

# Understanding & Closing the Gap in Housing that is Affordable for New Mexicans

Presented by Prof. Serge Martinez  
New Mexico Center for Housing Law

[serge@nmchl.org](mailto:serge@nmchl.org)

505-277-6556

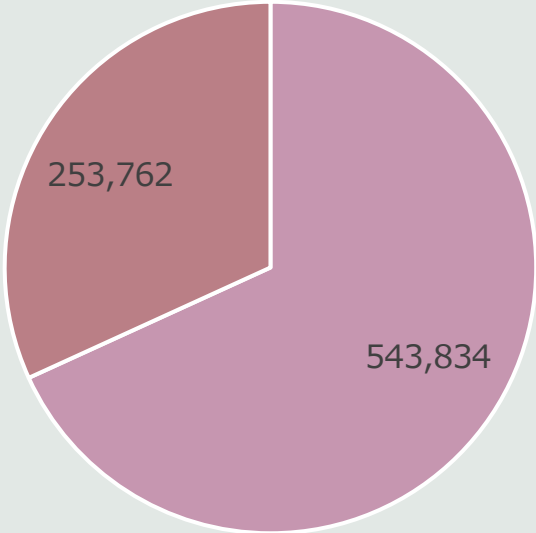
[nmchl.org](http://nmchl.org)



# New Mexico Housing Snapshots: Owners & Renters

---

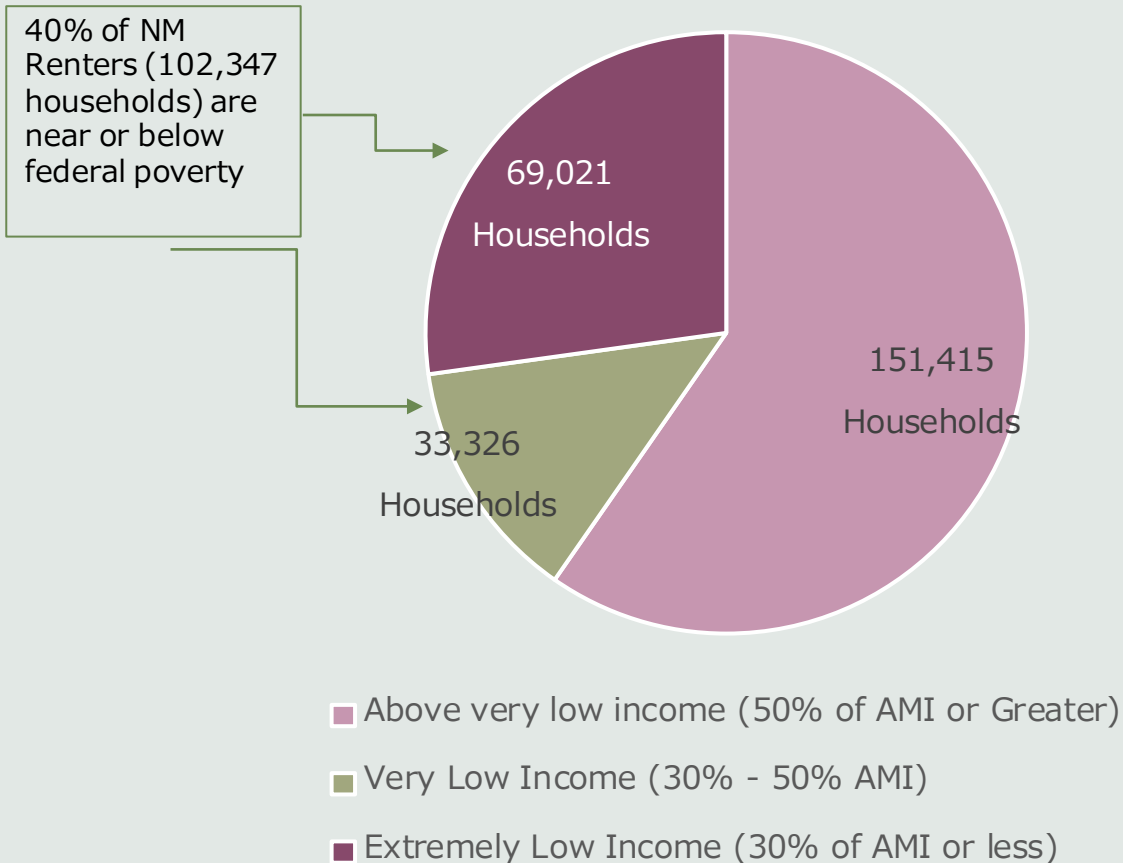
NM Housing



■ Ownership ■ Rental

Of New Mexico's 797,596 households in 2023, 32% are renters.

# NM Housing Snapshot: Renter Income Levels



AMI\* = HUD's Area Median Income in 2023 for a family of 4 in NM is \$76,000

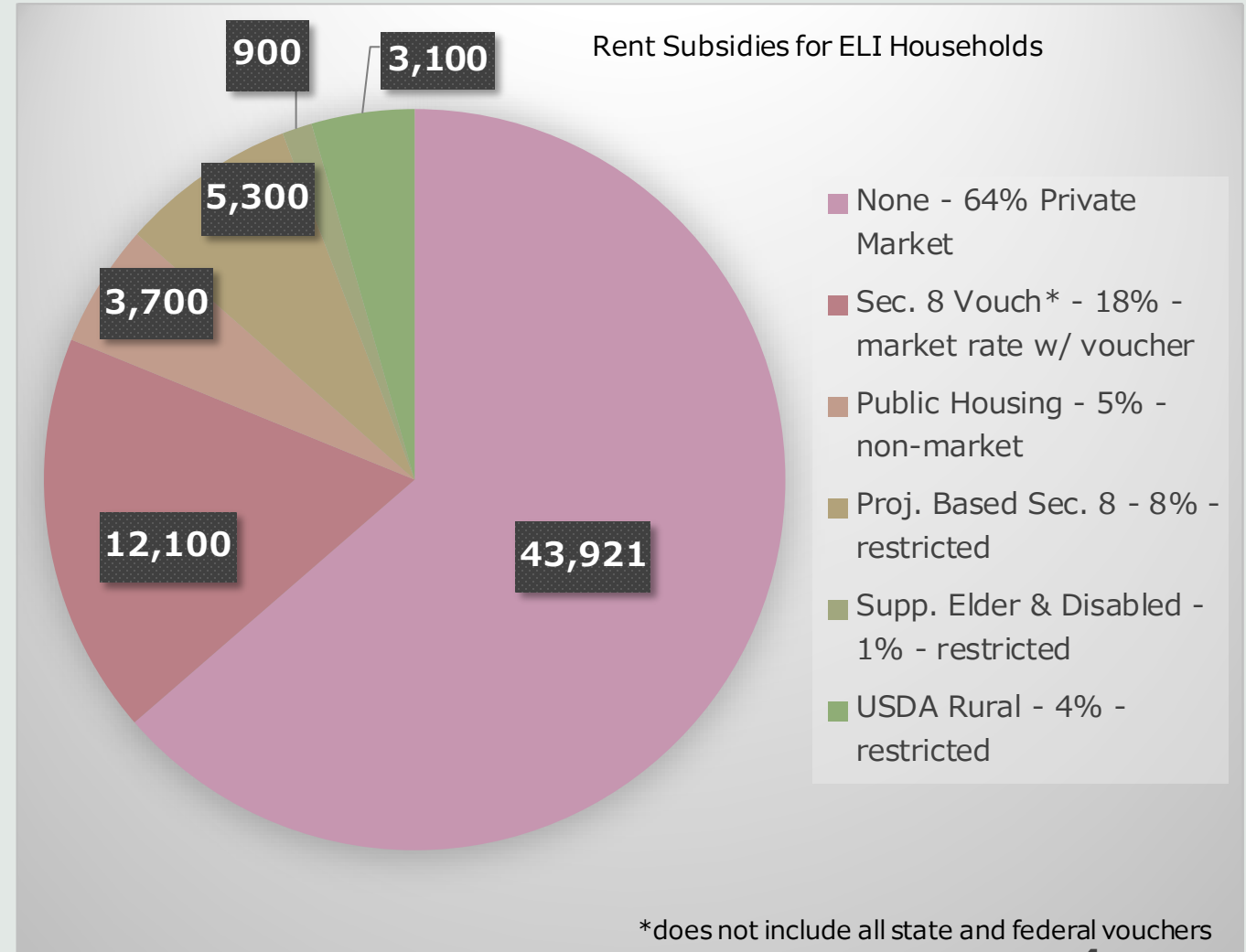
Very Low Income\* = up to \$36,350 for a family of 4 in NM in 2023

Extremely Low Income\* = up to \$21,800 for a family of 4 in NM in 2023

\*Defined by HUD

# New Mexico's Most Vulnerable Going Without

- Of NM's 69,021 Extremely Low Income Renters, 61% receive no housing assistance at all.
- 1 in 5 HUD-funded housing vouchers in NM goes unused because landlords opt not to accept them
- HUD only allows tenants to use vouchers for units with rents up to the 40<sup>th</sup> percentile in a metro area – there's not enough of this housing and its not what developers build as new construction



# What Can New Mexicans Afford to Rent?

---

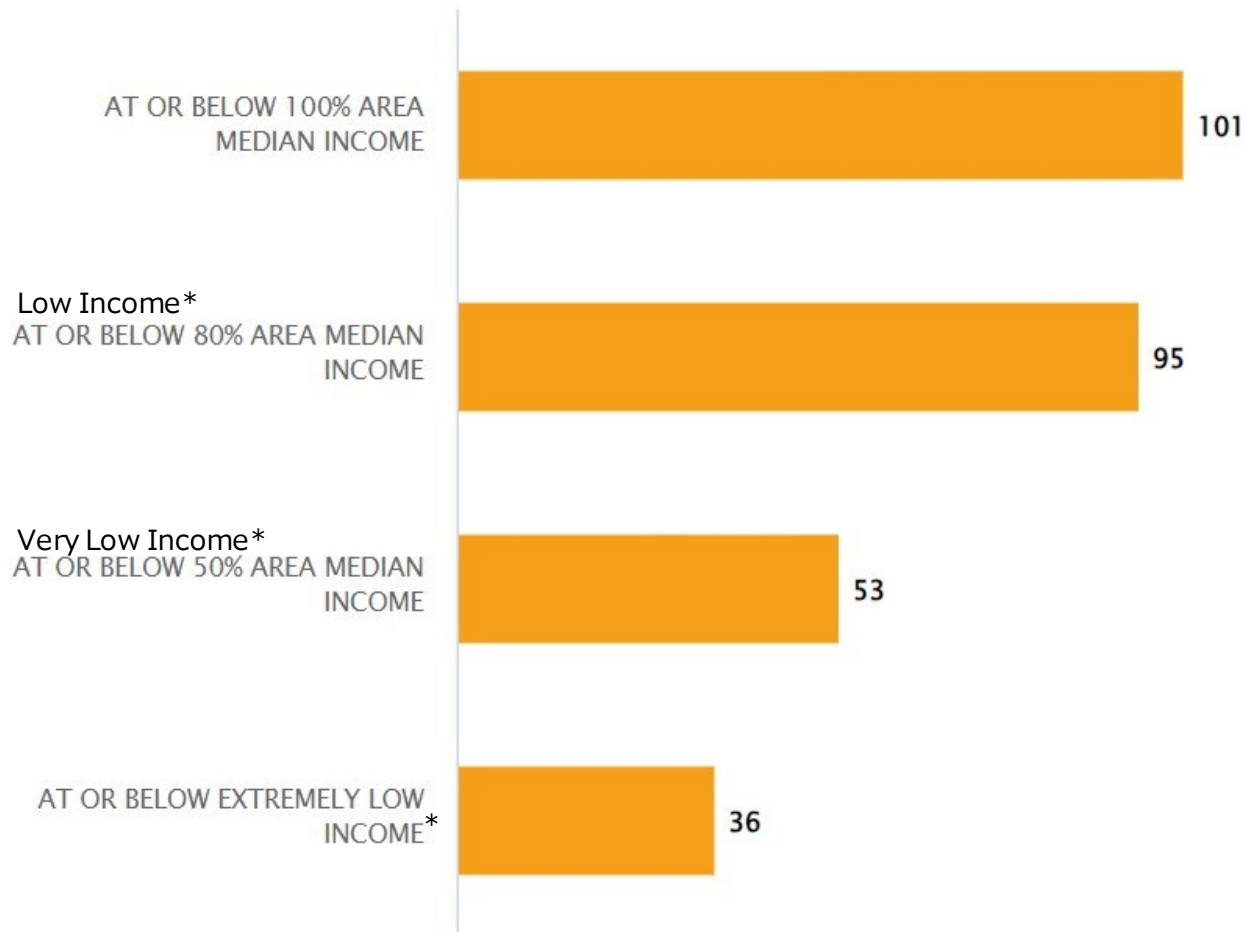
The National Low Income Housing Coalition produces a report each year on the gap between the number of Extremely Low Income Households and the number of housing units affordable and available to them.

**Affordability** – means that rent costs not more than 30% of a household's income\*

**Availability** – means the unit is either vacant or occupied by another extremely low income household

\*based on HUD definition

## Affordable and Available Homes per 100 Renter Households

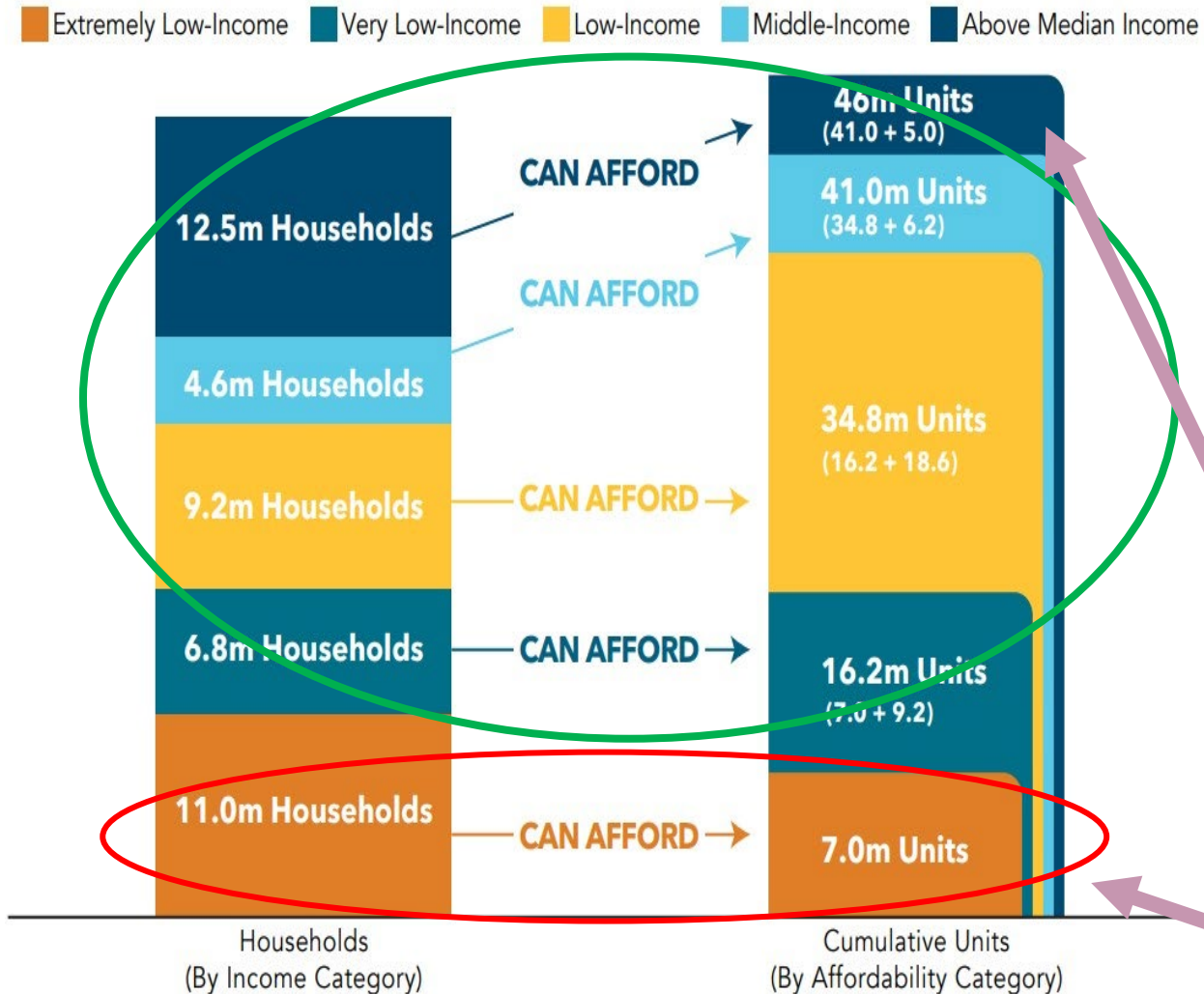


\* Defined by HUD

## New Mexico's Gap in 2023

- There is sufficient rental housing for renters above 80% of AMI.
- "Market rate" rental housing construction is priced for households above 100% of AMI because materials and construction costs are high.
- Since ELI rents can't cover debt on market-rate construction, public funds are needed to build housing for ELI households.

FIGURE 1: RENTAL UNITS AND RENTERS IN THE US, MATCHED BY AFFORDABILITY AND INCOME CATEGORIES (IN MILLIONS)



## Why Building More Market Rate Housing Will Never Close the Gap: "Renting Down"

- Of the 7 million units available to extremely low income renters nationwide, 3.3 million are rented to households who can afford more, but choose to live in less expensive housing (i.e. they "Rent Down").
- Only extremely low income households experience a supply gap
- Developers build for Households in Dark Blue, where demand is lowest and supply is highest. Market forces will not produce enough for Households in Orange.

# The Gap & Homelessness

---

- 73% of Extremely Low Income renters in NM are “severely cost burdened”; they pay more than 50% of their income in rent.
- These households are vulnerable to becoming homeless based on their extremely tight budgets.
- When households commonly pay more than 32% of income in rent, a community sees a rapid increase in homelessness.
- NM has seen a 48% increase in homelessness since 2022 due, in part, to income loss from the during the Pandemic.
- Since 2017, NM rents have risen 70% but income has only risen by 15%.
- Median rent increases of \$100/mo correspond with a 9% increase in homelessness.



# **New Mexicans Rely on Mobile Home Parks for Affordable Housing**

---

- **27% of NM housing stock is mobile homes (>30% in 9 counties, 32% in Farmington – the national record!)**
- **Mobile homes are “organic,” unsubsidized, affordable housing for thousands of low-income New Mexico residents – especially seniors on fixed incomes**
- **Residents usually own the home but rent the lot**
- **Despite their name, they can rarely be moved once placed on a lot because of safety statutes, structural harm and/or expense (e.g. \$15,000 to move mobile home from ABQ to Belen)**

# Solutions That Close the Gap

---

- Insulate units affordable to Extremely Low Income households from “down renters”
- Help Extremely Low Income renters afford higher rents by ensuring housing vouchers are fully used – pass state-wide Source of Income Discrimination legislation and fund landlord incentives to make Voucher-holding tenants competitive applicants in low- and moderately priced units
- **Strengthen the rights of mobile home park residents to remain in place**

# Solution #1: Insulate the most affordable housing

---

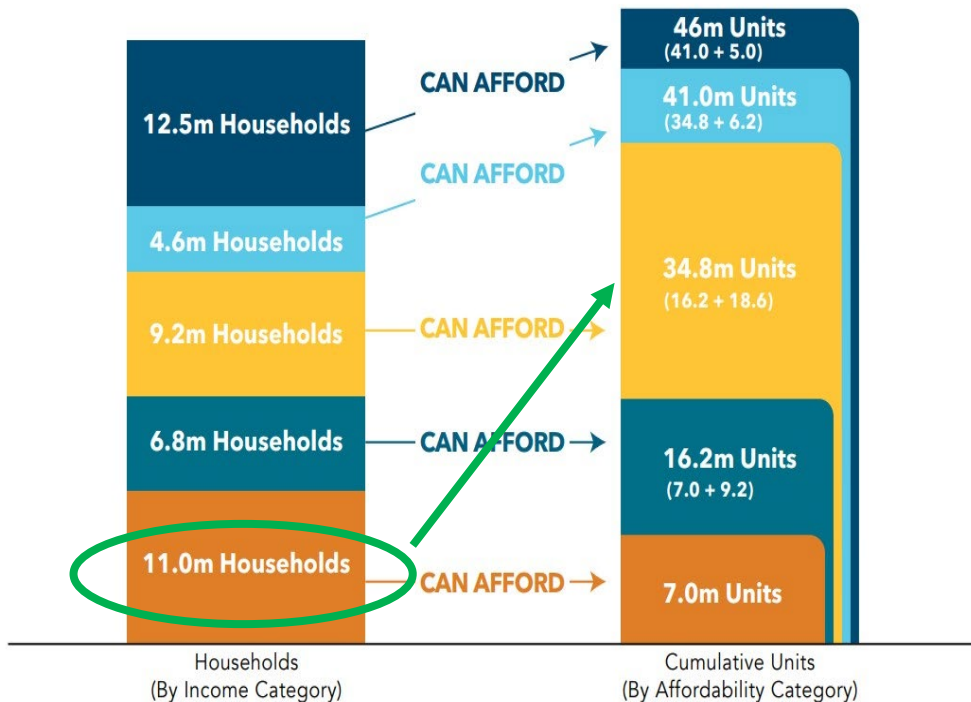
Build, rehabilitate, and set aside more units for renters at  $\leq$  30% AMI when state or federal funds are used to build housing.

- Deed restrictions for units built or renovated with public funds can set the unit aside for Extremely Low Income households, protecting these households from “Rent Downers”.
- Fund monitoring and enforcement of these deed restrictions.

# Solution #2: SOID & Landlord Incentives

FIGURE 1: RENTAL UNITS AND RENTERS IN THE US, MATCHED BY AFFORDABILITY AND INCOME CATEGORIES (IN MILLIONS)

Extremely Low-Income Very Low-Income Low-Income Middle-Income Above Median Income



Tenant Based Vouchers give Extremely Low Income Households the purchasing power of Low Income Households (where there is no rental housing gap), but only if Landlords decide to rent to voucher holders.

NM has 12,100 Sec 8 Vouchers, which if fully used, could reduce the number of Extremely Low Income households competing for housing affordable to extremely low income renters by 18% (i.e. vouchers create an opportunity to “Rent Up”).

# Solution #3: Mobile Home Park Act Amendments

The Mobile Home Park Act, passed in 1983, recognized the need for additional legal protections for mobile home park residents.

Proposed updates:

- Require that residents get a written copy of the ground rent agreement;
- Give residents more cure defaults – currently they have only 3 days – ownership of the mobile home is usually at stake
- Make clear that rent payments must be applied first to delinquent rent payments, then to current rent payments, and lastly to late fees and charges;
- Require advance notice of the owner's intent to sell the park and giving resident's associations an opportunity to purchase the park;
- Limit the frequency of, and amount of, ground rent increase

# Sources

Slide 2: National Low Income Housing Coalition's Out Of Reach Report 2023 for New Mexico, available here: <https://nlihc.org/oor/state/nm>

Slide 3: NLIHC Housing Needs by State: New Mexico <https://nlihc.org/housing-needs-by-state/new-mexico> ; HUDUser FY2023 New Mexico Income Limits [https://www.huduser.gov/portal/datasets/il/il2023/2023summary.odn?inputname=STTLT\\*3599999999%2BNew+Mexico&selection\\_type=county&stname=New+Mexico&statefp=35.0&year=2023](https://www.huduser.gov/portal/datasets/il/il2023/2023summary.odn?inputname=STTLT*3599999999%2BNew+Mexico&selection_type=county&stname=New+Mexico&statefp=35.0&year=2023).

Slide 4: National Low Income Housing Coalition's Out Of Reach Report 2023 for New Mexico, available here: <https://nlihc.org/oor/state/nm>; LFC Report: Homelessness Supports and Affordable Housing <https://nmlegis.gov/handouts/ALFC%20052323%20Item%201%20Policy%20Spotlight%20-%20Homelessness%20and%20Affordable%20Housing%20Supports.pdf>  
Center of Budget and Policy Priorities, New Mexico Federal Rental Assistance Fact Sheet: <https://www.cbpp.org/research/housing/federal-rental-assistance-fact-sheets#NM>.

Slide 6: The Gap New Mexico 2023 <https://nlihc.org/gap/state/nm>; Harvard Joint Center for Housing Studies, <https://www.jchs.harvard.edu/blog/housing-markets-leaving-lowest-income-households-behind>.

Slide 7: National Low Income Housing Coalition's The Gap 2023 Report, available here: <https://nlihc.org/gap>.

Slide 8: The Gap NM 2023, <https://nlihc.org/gap/state/nm>; LFC Report: Homelessness Supports and Affordable Housing <https://nmlegis.gov/handouts/ALFC%20052323%20Item%201%20Policy%20Spotlight%20-%20Homelessness%20and%20Affordable%20Housing%20Supports.pdf>; GAO, Homelessness: Better HUD Oversight of Data Collection Could Improve Estimates of Homeless Population, <https://www.gao.gov/products/gao-20-433>; Zillow, Homelessness Rises Faster Where Rent Exceeds a Third of Income, <https://www.zillow.com/research/homelessness-rent-affordability-22247/>.

Slide 9: SB298 Fact Sheet (2023).