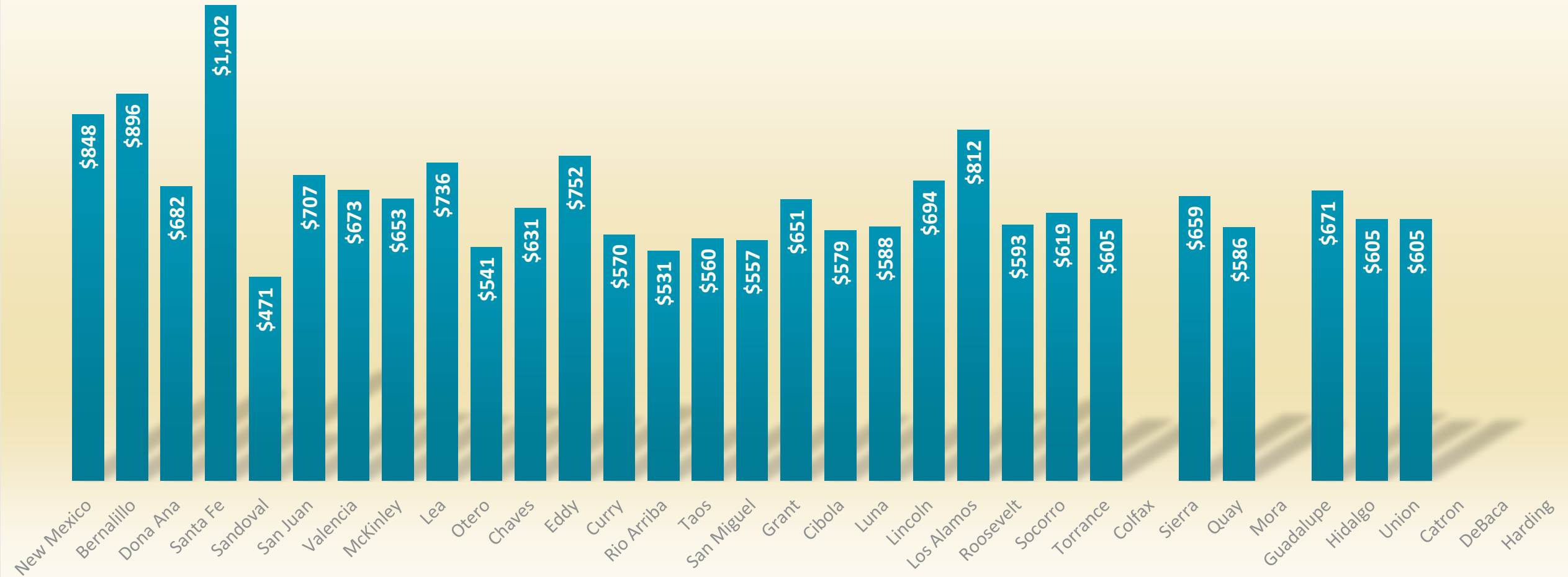


In New Mexico 67.5% of RENTER HOUSEHOLDS are earning below AMI.

In New Mexico 41.2% of HOMEOWNER HOUSEHOLDS are earning below AMI

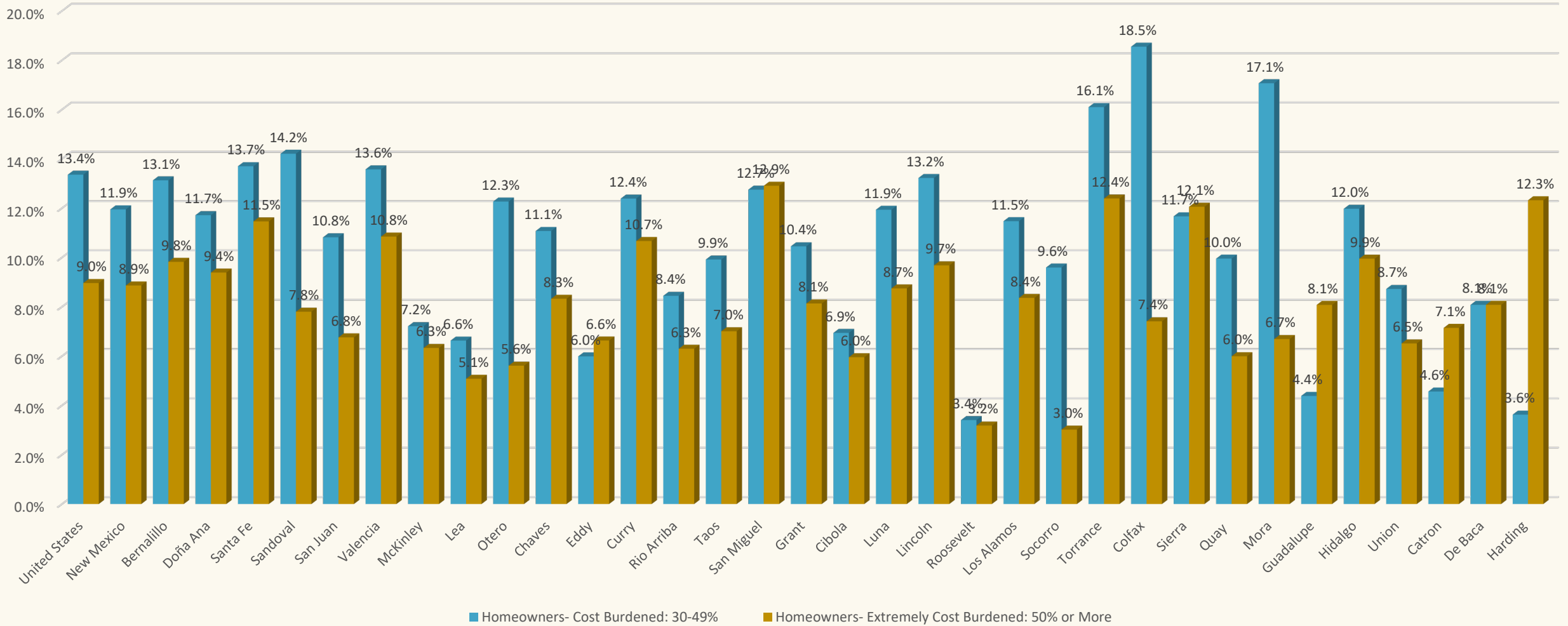
In New Mexico the MEDIAN INCOME is \$49,754

RENT PRICES BY COUNTY IN 2020



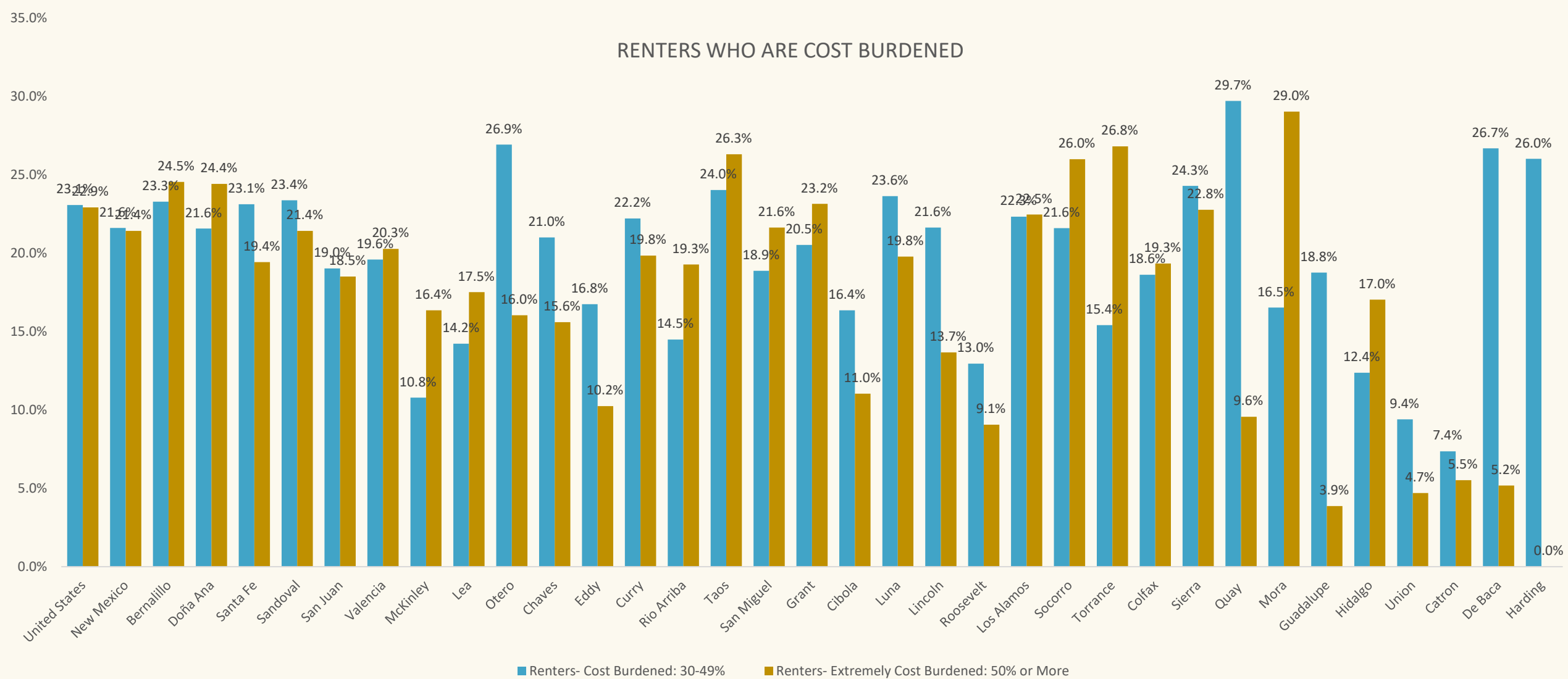
Additionally, the median price of a home in August of 2020 was \$250,000 according to the New Mexico Association of Realtors (NMAR).

HOMEOWNERS WHO ARE COST BURDENED BY COUNTY



Cost burden is a measure of housing affordability. This is calculated by how much of a household's income goes towards housing costs – rent or mortgage.

RENTERS WHO ARE COST BURDENED



- In some counties, renters are far more cost burdened than homeowners. This is primary due to a large difference in household income.
- In New Mexico, the median household income for **renters is \$31,881** compared to **\$60,492 for homeowners**.

HOUSING...SUPPLY?



EXISTING HOUSING
SUPPLY

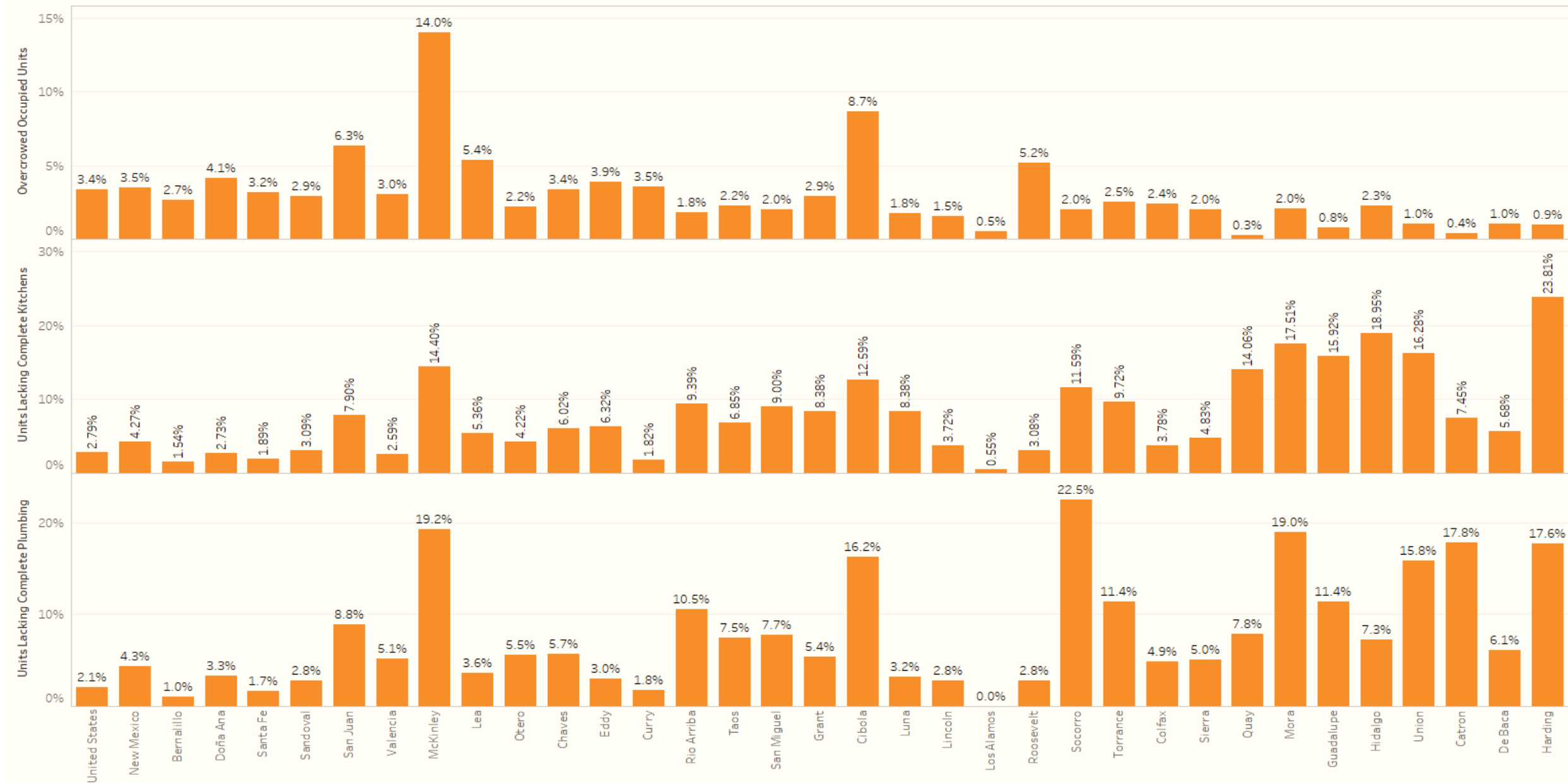
What's the condition?

IS IT AFFORDABLE?

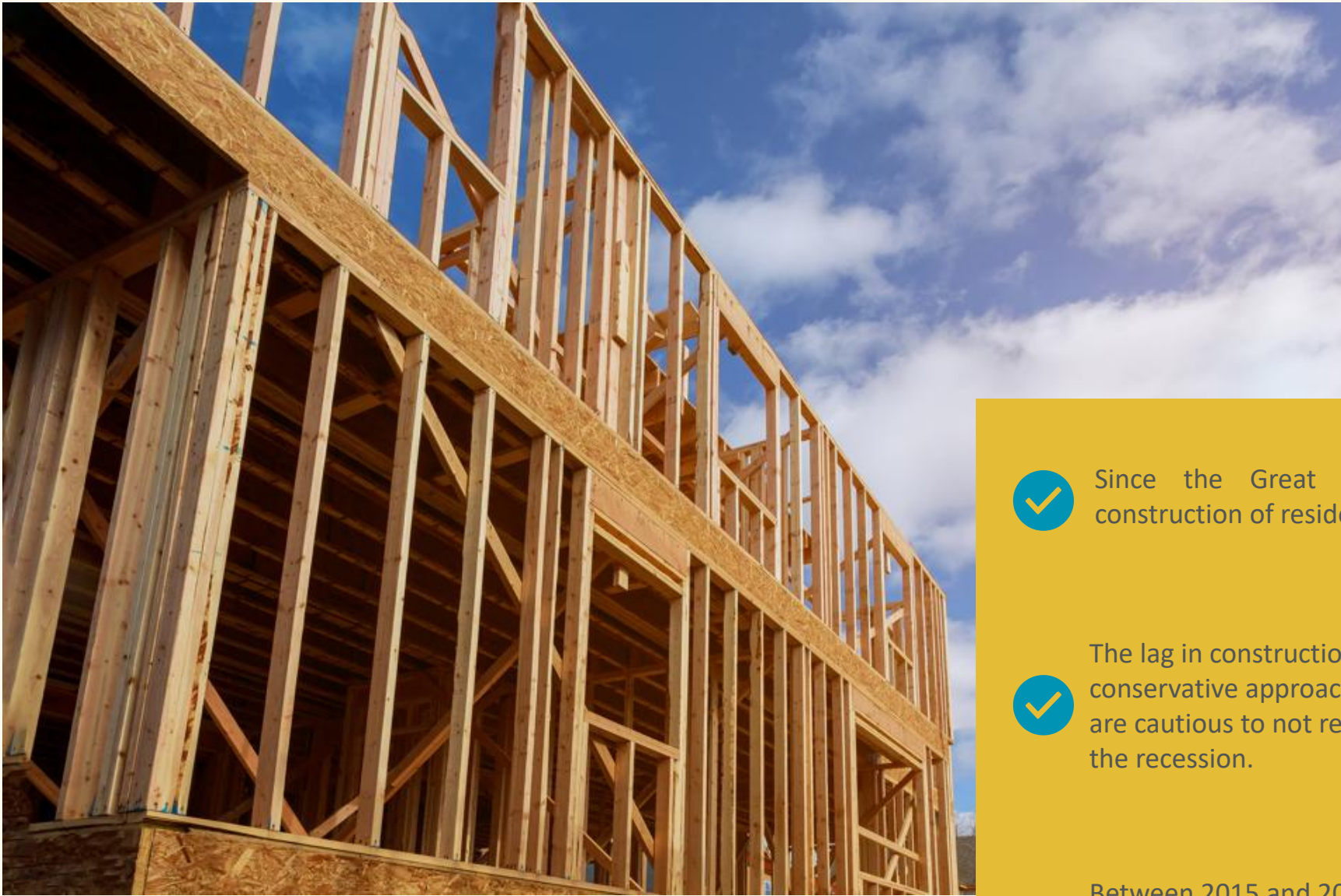
NEW HOUSING
SUPPLY

Is enough being
built?

Housing Condition Issues



Sum of More than 1 Person Per Room, sum of Lacking Complete Kitchens and sum of Lacking Complete Plumbing for each County.



Since the Great Recession in 2008, new construction of residential dwellings has slowed.

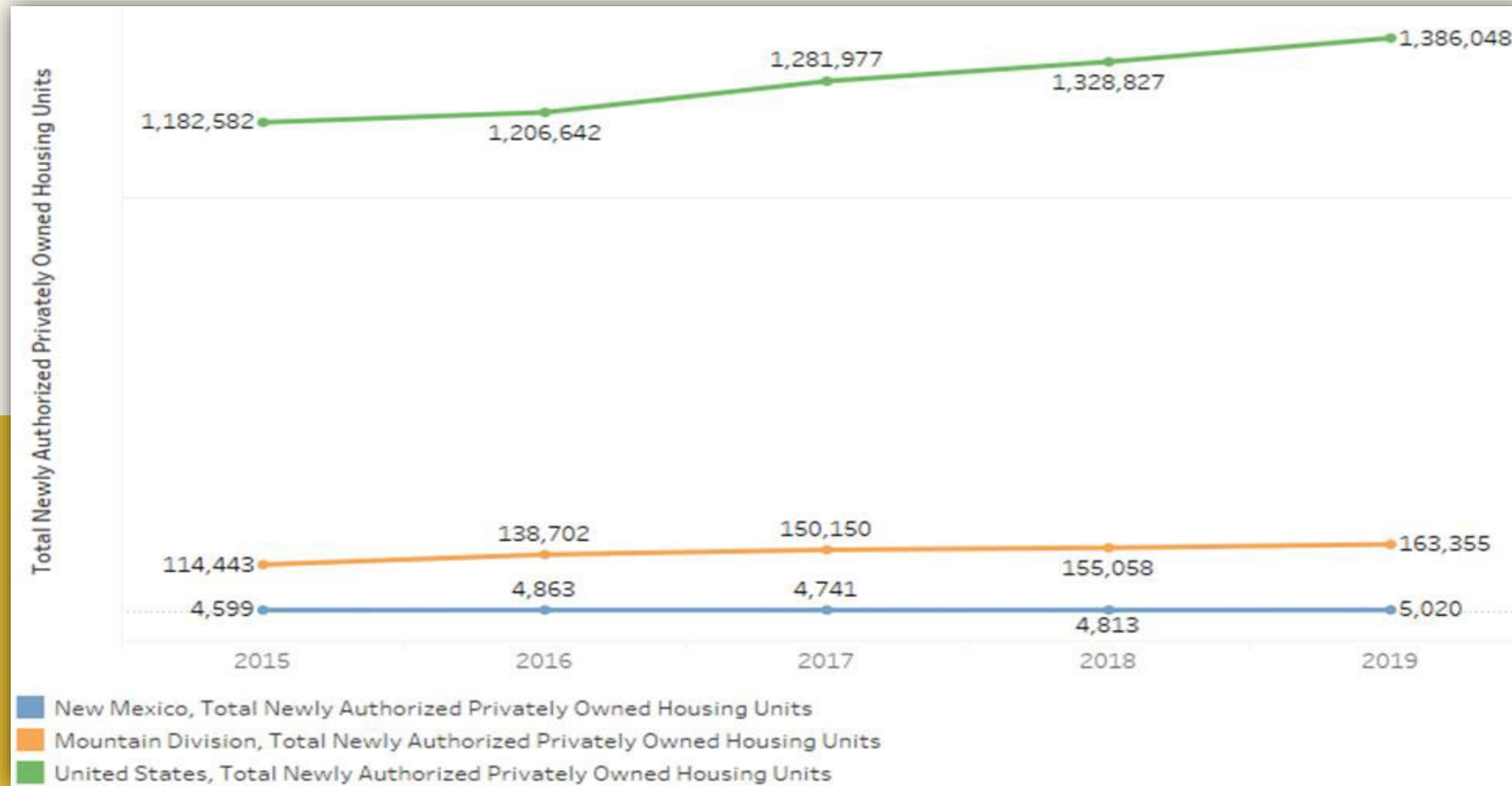


The lag in construction may be attributed to more conservative approaches by builders and lenders who are cautious to not repeat business practices that led to the recession.



Between 2015 and 2019, data from the Annual Building Permit Survey shows the increase in permits for residential housing units in New Mexico was only 8.4% compared to 17.2% for the US.

Residential Development Permitting



SO, WHAT CAN PARTNERS LIKE NM MAINSTREET AND LOCAL NON-PROFITS DO?



What is the Affordable Housing Act?

1

The Affordable Housing Act is an exception to the anti-donation clause in the New Mexico constitution.

2

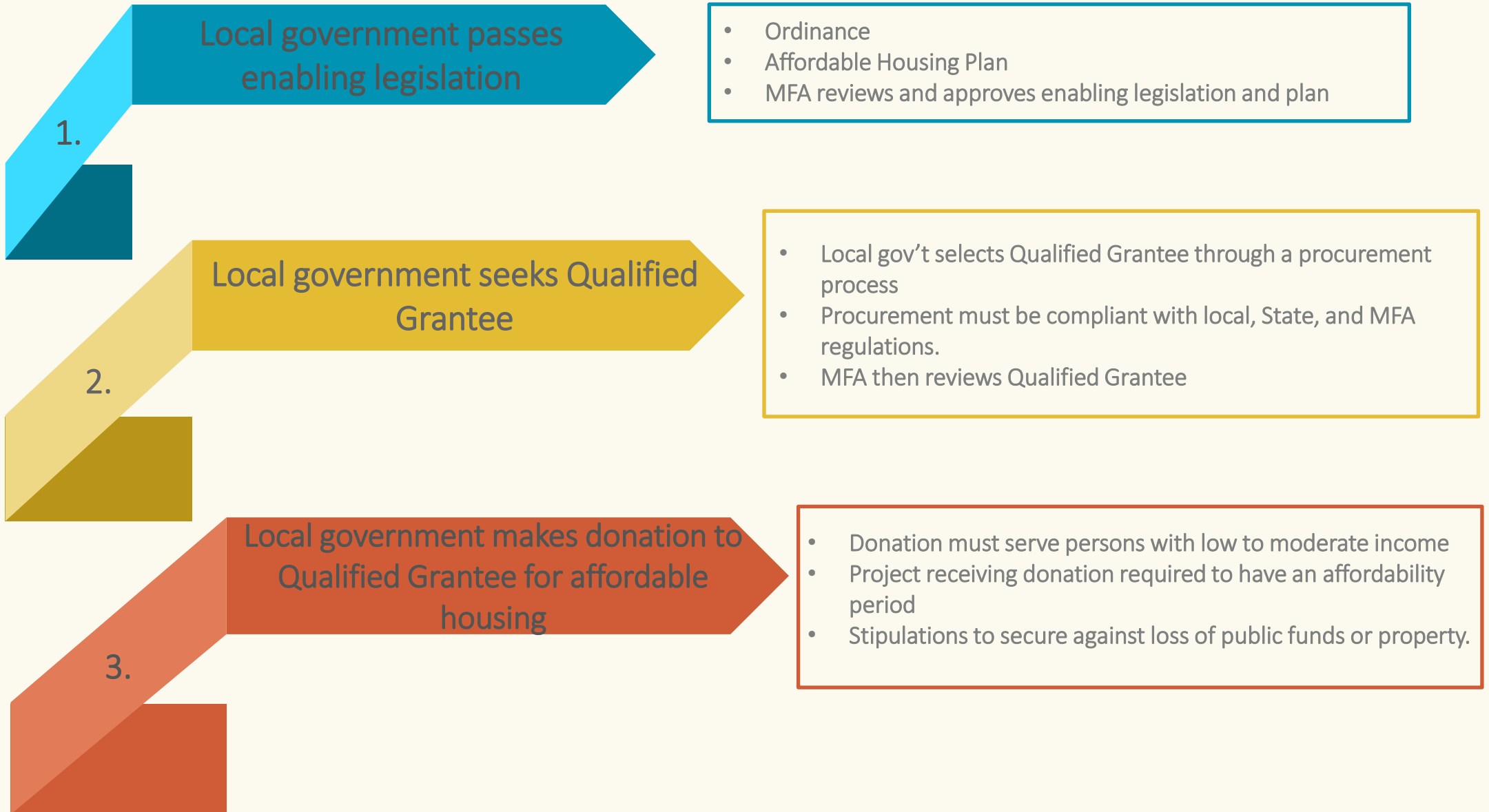
The Affordable Housing Act allows governmental agencies to contribute or donate to affordable housing projects and programs

3

MFA works with local governments to ensure compliance with the Act.



How does the Affordable Housing Act work?



How does the Affordable Housing Act work? Cont'd

The Who's and What's

Who can donate?

- State of New Mexico
- Counties
- Municipalities
- School districts

Who can receive donations? (Qualified Grantee)

- Public entities
- Non-profit organizations
- Private enterprises

✓ *Qualified grantees must be organizations whose mission is to provide affordable housing*

What are allowable donations?

- Land for affordable housing construction
- An existing building or conversion or renovation into affordable housing
- Costs of infrastructure necessary to support affordable housing projects
- Cost of acquisition, development, construction, financing, operating or owning affordable housing

How does the Affordable Housing Act work?



What Has Been Accomplished Under the Affordable Housing Act?

- 37 local governments have AHA compliant plans and ordinances
- \$72.6 million worth of donations have been made to affordable housing projects
 - \$12.7 worth of donations were made in 2020

Nuevo Atrisco

- Residential construction complete on September 29, 2020
- Residential multi-family development with 88 units with a planned second phase to include 42,000 sf of retail/restaurant/plaza space
- 24 units at 30% AMI, 16 units at 50% AMI, 28 units at 60% AMI, 12 units with no income restrictions and 8 live/workspaces with no income restrictions
- Total development cost of \$18.8 million, including:
 - \$3 million from City of Albuquerque Workforce Housing Trust Fund
 - \$100,000 from City of Albuquerque donated off site infrastructure
 - Land donation (valued at \$600,000) from the City of Albuquerque



Project Example

Nuevo Atrisco



- Residential multi-family development with 88 units with a planned second phase to include 42,000 sf of retail/restaurant/plaza space



- 24 units at 30% AMI
- 6 units at 50% AMI
- 28 units at 60% AMI
- 12 units with no income restrictions8 live/workspaces with no income restrictions



Total development cost of \$18.8 million, including:

- \$3 million from City of Albuquerque Workforce Housing Trust Fund
- \$100,000 from City of Albuquerque donated off site infrastructure
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Residential construction completed September 2020.