

## TAOS COUNTY CHAMBER COMMERCE

### POSITION PAPER: AFFORDABLE HOUSING IN TAOS COUNTY

JANUARY 2012

On behalf of its membership, the Taos County Chamber of Commerce is taking a leadership role in addressing affordable housing. After the Board of Directors received the 2010 report on affordable housing in Taos by Dr. Jeffrey Mitchell, Ph.D. and Michael O'Donnell<sup>1</sup> it became apparent that affordable housing was perhaps Taos County's largest impediment to economic recovery. The report provides a startling quantitative analysis of the market conditions effecting affordable housing<sup>2</sup> and makes recommendations for addressing these conditions.

In short this report, demonstrates the following:

#### **In General:**

- The majority of the Taos workforce are unable to afford market-priced housing in Taos County due to two major factors: (1) Demand for housing by seasonal residents drive up property (especially land) values, and (2) Supply of land is constrained by state regulations and limited development of infrastructure (sewer and water).
- Strategic economic development is inextricably linked to workforce housing demand. A lack of affordable housing options can cause talented workforce to leave Taos County. Strategic economic development requires adequate affordable housing so that the community can foster and recruit industries that support higher wage jobs.

#### **Workforce Housing:**

- According to the report, 95% of the Taos County workforce cannot buy a *median* valued house sold in Taos.
- The majority of Taos County citizens are only able to purchase a home under \$200,000 or pay a maximum of \$800/month in rent.

#### **Strategic Economic Development:**

- Rural communities succeed in creating viable economic opportunities by developing industries that cannot be easily replicated elsewhere and which pay higher wages.
- Existing industries and economic strengths in Taos include, but are not limited to: cultural/historical uniqueness, high altitude training, art/design, renewable energy/technologies, culinary arts, computer tech opportunities through the new broadband capabilities, beauty product manufacturing, health care and higher education.

#### **The Taos County Chamber of Commerce's Position and Focus**

- To adequately respond to this alarming need, our local governments must do the following:
  - o The Taos County Commissioners and outlying municipalities must increase density in areas where it is appropriate.
  - o The Town of Taos must adopt the Affordable Housing Element, submitted to the Town of Taos in September 2011, and incorporate the Element as part of the Taos Comprehensive Plan prior to undertaking any other affordable housing actions.
  - o Regional planning is needed to determine where to best extend water and sewer infrastructure.
- The Chamber shall focus their efforts in 2012 determining what existing and possible industries in Taos fulfill the criteria of being **unique and which emphasize higher paying jobs**. The intention is to then strategically retain, expand and recruit similar businesses to Taos.

<sup>1</sup> Mitchell, Jeffrey, Ph.D. & Michael O'Donnell, University of New Mexico Bureau of Business and Economic Research, *The Market for Affordable Housing in Taos, New Mexico* (August 2010). Report funded by the University of New Mexico-Taos and the Town of Taos.

<sup>2</sup>The term *affordable housing* includes workforce housing. The term affordable housing also includes the rental market and the homebuyer market.

## WORKFORCE HOUSING TALKING POINTS

*Can use this sheet for awareness raising efforts: simply ask- who is supposed to take action?*

- The future demand for affordable housing is projected under two scenarios.
  - o What will happen if Taos County improves economic development strategies that foster unique industries with better paying jobs by 2018?
    - Growth of middle income employment base through an emphasis on recruiting and supporting *professional and business, healthcare and education services*
    - Result: Estimated demand for **250** low-income units (monthly costs <\$850) by 2018.
  - o What will happen if Taos County does nothing to change current Taos economy?
    - Continued growth of *low income employment in hospitality and construction.*
    - Result: Estimated demand for **1,500** low income units by 2018.
- The current demand for affordable homes and rentals is at a crisis level. The following chart taken from page 27 of the Report demonstrates:

**Table 10: Housing Affordability in Taos County – Household Income and Home Sales Values**

Household Income	Income Statistics from ACS			Computed	Computed	Housing Sales Statistics from MLS		
	Cumulative Number of Households	Percent of Households	Cumulative Percent of Households	Monthly Housing Budget	Maximum Affordable Home	Cumulative Number of Home sales	Percent of Home Sales	Cumulative Percent of Home Sales
Less than \$10,000	1,368	12%	12%	\$250	\$35,114	-	-	-
\$10,000 to \$14,999	2,081	6%	18%	\$375	\$52,668	3	0%	0.2%
\$15,000 to \$19,999	2,765	6%	23%	\$500	\$70,225	23	1%	2%
\$20,000 to \$24,999	3,854	9%	33%	\$625	\$87,782	50	2%	4%
\$25,000 to \$29,999	4,423	5%	37%	\$750	\$105,339	79	2%	6%
\$30,000 to \$34,999	5,384	8%	46%	\$875	\$122,896	116	3%	8%
\$35,000 to \$39,999	6,340	8%	54%	\$1,000	\$140,453	160	3%	12%
\$40,000 to \$44,999	7,459	9%	63%	\$1,125	\$158,010	215	4%	16%
\$45,000 to \$49,999	8,066	5%	68%	\$1,250	\$175,567	291	5%	21%
\$50,000 to \$59,999	8,701	5%	74%	\$1,500	\$210,681	411	9%	30%
\$60,000 to \$74,999	9,738	9%	82%	\$1,875	\$263,352	636	16%	46%
\$75,000 to \$99,999	10,544	7%	89%	\$2,500	\$351,137	960	23%	69%
\$100,000 to \$124,999	11,015	4%	93%	\$3,125	\$438,922	1,131	12%	82%
\$125,000 to \$149,999	11,478	4%	97%	\$3,750	\$526,707	1,225	7%	89%
\$150,000 to \$199,999	11,638	1%	98%	\$5,000	\$702,277	1,314	6%	95%
\$200,000 or more	11,825	2%	100%	>\$5,000	\$714,734+	1,382	5%	100%
<b>TOTAL / AVERAGE</b>		<b>100%</b>		<b>\$1,370</b>	<b>\$192,368</b>			

Sources: Household Income: U.S. Census Bureau, 2006-2008 American Community Survey 3-Year Estimates; Housing Sales: Taos County Association of Realtors, Multiple Listing Service (MLS). Calculations by UNM-BBER, 2010.

- Households with a monthly housing budget of up to \$875 constitute 46% of all households in Taos County (annual incomes of up to \$34,999). Home sale statistics in Taos County show that only **8%** of homes sold during that time were affordable for that monthly housing budget.
- In contrast, over half (**51%**) of homes sold during that time period were for household housing budgets of \$1,875 to \$3,125 per month (annual incomes of \$60,000-124,999).