

5. HOUSING

ENSURING QUALITY,
AFFORDABLE HOUSING FOR
SAN JUAN RESIDENTS

A. Introduction

The purpose of the Housing Element is to identify existing and projected future housing needs in San Juan County. It establishes long-range priorities, goals and policies both to guide county efforts and to assist in coordination of various private and nonprofit entities engaged in providing housing in the community. The Housing Element provides guidance to meet demand for new housing and improving housing quality.

B. Existing Conditions

Housing Units

In the two decades from 1990 to 2010, over 15,000 housing units were developed in San Juan County, an increase of nearly 44%. This growth was approximately on pace with population growth over that time, which showed an increase of 42% (from 91,605 in 1990 to 130,044 in 2010).

Since 2010, the U.S. Census estimates that less than 300 new units were developed, a growth of less than 1%. During that time period, county population is estimated to have fallen by 6% (or a decrease of 7,507 people).

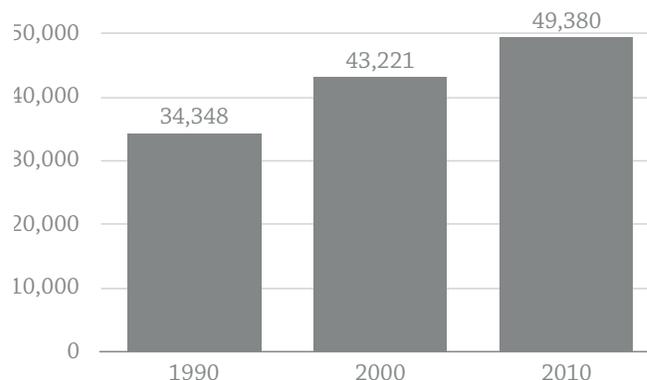
Just under one-fourth (23.3%, or 11,541 units) of all housing units in San Juan County are in the unincorporated area (i.e., not within Farmington, Bloomfield or Aztec).

Vacancy and Household Size

Following the 2008 recession, housing vacancy rose in the county from just under 14% in 2010 to a high of 18% in 2015, before falling slightly to 17.3% in 2016. This rate is just above the state average for 2016 of 16.4%

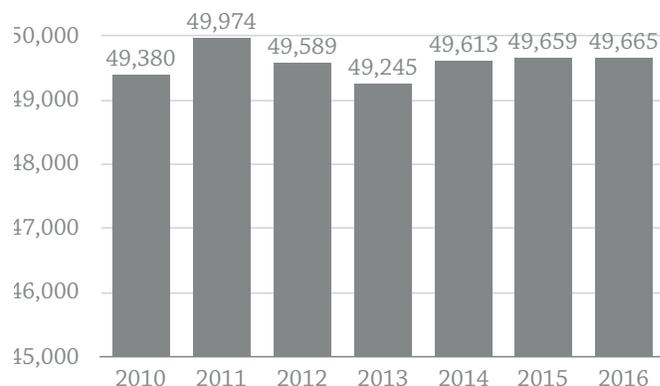
Of the estimated 8,571 vacant units in San Juan County, 25% are for rent or sale, 8% are rented or sold but unoccupied, 23% are seasonal homes and the remaining 44% are categorized as “other” vacant. This category usually indicates abandoned housing and accounts for 3,765 housing units in San Juan County.

Exhibit 5-1 San Juan County Total Housing Units 1990-2000



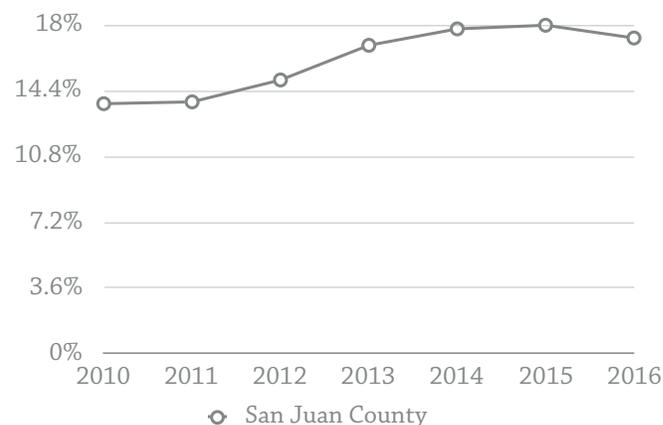
Source: American Community Survey 1-Year Estimates, 2010-2016, Table DP04

Exhibit 5-2 San Juan County Total Housing Units 2010-2016 (estimates)



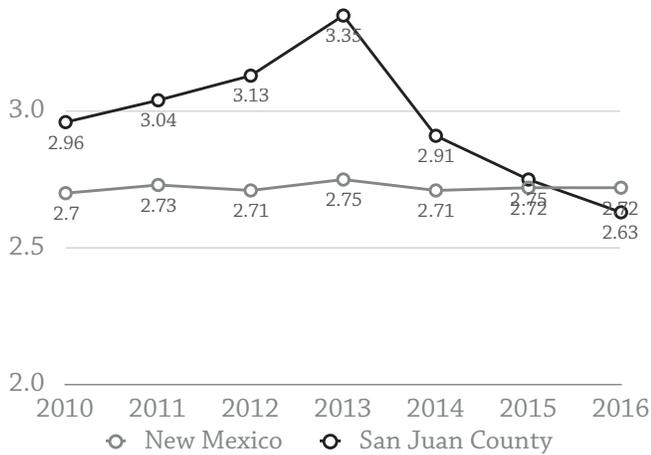
Source: American Community Survey 1-Year Estimates, 2010-2016, Table DP04

Exhibit 5-3 San Juan County Housing Vacancy Rate



Source: American Community Survey 1-Year Estimates, 2010-2016, Table DP04

Exhibit 5-4 Household Size, San Juan County



Source: American Community Survey 5-Year Estimate, 2012-2016

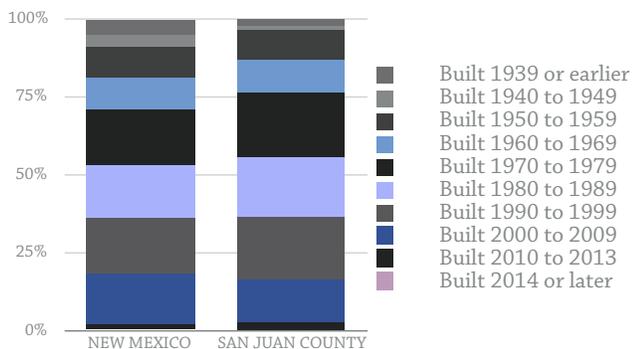
A much higher percentage of homes in the unincorporated county are vacant than in the county's municipalities.

- Aztec: 10.6% vacancy
- Bloomfield: 18.2% vacancy
- Farmington: 14.5% vacancy
- Unincorporated County: 27.7 vacancy%

In the unincorporated county, 36.7% of vacant housing are seasonal and 54.5% are classified as "other vacant."

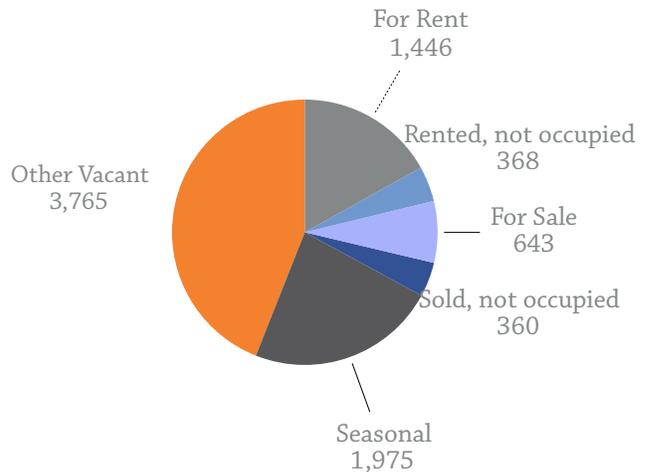
Despite a falling population and rising vacancy, household size spiked in 2013. This increase could be the result of several factors, including household consolidation, or people sharing living quarters to save on housing costs. Other reasons could be the result of oil field workers, representing single-member households, moving out while families remain, causing the overall average household size to rise. However, the

Exhibit 5-5 Comparative Age of Housing, San Juan County



Source: American Community Survey 5-Year Estimate, 2012-2016

Exhibit 5-6 Vacancy Status, San Juan County



Source: American Community Survey 5-Year Estimate, 2012-2016

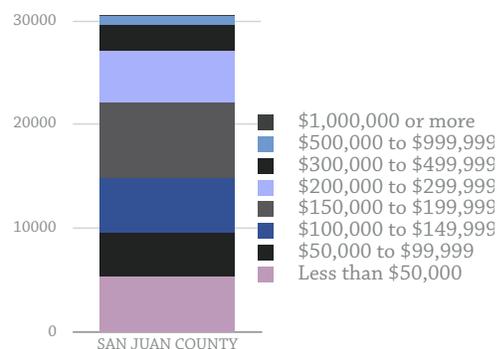
increase is most likely due to a combination of all factors. Household size has since fallen precipitously to below the state average of 2.72 persons in 2016.

Home Value and Age

Home value in the county is fairly evenly spread between less than \$50,000 and \$299,999, with the largest segment of housing (24%) falling between \$150,000 and \$199,999.

The age of housing in San Juan is similarly fairly evenly spread across homes built in each decade from 1970 to 2010. Housing ages are similar to state averages, with two exceptions: more housing in San Juan County was built in the 1990s than in the state as a whole and fewer homes in San Juan County are older than 1960 than in the state as a whole.

Exhibit 5-7 Home Values in San Juan County



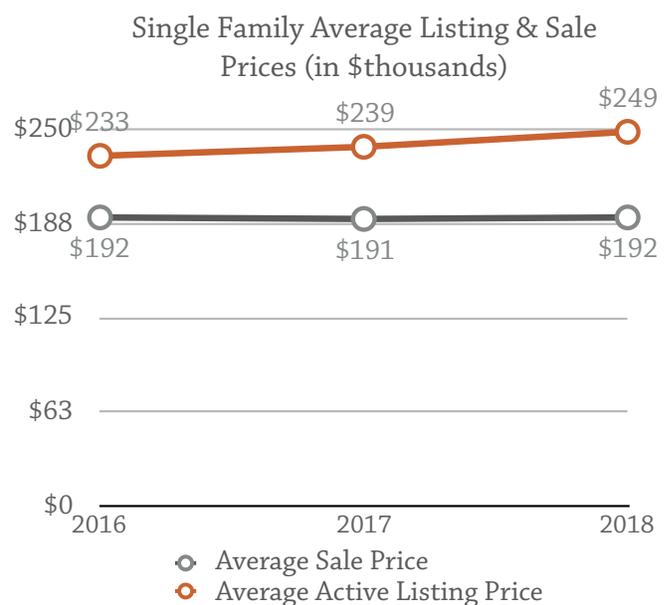
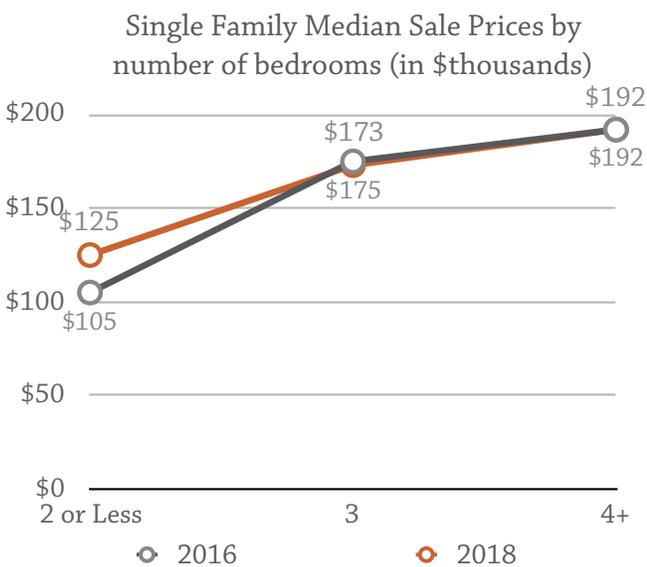
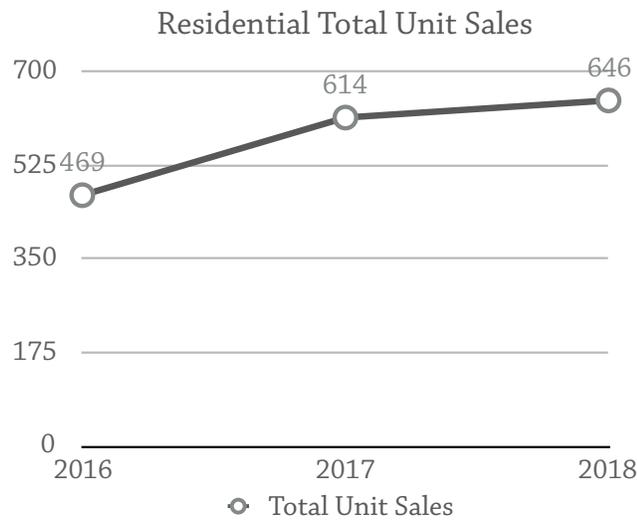
Source: American Community Survey 5-Year Estimate, 2012-2016

Residential Real Estate Sales

Multiple Listing Service (MLS) reports from January through August in 2016, 2017, and 2018 illustrate some trends in residential sales and pricing. Overall, both the total number of units sold and total value volume of those sales have risen since 2016. Total units sold rose from 469 in 2016 to 646 in 2018, while total volume of residential real estate sales rose from \$92 million in 2016 to \$126 million in 2018.

Over the same period, the average sale price of single family residential units remained flat at \$192,000, with a slight dip in 2017 to \$191,000, while the average active listing price rose from \$233,000 in 2016 to \$249,000 in 2018. The average sale price for single family units with three or more bedrooms has remained quite steady, but since 2016, the sales price for single family units with two or fewer bedrooms has risen significantly from \$105,000 in 2016 to \$125,000 in 2018.

Exhibit 5-8 Residential Data for Total Unit Sales, Volume, Number of Bedrooms and Price



Source: Sam R. Todd, CRS, Re/Max Real Estate reporting MLS and FBS data

Cost of Housing

The median monthly cost of housing in San Juan County is estimated at \$675 for 2016. The county supports a relatively even spread of monthly housing costs from less than \$300 to between \$1,000 to \$1,499 a month, with slightly heavier representation at either end of that spectrum, and between \$500 and \$799. The range between \$800 and \$999 has slightly lower representation. Median rental housing costs were \$760, compared to \$293 for owner-occupied homes without a mortgage and \$1,204 for owner-occupied homes with a mortgage.

Apartment Survey

UNM's Bureau of Business and Economic Analysis (BBER) conducts annual surveys of multi-unit apartments in the state to determine vacancy and cost. In San Juan County in 2017, the group surveyed a total of 19 properties representing 889 units. Of those, the majority, 463 were two-bedroom units. Weighted for size, the overall average monthly rent for those units in San Juan County was \$602, tenth highest in the state and just above the state average of \$581 in 2017. Apartment vacancy in San Juan measured sixth highest in the state at 7.3%, beating out the state average of 5.6%.

Cost Burden

Housing cost burden is defined as spending 30% or more of total household income on housing costs. The U.S. Census estimated that in 2016, 22% of San Juan County households were cost-burdened, compared to 28.1% of New Mexico households; 37% of cost-burdened households earn \$20,000 or less.

The majority of homeowners are not housing cost-burdened. Monthly housing costs for 75.1% of homeowners with a mortgage and 89.1% of homeowners without a mortgage are below 30% of household income. On the other hand, 45.4% of renters are housing cost-burdened.

Department of Housing and Urban Development (HUD) Income Limits

HUD estimates San Juan County's 2018 median family income (MFI) at \$60,100. HUD sets income limits for families to qualify for housing assistance, including affordable housing based on median family income and fair market rents (FMR), which HUD determines annually. For 2019 and 2018, HUD has determined the following ranges of FMRs for San Juan County:

Exhibit 5-9 Fair Market Rents

| Year | Efficiency | 1-BR | 2-BR | 3-BR | 4-BR |
|----------|------------|-------|-------|---------|---------|
| 2019 FMR | \$667 | \$674 | \$784 | \$1,021 | \$1,061 |
| 2018 FMR | \$652 | \$656 | \$770 | \$979 | \$1,049 |

Based on this information, HUD determines household income limits for assistance qualification by family size. It establishes three tiers of assistance qualification: extremely low income (30% of the MFI), very low income (50% of the MFI), and low income (80% of the MFI). Families with incomes at or below the HUD income limits qualify for housing assistance.

Exhibit 5-10 HUD Income Limit Categories

| HUD Income Limit Category | Persons in Family | | | |
|---------------------------|-------------------|----------|----------|----------|
| | 1 | 2 | 3 | 4 |
| Extremely Low | \$12,650 | \$16,460 | \$20,780 | \$25,100 |
| Very Low | \$21,050 | \$24,050 | \$27,050 | \$30,050 |
| Low | \$33,700 | \$38,500 | \$43,300 | \$48,100 |

These limits also determine affordable housing requirements for housing developments. To qualify for public funding such as Local Economic Development Act (LEDA) incentives, housing developments must include a certain percentage of affordable units. For example, a development receiving a tax credit may be required to designate 20% of the units in the

development as affordable housing for ten years. Tools like this enable a community to offer incentives to improve housing stock for market-rate and low-income residents.

Affordable Housing Plan

To use incentive tools like LEDA, a community must have an affordable housing plan adopted by ordinance and the New Mexico Mortgage Finance Authority (MFA) must approve the plan. San Juan County developed an affordable housing plan in 2011 in conjunction with the City of Farmington.

A county or municipality may provide housing assistance grants pursuant to Article 9, Section 14 of the constitution of New Mexico after enactment by its governing body of an ordinance authorizing grants stating the requirements of and purposes of the grants,... (Chapter 6, Article 27 NMSA 1978, may be cited as the Affordable Housing Act.)

The plan provides an in-depth study of existing housing and housing needs in San Juan County and outlines specific housing needs by type, population and number. The most pressing need identified in the plan is for affordable rental housing, including accessible units in consideration of the aging population.

The plan also identified the following barriers to affordable housing in San Juan:

- High land and construction costs
- Height restrictions and minimum lot sizes
- Limited construction financing
- Resistance to affordable and multi-unit developments

The plan recommends the following actions for the county:

- Adopt an affordable housing ordinance
- Identify land to make available for developers
- Ensure the subdivision regulations facilitate affordable housing development in appropriate locations
- Provide incentives for development of affordable and accessible housing

Affordable Housing

San Juan County Housing Authority administers 365 vouchers for HUD Section 8 Housing, but currently does not have funding to fill all of them. Currently, the Authority has funding to issue 263 vouchers to assist families, but another 526 families are on the waiting list. Moving to the top of the waiting list for eligibility review takes about a year. The responsibilities of the Housing Authority are:

- Establishing local policies
- Determining family eligibility and reexamining family income
- Maintaining the waiting list and selecting families for admission
- Calculating family share of rent and amount of housing assistance payment
- Establishing utility allowances
- Conducting outreach to owners, with special attention to those with units outside of areas of poverty or minority concentration
- Assisting persons with disabilities in finding satisfactory housing
- Approving units, including assuring compliance with housing quality standards and determining the reasonableness of rent
- Making housing assistance payment to owners
- Conducting informal reviews and hearings at the request of applicants and participants when challenging housing authority's administrative decisions
- Complying with fair housing and equal opportunity requirements, HUD regulations

and requirements, HUD-approved applications for program funding, the Housing Authority’s administrative plan, and federal, state and local laws.

The County does not offer outreach or education programs for potential homeowners, but local groups such as the Economic Council Helping Others, Inc. (ECHO), Habitat for Humanity, and U.S. Department of Agriculture provide some homeownership assistance, including down payment assistance and low-cost mortgages.

Housing Stock

The majority of homes in San Juan County as a whole are single family (61%), with mobile homes making up the second largest portion of housing types (31%). In Aztec and Bloomfield, single-family housing barely constitutes the majority of housing at just over 50%, with mobile homes making up 44% of housing in each community. All geographies in the county have higher percentages of mobile home stock than the state average, but the unincorporated area of the county has the second lowest

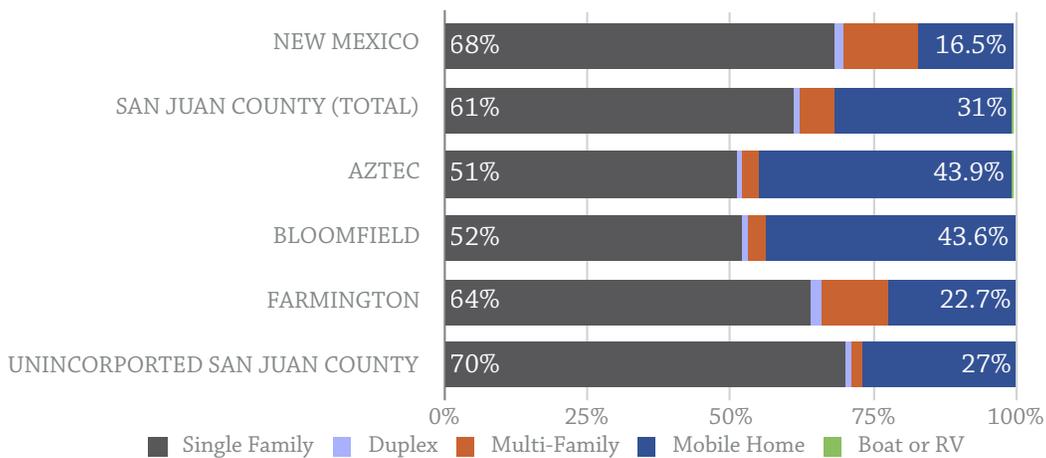
of any geography in the county at 27%. Because counties generally have less land use regulation than municipalities, it is unusual for unincorporated areas to have a lower percentage of mobile homes than municipalities. However, Aztec and Bloomfield do have unusually high percentages of mobile homes. Farmington has the lowest percentage of mobile homes at 22%.

Manufactured Home and RV Regulation

San Juan County has a manufactured home parks and recreational vehicles parks ordinance that regulates properties with three or more manufactured homes or recreational vehicles. New parking spaces, sites or pads in parks and spaces that have been vacant for more than 12 months must apply for a license, be compliant with HUD standards (established in 1977), be approved for septic and comply with floodplain management.

The ordinance also regulates density, setback, buffers, screening, access, utilities and services.

Exhibit 5-11 Housing Type



Source: American Community Survey 5-Year Estimate, 2012-2016

Goals and Policies

1. Work to ensure the availability of safe and affordable housing for all San Juan County residents

- a. Support diverse housing options for a range of incomes and densities, both within municipal limits and in the unincorporated areas of the county
- b. Regularly update the Affordable Housing Plan for Northeast San Juan County, NM
- c. Collaborate with housing groups such as the Affordable Housing Alliance, San Juan County Partnership, and San Juan Safe Communities Initiative to expand affordable housing options
- d. Adopt an affordable housing ordinance to enable resource donation for affordable housing projects

2. Work to preserve and maintain housing stock in the county

- a. Identify programs and partners to help rehabilitate and maintain homes, especially for the elderly (weatherization, water and energy efficiency)
- b. Work with utility providers to develop efficiency incentives and rebates

3. Efficiently manage new housing development to streamline infrastructure costs to the extent possible

- a. Concentrate new development for efficient provision of infrastructure and services
- b. Encourage infill development and cluster development that shares utility infrastructure
- c. Develop density guidelines to promote higher density, and coordinated or focused development to reduce sprawl and maximize the use of private land