

Espanola's Affordable Housing Crisis

Preserving Subsidized Housing in Rural New Mexico

Courts, Corrections & Justice

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New Mexico Center on Law and Poverty



Advancing economic justice, Increasing opportunities, Protecting the rights of people living in poverty.

- Impact Litigation
- Policy Advocacy
- Community Education

Economic Equity - Healthcare - Public Benefits - Education - Workers' Rights

Espanola Apartment Closure Fallout

- Espanola lost it's only two subsidized complexes.
- USDA only found one other affordable apartment complex in the area – the Los Lomas apartments.
- The closest USDA housing is now in Taos.



SF New Mexican

Chavez v. Vilsack

- Residents of La Vista del Rio Apartments filed a lawsuit against USDA, Bosley Management, and the new owner.
- They are being represented by NMCLP and the National Housing Law Project.
- Residents are fighting to preserve the apartments as affordable housing.

Chavez v. Vilsack - Facts

- 48 affordable units USDA subsidized through 2035.
- Out of state landlord failed to maintain property.
- Rather than requiring the landlord fix the program, USDA allowed the landlord to sell the apartments and forgave his loan.

Chavez v. Vilsack - Injury

- Residents were not given notice that the property would be sold or that they could lose assistance.
- The out of state landlord told everyone to leave.
- The new landlord has not acknowledged restrictive use covenant.

Chavez v. Vilsack - Relief

- Enforcing the restrictive use covenant to preserve affordable housing.
- Bringing the apartments to code.
- Damages for tenants whose rights were violated.

Rural Renters in New Mexico

- Poor housing conditions and overcrowding is highest in New Mexico's poorest, rural counties.
- 21% of rural New Mexicans live below the poverty line, compared to 15% in cities.
- Median income of rural rental household in NM is \$30,000 – half the state median household income.

Section 515: USDA Rural Rental Housing

- Section 515 Began in 1963, USDA also has smaller agricultural labor housing program.
- There are currently nearly 400,000 units with almost one million renters in USDA housing.
- Section 515 exists in over 80% of counties in the US.

Section 515 Loans

- 30-year loans are provided at an effective 1% interest rate.
- Private, public, and nonprofit groups or individuals can apply.
- Loan funds may be used to construct new housing, purchase new or existing housing, or to rehabilitate existing housing and preserve existing RD Section 515 developments.

Section 515 for Low Income Renters

- Households eligible to live in Section 515 housing must have very-low, low, or moderate incomes.
- About 70% of all 515 units have a deep subsidy known as Rental Assistance.
- RD housing is often the only affordable decent housing in an area in rural communities.

Section 515 for Low Income Renters

- Average income of Section 515 tenants is \$12,588.
- 63% of all Section 515 households were headed by an elderly person or a person with a disability.
- 73% of household are headed by women.

Section 515: USDA Rural Rental Housing

- Rent and utilities are limited to 30% of a person's income.
- Evictions must be for good cause.
- Residents have a right to cure any proposed eviction.

Section 515 in New Mexico

- FY21, USDA provided \$28 million in housing subsidies to NM
- There are 104 USDA properties in NM
- There are USDA properties in 36 cities and almost every county in New Mexico.

Section 515 Mortgage Cliff

- Since the 1990s, the 515 budget has been cut by 90% since the 1990s.
- By 2050 enough mortgages will have matured that the program will effectively end.
- When a mortgage matures, the property is no longer requires to be affordable.

Mortgage Cliff in New Mexico

- 21 USDA properties in New Mexico are set to lose funding in the next decade.
- A loss of roughly 1000 affordable units in rural NM – nearly ¼ of our USDA RD units.
- We are set to lose most of our USDA housing by 2039.

Mortgage Cliff in New Mexico

- New Mexico is set to lose over 200 RA units in just the next ten years.
- New Mexico is set to lose about 1,600 RA units in the next twenty years
- New Mexico will lost all of its RA units in 30 years

Mass Displacements

- Some of these apartment complexes are large.
- Sunland Park will lose 200 RA units in one day, and the same thing will happen in Gallup.
- Anthony will lose 100 RA units in one day, and the same thing will happen in Grants and Bloomfield.

Not Just a Rural Problem

- This will also impact cities.
- For example, in 2 years the communities around Las Cruces are set to lose 215 RA Units.
- Most of the communities where these apartments are located do not have other affordable housing options or homeless services.

Section 515 Prepayment and Foreclosure

- There are other ways that a 515 property can exit the USDA portfolio early including:
- prepayment of a loan (which is often not permitted under federal law);
- And foreclosure.

USDA RD Vouchers

- RA Renters may request vouchers if they lose housing upon maturity, prepayment, or foreclosure.
- However it is difficult to find places that accept vouchers.
- Vouchers also do not have the same protections and benefits as RA.

Federal Reform

- Increasing USDA RD Budget – \$5.6 million in additional funding to preserve these properties.
- Strategy and Investment in Rural Housing Preservation Act – maintains subsidies for housing exiting USDA RD.

State Reform to Alleviate Displacement

- Provide loans to preservation purchasers through the NM Housing Trust Fund.
- Provide relocation assistance.
- Regulate owner notification to residents – CA requires a years notice.

State Reform to Alleviate Displacement

- Enforcement of already existing tenant protections
- Funding for civil legal services
- Investing in other affordable housing such as manufactured home communities

State Reform to Stop Displacement

- Right of first refusal for preservation buyers
- Regulate rent increases
- Require cause for evictions
- Allow tenants time to cure proposed evictions.

Links

- [New Mexico Center on Law and Poverty](#)
- [Housing Assistance Counsel – Rural Research Brief](#)
- [National Low Income Housing Coalition – Rural Housing](#)
- [National Housing Law Project – USDA Rural Housing](#)
- [Chavez v. Vilsack](#)
- [Strategy and Investment in Rural Housing Preservation Act](#)
- [USDA RD Existing Housing Data](#)