

MONDAY  
JUNE 28, 2021

FINAL ★★ ★★

## HOUSING CRUNCH

# 'Homes are unaffordable'

*City must invest more in housing issues, experts warn*

**EDITOR'S NOTE:** This is the second in a series of stories on Albuquerque's growing housing affordability crisis.

Copyright © 2021 Albuquerque Journal

**BY JESSICA DYER**  
JOURNAL STAFF WRITER

The city of Albuquerque is in the midst of a half-million-dollar recruitment campaign, hoping to lure new and former residents to New Mexico's largest city. Targeted primarily at people living in large American metropolitan areas, the economic development effort highlights what many have long touted as the city's best assets: Clean air. Open space. Diversity. Sunshine. Inexpensive housing.

"Let's talk about cost of living. It's lower here," reads the digital, city-funded Home for Life recruitment campaign. "In Albuquerque, your dream space is waiting for you — and you can actually afford it."

But while Albuquerque homes remain cheaper than many other metropolitan areas, some say the city's claim of affordability is increasingly questionable.

In Albuquerque, a home that sold for \$200,000 in early 2019 would have been valued at \$244,000 by the beginning of this year based on average local appreciation, according to the Federal Housing Finance Agency calculator.



**Councilor  
Isaac Benton**

"Certainly for the working population, or the middle class working population, it's harder and harder to afford a house," said longtime Albuquerque City Councilor Isaac Benton, who has for years advocated for investments in subsidized housing.

Former Albuquerque Mayor Jim Baca, meanwhile, is more blunt.

"All I can say right now is homes are unaffordable," he said.

It's an issue many think should be high on local leaders' priority list — not only because of its impact on the city's economic growth, but because home ownership has positive effects that ripple through the community.

Not only does it help families build wealth, it also fosters social stability, said nonprofit executive Ona Porter, interim CEO of Prosperity Works.

"For people who own their own homes, their kids do better in school and they're more connected and involved in their community, which makes the community safer and more viable," said Porter, whose organization focuses on improving economic mobility of lower-income populations.

As the city spends money trying to attract new residents, opinions vary about whether local leaders are taking the current situation seriously enough, or what, if anything, they should or even can be doing to address it.

# Limited housing stock contributes to affordability crisis

From PAGE A1

The city already offers a range of housing assistance programs, including rental and down payment aid.

But Elena Gonzales of Homewise, a community development financial institution that administers \$1 million in down payment assistance for the city, said she does not think the city has emphasized home ownership enough.

She said she would like to see Albuquerque employ a "comprehensive" housing strategy that would "equal out the importance of homeless programs to transitional living programs, to low-income rental, market rental and homeownership programs."

"We all have to work together to help people get ahead," Gonzales said in an email. "Home ownership provides that road to stability and wealth building that is so important."

## Looming crisis

What's happening in the Albuquerque housing market is not unique.

As a new report from Harvard University's Joint Center for Housing Studies notes, 85 of 100 large metro areas tracked by the FHFA saw double-digit percentage price increases in just the past year. JCHS researchers attribute it to a confluence of factors — low interest rates and a wave of millennial buyers entering the market combined with a limited supply of properties due in part to years of weak new-home production.

At 13.1% year-over-year growth, Albuquerque saw prices climb less than many other markets tracked by the FHFA, but "it's historically very high still," said Daniel McCue, a lead author on the JCHS' latest "State of the Nation's Housing" report.

While most of the country is grappling with similar housing market trends, one local real estate broker who specializes in the apartment industry said the issue could become increasingly pronounced in Albuquerque.

Todd Clarke said Albuquerque is not yet unaffordable — especially relative to other cities — but that it is facing a looming crisis because the already limited housing supply will prove even more insufficient as thousands of new jobs come online. He estimates the jobs already in the pipeline at places like Amazon, Intel and Netflix — some of which have a multiplier effect — will require 29,056 more single-family homes and apartment units.

Failure to address the shortage

could not only lead to continued price increases but also potentially thwart ongoing economic growth. He sees the metro's shrunken construction workforce as a key problem local leaders should be trying to resolve.

"A year from now ... we'll say, 'What company did we lose because we didn't providing housing for them?'" Clarke said.

## Policy impacts

McCue said there are ways local policy-makers can exert influence. That includes through zoning, like enabling greater density and allowing, for example, more accessory dwelling units on properties.

Baca is a vocal advocate for denser development, saying the city should encourage the types of high-rise condominiums emerging in other cities around the U.S. He said units in the city's few relatively tall condominium buildings, such as Park Plaza near the Albuquerque Country Club, are in high demand. The former mayor acknowledges the concept is likely to trigger backlash among some in the city but chalks that up to "parochialism."

"Albuquerque is a big city now; it just doesn't want to act like one," said Baca, who was mayor from 1997-2001.

Even new development at a higher price point can make a difference, Clarke said. A family moving into a \$500,000 condo may put their \$350,000 single-family house on the market. That, in turn, creates an opening for someone who wants to upgrade from their \$250,000 home, which may then become available for a first-time homebuyer.

Inactivity is the true threat to affordability, he said.

"When we do nothing," he said, "everything gets expensive."

The city in 2017 adopted the Integrated Development Ordinance, which Clarke said provides opportunities for growth.

The code allows multifamily development in most major corridors, though heights would vary. The more common zone category allows 48 feet, while others would allow up to 65 feet. In the rare case of especially large lots, development could be exempt from height restrictions.

Detached accessory dwelling units with kitchens, meanwhile, are not automatically allowed citywide, though they are now permitted in a greater number of areas than they used to be.

David Campbell, a former city official now working as CEO of the Mesa del Sol planned community, said the IDO provides



JIM THOMPSON/JOURNAL



The city of Albuquerque is in the midst of a recruiting campaign aimed at attracting new residents, even touting the city's affordability, but the hot housing market has made buying a home an increasingly expensive proposition.

ROBERTO E. ROSALES/JOURNAL



ROBERTO E. ROSALES/JOURNAL

Elena Gonzales is the senior director for policy and community engagement for Homewise, a community development financial institution that administers down payment assistance for the city.

more certainty for developers but there are other issues. Projects, he said, are often hung up in the bureaucracy. Campbell, who in the past served as the city's chief administrative officer and later as planning director, said leaders could both change development approval time lines via policy and also prioritize growing planning department staff.

"I say that kindly — three years ago, I was the city planning director and I felt like we were moving very rapidly and getting projects through the process quickly," he said. "Now, three years later, I'm on the private side. Not too much has changed on the city side, but I can't believe how slow things are."

## Funding affordable builds

No matter what the private sector builds, McCue said local governments often still step in to fill voids.

"The bottom line is the market isn't going to be able to create housing that's affordable to everybody, so the other thing that local jurisdictions are doing more is actually funding affordable housing construction," he said.

Asked at a recent news conference what the city was doing to protect affordability for existing residents, Mayor Tim Keller said Albuquerque was fortunate because prior price stagnation meant "we're starting from a very good place," but that affordability is something his administration is monitoring.

"The good news is the city has very good ordinances to protect affordability and so we'll see how those play out," he said. "Obviously, if that becomes a stronger issue, we'll have to have some stronger ordinances."

A spokeswoman said the mayor was referring to Tax Incremental Development Districts, or TIDs, and other economic development incentives and programs that require the recipient to include affordable housing in their projects. The city's Metropolitan Redevelopment Agency, she said, also plays a role and has helped add to both market-rate and affordable housing development.

The city has a "range of strategies" for housing, said Lisa Hual, Albuquerque's deputy director for housing and homelessness.

That includes enough rental vouchers, contributions to affordable housing development and down payment assistance, though she noted that rising prices — and the eventual end on the COVID-19 eviction moratorium — are likely to increase demand.

"We anticipate that we're going

to see more and more folks needing assistance to pay for housing," she said.

The city has \$11.8 million budgeted for rental vouchers for the fiscal year that starts July 1, up from \$9.8 million currently, and enough to aid an estimated 1,000 households.

The city currently is developing high-impact strategies to increase local affordable housing. Hual noted. That's through the Homeless Coordinating Council, a body formed last year to bring together city, Bernalillo County, University of New Mexico and other community partners to address local housing instability concerns.

Benton calls the HCC one of the city's most productive outlets.

But he has also challenged the city's commitment to affordable housing.

Leaders have in the past included up to \$10 million for the Workforce Housing Trust Fund — which supports affordable housing development — in the infrastructure package sent to voters every other year. For 2021, the City Council included only \$3.3 million in the package, but separately approved from federal COVID-19 relief money an additional \$3.4 million for development and \$3.3 million for home rehabilitation assistance.

Benton was among the councilors who unsuccessfully pushed for more, encountering resistance both from Keller's administration — which said it would struggle to manage and spend additional funding — and from some within the council itself.

As it stands, a total of 68 new affordable units supported by the trust fund came online this year. The fund will help bring another 152 online in fiscal year 2022, plus help at least four Sawmill area home buyers with down payment assistance.

That remains a relative drop in the bucket.

An outside 2020 analysis found that the city was 15,500 housing units short of meeting the need of those with extremely low incomes.

Benton said the city should be putting more toward affordable housing. The city is getting over \$100 million from the American Rescue Plan Act federal COVID-19 package alone, and Benton said the city should be maximizing it with sweeping housing investments rather than what it has done so far, which is to put a piece toward housing but also scattering dollars across many city needs, such as government vehicles, city building improvements and business grants.

"When we have a windfall, it shouldn't be something that we

TODAY: Experts say local government has the ability to help promote affordability in the Albuquerque housing market.

## TODAY'S BUSINESS

OUTLOOK: How one of Albuquerque's neighbors to the north has handled rising home prices.

TUESDAY: High demand for rentals and sharp price hikes have left Albuquerque's prospective renters struggling to find housing.

divide up (into) equal pieces of the pie for parts of town as opposed to something that could really help turn us around," he said. "Housing is also about health."

Benton also wants the city to diversify its investments. He said trust fund money is too often tethered to apartment projects reliant on highly competitive low-income federal tax credits. The city's money can — and, Benton contends, should more regularly — go toward buying land for future developments or buildings that could be rehabilitated into housing for low- and middle-income households. The city has done that on occasions;

in fact, a 5-acre North Valley parcel it bought six years ago is now slated for a development that will include 60 affordable rental units, plus 23 homes — six of which will be designated as affordable.

## Investment needed

Porter said the city should be investing more heavily in housing issues, particularly with the influx of relatively unrestricted federal COVID-19 relief money. "Everything improves when people get to own their own houses," she said.

And Gonzales, Homewise's senior director for policy and community engagement, said she sees potential for improvement even in existing programs.

While all of the federal housing support dollars that flow through the city's Family and Community Services Department are restricted to those making 80% or less than the area median income — a limit of \$43,200 for a two-person household — Gonzales said the need is broader and the city should consider expanding to 120% AMI for its non-federally funded programs.

"We can reach a little bit higher target market," she said. "We think even up to 120%. We think that's so high; it's really not."

And even in the case of federal dollars, she sees opportunities to make more of an impact. Homewise administers \$1 million in federally funded down payment assistance for the city. Gonzales said the city used to restrict support to \$20,000 but Homewise pushed to raise the cap to \$40,000.

Down payments can be a major obstacle for people of color, in particular. Renters who are Black or Hispanic have less net wealth than their white counterparts, according to the Harvard JCHS report.

"Without explicit policies designed to help close home ownership gaps, wealth disparities between households of color and white households, as well as between renters and homeowners, will remain large," researchers wrote in the report.



ROBERTO E. ROSALES/JOURNAL

Park Plaza, a high-rise condominium complex in Southwest Albuquerque. Former Albuquerque Mayor Jim Baca said he thinks more high-rise condo options could help ease the city's affordable housing crunch.

ALBUQUERQUE JOURNAL

# BUSINESS OUTLOOK

Monday, June 28, 2021



HOUSING CRUNCH

## LEARNING FROM BOISE

Affordable housing issues in Idaho's capital city offer lessons for ABQ

PAGE 10

BY STEPHEN HAMWAY  
JOURNAL STAFF WRITER

**A**lbuquerque is in the midst of a spike in housing costs that most experts agree is unlike any in the market's recent history.

Metro Albuquerque, long considered to have a less volatile market than many of its Western neighbors, has seen the median sales price for a single-family detached house rise by more than 25% in a single year, solidifying it as one of the hottest housing markets in the country.

"This is an incredible year-on-year increase in property values," said Reilly White, associate professor of finance at the University of New Mexico's Anderson School of Management.



Reilly White

But while this sort of spike is nearly unprecedented in Albuquerque, other Western cities have been through similar growth cycles in recent years.

In Boise, Idaho, the average home price has more than tripled in the past nine years. In Ada County, where Boise is located, the median sales price passed \$500,000 in May, after being roughly comparable to metro Albuquerque's a decade earlier, according to data from Boise Regional Realtors.

Real estate agents credit a growing local economy, good weather and easy access to outdoor activities like skiing and mountain biking for the uptick. These amenities helped to transform the city from a sleepy mountain town to one of the most popular mid-sized cities in the country.

"I know if (visitors) come, they're going to fall in love with it," said Jeff Wills, president of Boise Regional Realtors.



Jeff Wills

However, the growth has come at a cost for Idaho's capital. The rising prices have stretched affordable housing resources, triggered a backlash from residents who don't want to see the city continue to grow and change, and priced some residents out of the area completely, according to Boise's former mayor.

"In this particular market, I don't know where we're headed," said Dave Bieter, who served as the city's mayor from 2004 through 2020.

While experts from both communities

HOUSING CRUNCH

# Learning from our NEIGHBOR

With prices on the rise, what can ABQ learn from Boise?



Sunset over the city of Albuquerque.



COURTESY OF BOISE CONVENTION & VISITORS BUREAU

Between 2010 and 2019, Boise added 19,575 new residents, according to data from the U.S. Census Bureau. Albuquerque grew by just 2.6% during the same period.

cautioned against comparing the two cities directly, they agreed that Boise's experience over the past decade could offer some lessons for Albuquerque as it goes through its own growing pains.

"People don't understand how fragile these areas are, how fragile the different pieces are," Bieter said.

### Boise then and now

Coming out of the Great Recession, home prices in Boise and Albuquerque were remarkably similar. In December 2012, the typical value of an Albuquerque home stood at \$172,000, compared to \$173,000 in Boise, according to housing website Zillow.

But things in Boise had already started to change.

Between 2012 and 2017 or so, Bieter said the city embarked on a five-year run of public and private investment that would make any city jealous.

Bieter said Boise built four new public library branches, finished multiple park projects and finished a convention center expansion during that period. Downtown Boise, once forgotten, became the site of numerous infill projects, Bieter said.

Perhaps the crown jewel was a partnership between the city and wealthy Idaho benefactors that converted a 55-acre parcel west of downtown housing gravel pits and slaughterhouses into a massive park containing a whitewater rafting facility along the Boise River.

"People were a lot less averse to new development," Bieter said. "In fact, in the early going, they were kind of hungry for it."

During that same period, home prices began to rise, which Wills attributed to a mix of people relocating from other parts of Idaho, and new arrivals from bigger cities in nearby western states.

"Boise is just set up in such a way where we have a lot of bigger markets in proximity to us," Wills said.

Between 2010 and 2019, Boise added 19,575 new residents, amounting to a



Dave Bieter

## ADVICE FROM THE NORTH

Each of the Boiseans offered a different piece of advice to Albuquerque.

Jeff Wills, president of Boise Regional Realtors, said a key to purchasing a home in a tough market is willingness to be patient, and understand you might not get your dream home as a first-time homebuyer. Wills said he's talked to Boise homebuyers who were able to sell their house after the market rises, and funded a larger purchase with the money from the sale.

On the supply side, Deanna Watson, executive director of the Boise City/Ada County Housing Authorities, said she wished Idaho had made more of an effort to fund its Housing Trust Fund, which is currently empty. She said local housing advocates had pushed the state legislature to invest in housing for years, but lost steam after being repeatedly rebuffed.

"I wish now, in retrospect, that we would have continued to make the case, year in and year out, that what's being done is nowhere near enough," she said.

Finally, Dave Bieter, former Boise mayor, said a key is for younger residents to get involved in discussions about housing, which are often dominated by existing homeowners who work to obstruct new development.

"Because it's their city, it's their futures," Bieter said.

# Remote work, low rates drive housing crunch

From PAGE 11

growth rate of 9.3%, according to data from the U.S. Census Bureau. By comparison, Albuquerque grew by just 2.6% during the same period.

He said this caused the housing market to shift from one that was favorable to buyers, to a balanced market and finally to one that favored sellers.

Beginning in October 2014, the market began a streak of at least 39 consecutive months where the supply of existing homes across the region declined year-over-year, according to a market report published by the Realtors association in 2017.

Wills said the pandemic exacerbated this growth as remote workers from other cities, newly untethered from the office, flocked to Boise for its quality of life in 2020 and early 2021.

Wills acknowledged that Boise is now a market where most first-time homebuyers can't afford to live in certain parts of town.

"I think the days of someone being able to buy wherever they want in our valley on their very first purchase have gone away," he said.

## 'Island of despair'

While the home price growth has been a boon to existing homebuyers and wealthy newcomers in the Boise area, it has put a strain on resources aimed at helping vulnerable renters.

Deanna Watson, executive director of the Boise City/Ada County Housing Authorities, said more new arrivals means more competition for the organization's remaining subsidized units.



Deanna Watson



COURTESY OF BOISE REGIONAL REALTORS

A new single-family home under construction in Boise, Idaho. The average home price in Boise has more than tripled in the past nine years.

"It is an area that is no longer even close to affordable," Watson said.

After the Great Recession, Watson said a number of multifamily developments were sold to out-of-state investors, who kicked out existing tenants, refurbished the units and began renting again at much higher rates. Other properties were repurposed as short-term rentals, taking them off the market for long-term renters. These factors, she said, contributed to a reduction in affordable units across the city.

For renters receiving assistance through the Housing Choice Voucher program, Watson said landlords are able to switch to month-to-month rentals after the first year without a cap on what the tenant can pay. She said it's increasingly common for landlords to increase the price significantly after the first year, forcing tenants to choose between incurring the higher costs or pick from a dwindling pool of cost-restricted units.

"They're just on this island of despair, really," Watson said.

Even RV parks, which the housing authority had advocated as an affordable solution for renters, have become increasingly out of the price range for many residents. In one recent case, Watson said a Boise RV owner saw rent and other costs increase by more than \$6,600 per year over the

course of four months.

"I was stunned by what they're dealing with," Watson said.

Bieter said the increasing lack of affordability has helped fuel an anti-development mindset in recent years. He said some residents, often recent transplants themselves, will fight new market-rate developments, which only fuels the shortage of housing.

"You've got to have a supply of housing or everything's going to be worse off," he said.

## Compared to ABQ?

While Boise and Albuquerque are very different in some respects, White said home price growth in both cities has been buoyed by similar trends since the pandemic began.

The rise of remote work, low-interest rates and broad-based federal and state stimulus programs helped create an environment where homeowners, and those already in a position to buy homes, had more spending power and flexibility.

In both cities, out-of-state buyers from more expensive markets have contributed to the recent uptick in costs. White said the city's relatively new housing stock, good weather and outdoor amenities have drawn in newcomers, a similar set of priorities to those that fueled growth in Boise.

Still, White said Albuquerque



COURTESY OF BOISE CONVENTION & VISITORS BUREAU

## People floating on the Boise River.

has some headwinds, including a weaker local economy and a high crime rate, that may stymie growth in the city.

While prices haven't reached the same heights as they have in Idaho's capital, they're still starting to have an impact on the city's supply of affordable housing.

Linda Bridge, executive director of the Albuquerque

Housing Authority, said the growing housing market has prompted some investors to buy subsidized apartment units and convert it to market rate housing. She said she knows of two apartment complexes in Albuquerque that have opted out of housing assistance.

Whether or not Albuquerque follows in the footsteps of other, less affordable Western cities, Bridge said the city is already seeing a worrying shortage of affordable units.

"The trend we're seeing right now is certainly concerning," Bridge said.



Linda Bridge