7-1-2014

Increasing the Supply of Affordable Housing: Expanding Affordable Housing Policy in Albuquerque, NM.

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INCREASING THE SUPPLY OF AFFORDABLE HOUSING: EXPANDING AFFORDABLE HOUSING POLICY IN ALBUQUERQUE, NM

by

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THESIS

Submitted in Partial Fulfillment of the
Requirements for the Degree of

Master of Community and Regional Planning

The University of New Mexico
Albuquerque, New Mexico

July 2014

ACKNOWLEDGEMENTS

Completing this project was a major feat of accomplishment, more so than I could have ever predicted when I started graduate school 2 years ago. I wouldn't have been able to complete this project without the guidance of my thesis committee – Prof. Claudia Isaac, Prof. Moises Gonzales, and Michael Furze. I especially wouldn't have been able to complete this project without my mom – Sara Corry – going above and beyond to help me watch my kids and putting up with me never washing the dishes for a solid 4 months. And finally, without my kids being super patient with me for all these years in school, I would never have made it. Thank you everyone!

INCREASING THE AFFORDABLE HOUSING SUPPLY: EXPANDING AFFORDABLE HOUSING POLICY IN ALBUQUERQUE, NM

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ABSTRACT

Providing affordable housing in the United States involves coordination between the federal, state, and local levels of government. Local jurisdictions must ensure that all requirements are met in order to receive funding. In Albuquerque, NM, this includes the production of a Consolidated Plan to satisfy federal requirements, and an Affordable Housing Plan to satisfy state requirements. However, even when the requirements are satisfied, the amount of funding available is never enough to create enough housing to meet the needs of the population. The objective of this study is to show how the supply of affordable housing in Albuquerque can be increased, given the limited federal and municipal funding available. In order to accomplish this goal, two case studies – land reutilization corporations and cooperative housing - provided the guidelines for additional strategies to be incorporated into Albuquerque's existing affordable housing planning.

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PREFACE

"Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services…"- Article 25, Universal Declaration of Human Rights (UN, n.d.).

"To be a healthy community with a strong economic future, we must address the housing needs of the people who live in Albuquerque. Housing must become a top community priority."- 1993 Comprehensive Housing and Affordability Strategy for Albuquerque, NM (Department of Community Services).

Throughout the United States, housing costs are unaffordable to a large percentage of families. In the year 2012, 37% of households in the country spent greater than 30% of their monthly income on housing costs; half of those households spend greater than 50% (JCHS, 2012). The U.S., not unconcerned about households that can't afford housing at market rate, offers federal funding to local jurisdictions to assist in the creation of affordable housing. The Community Development Block Grant (CDBG) and the HOME Investment Partnerships grant are administered through the Department of Housing and Urban Development (HUD). In order to access this funding, a local jurisdiction, such as the City of Albuquerque, must prepare a 5-year consolidated plan, in which it determines who needs affordable housing most and where, and how best to spend federal funds to create it (Department of Community Services, 1993).

States may have additional regulations affecting the development of affordable housing. In the state of New Mexico, affordable housing development is not only affected by the federal funding requirements, it is also must comply with the requirements of the 2007 Affordable Housing Act (AHA). The AHA was produced to satisfy Article IX, Section 14 of the New Mexico State Constitution, commonly known as the Anti-Donation Clause (NMSA 6-27-3, 2007). The Anti-Donation Clause specifies that no land may be donated by any government in New Mexico to any private entity, except for education, job creation, veteran's assistance, medical services, and affordable housing. The requirements of the Constitution state that the local jurisdictions must determine the criteria by which this donation is made (Constitution of the State of New Mexico, 1911). The Affordable Housing Plan, with somewhat different requirements than the consolidated plan, is required by the State, through the AHA, for local jurisdictions using City funds to create affordable housing (NMSA 6-27-3, 2007).

Albuquerque, NM, has produced a consolidated plan since 1998[1] to receive federal affordable housing funds (City of Albuquerque, 1998). In 2006, the City established the Workforce Housing Trust Fund (WFHTF), an allocation of up to 8% of the General Obligation Bond issue, to also be used to the creation of affordable housing; this fund is also allocated in the consolidated plan (CABQ FCS, 2008). Over the years, developers have used affordable housing funding to develop a range of housing options: from single family homes, to mixed-income multi-family developments, to a nationally recognized community land trust. However, even after 2 decades of systematic housing plans and strategies, the same neighborhoods are experiencing high poverty rates and struggling to pay for their housing expenses, and 53% of the population is living in the 3 lowest income categories, with income ranges at or below 80% AMI (CABQ FCS, 2013).

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[1] The City of Albuquerque produced housing plans prior to 1998 that were not called consolidated plans. The HUD requirement prior to the consolidated plan was the Comprehensive Housing Affordability Strategy, or CHAS. A CHAS was produced in 1993, and functioned much the same way that the consolidated plan does today. (Department of Community Services, 1993).

In addition, both the federal and city funding is inconsistent, and has been reduced by 75% for the current 2013-2017 Consolidated Plan (T. Guerin, Personal Communication, 3/13/2014). If affordable housing is to be a priority in Albuquerque, the time has come to incorporate new strategies into the plan to increase the supply of affordable housing.

Increasing the Supply of Affordable Housing:

Expanding Affordable Housing Policy in Albuquerque, NM

PROBLEM STATEMENT

The objective of this study is to demonstrate how the supply of affordable housing in Albuquerque can be increased, given the limited federal and municipal funding available. The term "affordable housing" has many definitions. Households earning up to 95% of the area median income (AMI)[1] need financial assistance for affordable housing, according to the National Affordable Housing Act of 1990 (NAHA) (S. 556, 1990). The Workforce Housing Opportunity Act of Albuquerque, NM only prioritizes funding for households earning up to 80% of AMI, or the "workforce" of the city (City of Albuquerque, O-06-8). 95% AMI and the 80% AMI represent the highest income range in need of affordable housing, but the low ranges need particular assistance as well: rental housing for very low-income households is also a priority in the NAHA (S. 556, 1990).

The City of Albuquerque allocates funds to housing for all income ranges through 80% AMI through the Consolidated Plan, which sets funding priorities for affordable housing for a 5-year period. The Consolidated Plan is produced by the Community Development (CD) Division of the Department of Family and Community Services (T. Guerin, Personal Communication, 3/13/14). The specific goals for each 5-year plan are determined by studying demographics data from the US Census, taking visual surveys of neighborhoods to determine the condition of the housing stock, and engaging with local community members and organizations (CABQ FCS, 2013).

A comparison of Consolidated Plans from the earliest to the most recent demonstrates that providing affordable housing in Albuquerque is a daunting task. The demographics

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1 The NAHA actually states that the government will work to assist the production of housing affordable to low- to moderate-income households. The moderate-income range is defined by HUD as earning between 80% and 95% of AMI. (HUD GLOSSARY OF CPD TERMS)

analysis shows that there are a high percentage of households who are cost-burdened, or paying over 30% of their monthly income towards housing expenses, year after year. Cost-burden is clustered in specific neighborhoods, but is still prevalent throughout the city. In addition, certain subsets of the population - including hispanic households, small households, and veterans - are more likely to be cost-burdened (CABQ FCS, 2008; CABQ FCS, 2013). Funding for affordable housing is subject to reductions, and even at the highest amount, is not sufficient to eliminate the need (T. Guerin, Personal Communication, 3/13/14). Finally, the WFHTF requires political support for maximum funding, and while it can receive up to 8% of the General Obligation Bond allocation (or up to $10 million every 2 years), it can also receive $0 (K. Hildebrand, Personal Communication, 2/21/14).

While there are many challenges, Albuquerque has shown a committment to providing affordable housing for the past 2 decades. For example, the City has produced comprehensive housing plans since 1993. During some 5-year planning cycles, the recommendations focus largely on creating opportunities for homeownership (CABQ FCS, 2008). The 2013-2017 Plan focuses on multi-family rental housing as well as neighborhood revitalization as the most effective means to use the limited funds available (CABQ FCS, 2013). The plans are designed to be highly responsive to the needs of the community as determined by the planning process. In addition to the housing plans, Albuquerque has established, progressive affordable housing providers, such as Sawmill Community Land Trust (SCLT). SCLT not only provides both homeownership and rental housing opportunities for qualified low-income households, it also has greatly improved the total housing stock of the Sawmill neighborhood and improved a formerly blighted area (W. Patterson, Personal Communication, 2/19/14).

Despite these efforts, Albuquerque, NM has not exhausted every strategy to provide affordable housing. In other cities and states throughout the country, different strategies are successful. Two successful strategies - land reutilization corporations in Ohio, and cooperative housing in Wisconsin - were analyzed for this study as possible options for

Albuquerque's affordable housing strategy. In Ohio, legislation enabling land banking, the passive acquisition of land for local government, was amended to allow for land reutilization corporations (LRCs). LRCs act as an intermediary organization that enables the active transfer of vacant and foreclosed propeties to private owners who are able to purchase them at a low cost, perform any necessary renovations, and build their value with sweat equity[2]. (Fitzpatrick, 2009). In Ohio, LRCs do not have income restrictions attached to the properties; while they tend to serve low income households, anyone is able to purchase a house to renovate (G. Frangos, Personal Communication, 2/26/2014). In Madison, WI, the Madison Community Cooperative (MCC) is a cooperative housing federation, providing the cost- and time-saving benefits of shared living opportunities for dozens of Madison residents (Madison Community Cooperative (a), 2013).

The LRC model and the cooperative housing model both hold promise for Albuquerque, however, the LRC model has fundamental challenges to its applicability in NM. However, these challenges highlight not only the complexity of providing affordable housing, but also how that process differs state to state and the challenges of applying external models to a local situation. While the basic structure was determined to not apply, the case study is still presented in order to learn any lessons that seem relevant.

OBJECTIVE

As stated, the objective of this study is develop additional strategies to increase the supply of affordable housing in Albuquerque, given the limited federal and municipal funding available. The means to reach this objective are twofold: determine the applicability of the case studies in Albuquerque, and determine what best practices can inform affordable housing development to provide a new model for Albuquerque. Strategies regarding the creation of LRCs were drawn from the land bank legislation, and those

2 Sweat equity is defined by Investopedia as "(...)the ownership interest, or increase in value, that is created as a direct result of hard work by the owner(s)." (Investopedia, n.d.)

regarding the operation of LRCs were drawn from the Cuyahoga Land Bank, Ohio's pilot land reutilization corporation, located in Cuyahoga County (Fitzpatrick, 2009). Strategies regarding cooperative housing were drawn from the bylaws of the Madison Community Cooperative. In order to understand their functions as case studies, a brief description of each organization follows:

CUYAHOGA LAND BANK

The Cuyahoga Land Bank (CLB) is a government-purposed non-profit organization, enabled by statewide legislation to acquire vacant or tax-foreclosed properties before they go up for public auction. The penalties and interest accrued on these properties is used to fund the CLBs operations, and the properties themselves are either demolished or sold as-is on the condition that the purchaser is granted the deed to the property only after it is renovated and brought up to code. Properties are often sold for as low as $5,000 (Cuyahoga Land Bank (c), n.d.), so including the cost of renovations, the property remains affordable. If the property must be demolished, the vacant lots can be purchased by the neighboring land owner for $100, or be aggregrated by the CLB to sell to a developer for a larger development, or be given to the municipality for use as a park or a community garden (Cuyahoga Land Bank (c), n.d.).

The Cuyahoga Land Bank was chosen as a case study because it offers options - wealth creation through sweat equity, scattered-site affordability, a consistent funding source - that are currently not well-established in Albuquerque. Upon final analysis, the funding and property acquisition methods enabled by Ohio state legislation and utilized by the CLB are not suited to the tax foreclosure process of New Mexico. However, the benefits to its operations listed could still be applied in Albuquerque through other means.

MADISON COMMUNITY COOPERATIVE

The MCC, a 501c3 non-profit organization, is a federation of 11 cooperative houses that houses around 200 people. This federation was formed in 1968 when 8 different cooperative houses joined together with the goal of serving low- to moderate-income families and underrepresented members of the population (Madison Community Cooperative (b), 2013). In the cooperative houses, as many as 30 residents from different families inhabit one house, sharing communal spaces, food costs and certain household and cooking duties. The decision-making for a house as well as the decision-making for the entire federation is accomplished by representative members of the house who serve on boards. (Madison Community Cooperative (a), 2013). The more individual cooperative houses a federation has, the more revenue it can generate through rent payments and equity, giving it a greater stability as an organization and a greater potential to purchase and manage more cooperative houses.

The Madison Community Cooperative has the potential to reduce the cost-of-living and the burdens and time constraints of managing a household. Since housemates share common spaces, the overall space needed for each resident is considerably lower compared to the same residents each living in separate single family homes, and therefore utility costs are more manageable. Additionally, cooperatives can make a positive impact on the schedules of residents: with responsibilities like childcare, meal preparation, and cleaning often shared, residents are able to devote time to working or attending school with less stress.

OUTCOME AND DELIVERABLES

The Consolidated Plan, in accordance with the requirements set forth by HUD, must be updated every 5 years. The current consolidated plan regulates the period between 2013 and 2017; the next plan will address the years 2018-2022. The Affordable Housing Plan has been required since 2007, and must be produced whenever government resources are used towards providing affordable housing. The establishment of the WFHTF ensures that Albuquerque must meet this additional requirement. Albuquerque satisfies its requirements for the Consolidated Plan and the Affordable Housing Plan in the same document, still called the Consolidated Plan. The outcome of this study is recommendations for additional affordable housing development strategies in Albuquerque to be incorporated into the 2018-2022 Consolidated Plan in order to expand the supply of affordable housing.

METHODOLOGY

RESEARCH QUESTION

How can additional affordable housing strategies maximize the potential of the limited affordable housing funds available to the City of Albuquerque be used to create a measurable increase in the affordable housing supply?

METHODS

INTERVIEWS

Interviews with professionals in the field of affordable housing development, policy, advocacy, and other programs were integral to this study. One constraint of the study design was that there was not sufficient time for all affordable housing developers currently working in Albuquerque to be interviewed. This would have provided a much more in-depth picture of the affordable housing landscape of Albuquerque than is currently presented. However, due to lack of time during the interview process, this was not possible to accomplish. This constraint does not, in the opinion of the researcher, compromise the research, or in any way detract from the recommendations which are presented. It should be noted though, that while some more detailed background is presented on 2 affordable housing developers in Albuquerque - Sawmill Community Land Trust and the Greater Albuquerque Housing Partnerhsip - these are in no way meant to represent the breadth of development of affordable housing happening in Albuquerque today. Detailed background on SCLT in particular is provided due to its relevance to the ultimate recommendations.

The following interviews were conducted to develop a background understanding of the material and to create sound recommendations.

Thea Guerin: ***Planner, Department of Family and Community Services, Community Development Division.*** All planning and funding for affordable housing development in Albuquerque is managed by the Community Development (CD) Division of the Department of Family and Community Services. Because the plans are produced by the CD Division, the narrative in the plans is able to provide a good indication of the processes used to create the plans. However, daily operations and institutional constraints that affect the production of the plans and the provision of funding are not obvious through this narrative, and were necessary to discuss with a planner directly involved with these issues. Ms. Guerin was able to provide insight into the mission and purpose of the CD Division as well.

Nicole Sanchez-Howell: ***Program Manager, New Mexico Mortgage Finance Authority.*** The NM MFA, as a state-wide organization, deals with state-wide regulations and policies. One such policy is the Anti-Donation Clause of the NM Constitution. This clause is an underlying constraint on all affordable housing produced through the government in NM, but because of its ubiquitousness, it is rarely explicitly stated as a constraint by housing professionals. Ms. Sanchez-Howell was able to provide the background information necessary to understand how the Anti-Donation Clause affects affordable housing provision in New Mexico, and how the NM Affordable Housing Act responds to this.

Wade Patterson: ***Executive Director, Sawmill Community Land Trust; board member, Albuquerque Affordable Housing Coalition.*** The SCLT is not only a key player in affordable housing provision in Albuquerque, it is also a nationally-recognized community land trust, and provides an alternative model for affordable housing development and management that has potential to be applied more broadly. Mr. Patterson provided an understanding of the history of the SCLT, its daily operations, and some of the institutional constraints it faces.

Louis Kolker: ***Executive Director, Greater Albuquerque Housing Partnership;***

board member, Albuquerque Affordable Housing Coalition: The Greater Albuquerque Housing Partnership (GAHP) is a long-standing affordable housing developer in Albuquerque. Mr. Kolker was able to explain the background and daily operations of the GAHP, which was used to understand the funding process for affordable housing developments in Albuquerque.

Kate Hildebrand: ***former housing planner, City of Albuquerque; board member, Albuquerque Affordable Housing Coalition.*** Historical information about the City's efforts to fund affordable housing development was a significant research component. As the first housing planner for the City of Albuquerque, Ms. Hildebrand was able to provide not only insight into this process, but also access to otherwise-inaccessible early housing plans.

Gus Frangos: ***President, Cuyahoga Land Bank***. Because the Cuyahoga Land Bank is the sole case study for this research, it was critical to develop the most thorough understanding of its operations possible. Mr. Frangos was able to explain this process as well as provide the baseline understanding for how the Ohio LRC legislation is applied in practice.

Pamela Klenk: ***Delinquent Accounts Manager, Bernalillo County Treasurer.*** Ms. Klenk helped to clarify the process for managing tax-delinquent properties in Bernalillo County as well as the budgeting process for the revenue accrued through property taxes, and their penalties and interest.

John Campbell: ***Title Examiner, New Mexico Property Tax Division.*** Mr. Campbell helped to clarify the NM tax foreclosure process. This was critical to understanding how the Cuyahoga Land Bank applies to Albuquerque as a case study, and to developing the final recommendations.

Claudia Isaac: ***Associate Professor, Communtiy and Regional Planning Program, UNM; board member, Albuquerque Affordable Housing Coalition; Committee Chair.*** As a long-time advocate for affordable housing, Prof. Isaac was able to clarify certain aspects of the political and administrative background for developing affordable housing in the City of Albuqerque.

POLICY AND INSTITUTIONAL DOCUMENTS

The current Consolidated Plan, as well three of Albuquerque's previous housing plans, provided a background into the City's historic approaches to affordable housing. When affordable housing strategies are based on legislation, then the legislation was read and referenced. Other documents in this category which were utilize included organizational bylaws and institutional documents for the case study programs.

DEMOGRAPHICS DATA

Data on median household income, poverty rates, cost burden rates, and property vacancies were retrieved from both the U.S. Decennial Census and the American Housing Survey (ACS), retrieved from the U.S. Census Bureau. Data regarding number and location of vacant housing units were taken from the 2010 Decennial Census. However, while data regarding median household income, poverty levels, and cost burden were available on the 2000 Decennial Census, the 2010 Decennial Census was greatly simplified and this information is now only available through the American Community Survey, and the 2012 ACS was used for this study.

SCHOLARLY ARTICLES

A timeline of United States housing policies and programs was created using academic articles and other scholarly materials. These sources also also helped to provide the theoretical frameworks that guided these strategies. Scholarly research also provided a context for the current housing situation through research into demographics and economic trends that shape the way residents of the United States are living.

REGARDING AFFORDABILITY MEASURES

Over the years, parameters have been established to define affordability in order to effectively determine housing needs and administer affordable housing funds. The most widely utilized measure of affordability is HUD's "30% of income" standard. The 30% of income standard is based on an assessment of all of the costs-of-living that a household is generally responsible for, and states that households that spend over 30% of their monthly income on housing costs – including rent/mortgage payments, utilities, etc. – are cost-burdened. By this measure, the remaining 70% or less income is not sufficient to afford all of the other necessary monthly expenditures. Like any standard, the 30% of income standard has its flaws: for example, there is evidence that while moderate- to high-income households have around 40% of income to utilize for housing costs, extremely low- to low-income households may have a far lower percentage of expendable income than even 30%. (Eggers & Moumen, 2008). However, despite its flaws, the 30% of income standard is the industry standard for determining how to allocate funds that are dedicated to providing affordable housing, and because of this, this standard will be utilized in this paper for determining the needs for affordability within the community. While there may be a more comprehensive way to make this assessment, that determination is beyond the scope of this study to develop.

LITERATURE REVIEW

The primary resources utilized to complete this study of affordable housing were interviews, housing plans, and federal, state, and local level policies and ordinances. However, scholarly articles provided a necessary foundation to understand historic federal responses to affordable housing provision, as well as the case study material regarding land reutilization corporations and land banks.

Federal responses to housing policy and programs required the most thorough research into scholarly material. The article "History Lessons for Today's Housing Policy: the Political Processes of Making Low-Income Housing Policy", by Alexander Von Hoffman (2012), discusses the historical background of housing policy in the United States with reference to mortgage assistance and public housing. In addition, it gives a lengthy background for the political decisions and undertones that affected housing at different times in United States history. This article was used primarily to get a sense of timeline of housing policy in the United States, and to understand which housing act (ie. the 1934 National Housing Act) created which intervention (ie. the Federal Housing Administration). In *Planning and Community Development: A Guide for the 21st Century* (2011), authors Norman Tyler and Robert M. Ward discuss the current condition of federal housing policy in the United States. This source was especially useful for understanding the origination and role of planning documents in the federal funding process for affordable housing.

Scholarly sources also provided a background understanding of the land reutilization corporation case study. "Revitalizing Foreclosed Properties with Land Banks", produced for the U.S. Department of Housing and Urban Development Office of Policy and Development Research (2009), discusses the circumstances that led to the creation of land reutilization corporations, how they originated from the traditional concept of land banking, and how these entities function. Land reutilization corporations, established through a government-driven housing intervention that has not yet happened in every state, are created when a governmental or non-profit organization is enabled through statewide legislation to acquire, rehabilitate, manage, or eventually sell foreclosed properties that may be deteriorating and abandoned. In "Understanding Ohio's Land Bank Legislation" (2009), author Thomas J. Fitzpatrick IV discusses in detail the legislation in Ohio that enabled the creation of the Cuyahoga Land Bank. This paper was critical not only in understanding complex and lengthy state legislation and how it directly applies to the operations of the case study, it also gave the necessary information to understand Ohio state policy, which differs considerably from that of New Mexico.

HISTORICAL CONTEXT

The local affordable housing conditions in Albuquerque are a product of federal level policy and funding regulations, national economic and demographic trands, state regulations, and local history. In order to make recommendations for expanding the supply of affordable housing in Albuquerque, these external factors must be understood. If not understood and addressed, any recommendations made are at risk of an unforseen conflict.

The historical context at the federal scale, state scale, and local scale follows.

FEDERAL: THE UNITED STATES

POLICIES

Affordable Housing Policy: The 1990 Cranston-Gonzalez National Affordable Housing Act (NAHA) is the most pertinent federal level policy regarding affordable housing today. The NAHA calls for not only financial assistance to households who are struggling with housing costs, but also for the expansion of the affordable housing stock in the United States. The primary objectives of the NAHA are to support the retention of existing housing units affordable to low-income families, the creation of additional units affordable to these families - particularly rental units for extremely low-income households, the assistance of non-homeowners to purchase a home, and the development of supportive housing for low-income families (S. 556, 1990). The NAHA requires that local jurisdictions establish their compliance with these goals by requiring the production of the Consolidated Plan. Without producing a Consolidated Plan, local jurisdictions are unable to access federal grant funding (Department of Community Services, 1998). The NAHA also established the HOME Investment Partnerships program (HUD (b), n.d.), one of the most critical grants supporting affordable housing today[3] (T. Guerin, Personal

3 HOME, along with other federal grant funding, is discussed on page 15.

Communication, 3/13/14).

Department of Housing and Urban Development: The Department of Housing and Urban Development (HUD) is the federal agency that oversees affordable housing programs in the United States. HUD was founded with the Housing and Urban Development Act of 1965 to centralize federal programs and funding related to housing development and assistance (Von Hoffman, 2012). HUD administers federal grant funding to local jurisdictions (Department of Community Services, 1998), and therefore is highly involved with the provision of affordable housing across the country.

Mortgage Support and Protection: The NAHA and HUD both clearly impact affordable housing development today. However, prior to the establishment of HUD in 1965, the United States explored two primary methods for providing affordable housing: one method was safeguarding mortgage options, the other was public housing.

The 1934 National Housing Act was passed in order to promote economic development and private industry through expanding mortgage options for U.S. households. (Von Hoffman, 2012). It established the Federal Housing Administration (FHA) and laid the groundwork for the Federal National Mortgage Association (FNMA) (Sale, 2009). Prior to the Great Depression, homeownership was increasing amongst U.S. families, despite the typical 5-year time frame of mortgages that resulted in costly loan payments. During the Great Depression, these homeowners began to default on their loans and the U.S. experienced a wave of foreclosures. The FHA and FNMA were created to safeguard mortgages and make them widely available to U.S. families by extending the time frame to 30 years (Sale, 2009). With an increasing number of households able to purchase homes, an increasing number of housing units were required. Expanding mortgage availability was also pursued by the federal government in part to spur economic development by creating jobs in the construction industry. (Tyler & Ward, 2011).

The Servicemen's Readjustment Act of 1944 was also critical to the federal homeownership agenda. This act became better known as the G.I. Bill when it was amended in 1945. As WWII ended and U.S. servicemen returned home, there were not enough housing units necessary to housing the sudden population influx, and the country faced a massive housing shortage. The G.I. Bill enabled the development of housing units by assisting returning servicemen of broad income ranges in obtaining mortgage financing, and thereby ensuring the newly-constructed housing units could be filled (Von Hoffman, 2012).

Public Housing: In contrast to the National Housing Act of 1934, the U.S. Housing Act of 1937 provided an alternative means to improve the housing options of the working class by establishing the first public housing program (Von Hoffman, 2012). Public housing strategies are not discussed in this study. However, the experience with public housing not only helped to solidify the federal government's current affordable housing stragegies, it also shaped the U.S. public's attitudes towards affordable housing. Because of this, public housing merits some further discussion.

PUBLIC HOUSING

While the first permanent public housing program was established with the U.S. Housing Act of 1937, a trial program was established in 1933 with a public works bill. Like the FHA, public housing was established in response to the Great Depression, but as an alternative to supporting mortgage options and private development. The initial concept for public housing, developed by housing reformers, was signed into policy well before the movement had time to gain widespread public support. This concept included not only low-income housing, but also housing developments for the middle class. However, the diversity (and disagreement) of supporters of the 1937 Act resulted in this vision being effectively reduced to slum clearance. Still, after the Act was passed, and the United States Housing Authority was created in order to manage the local public housing programs, both local officials and working class residents saw promise in this new housing system and supported the projects (Von Hoffman, 2012).

The reality of public housing as it developed in the United States was a far cry from the promise of its beginnings. Shortly after its implementation, the United States Housing Authority, fearing that a lack of clear direction would derail the funding support for the local public housing projects, established a comprehensive list of restrictive regulations for project development. Among the items regulated were construction costs for developments, which resulted in the characteristic towering modernist utilitarian buildings that public housing is still known for today. Because the projects were developed to serve low-income populations, and income levels were already largely stratified by race, middle-income areas which were predominantly white did not support housing low-income black families in their neighborhoods (Von Hoffman, 2012). These bureaucratic restrictions and prevailing public attitudes of mistrust and racial discrimination never improved, and public housing today has mostly been abandoned as a viable option to providing affordable housing as a result. (C. Isaac, Personal Communication, 3/23/14). This, in turn, has resulted in the predominance of privately developed, grant funded affordable housing today.

FUNDING

Federal level funding is critical to the development and maintainance of affordable housing even at the local scale. The Community Development Block Grant and HOME Investment Partnership funds are the most critical funding sources made available by the production of a Consolidated Plan. The Low Income Housing Tax Credit, a federal program administered at the state level, is another widely used funding source for affordable housing (JCHS, 2012).

Community Development Block Grant (CDBG): The CDBG was introduced with the Housing and Community Development Act of 1974. This grant allocates funding to be used at the local scale for community development purposes. These purposes may include public projects and infrastructure as well as affordable housing development; the relative importance of each is determined by the jurisdiction receiving the funds. Despite this flexibility, the CDBG has been utilized in the creation of affordable housing since its inception (Tyler & Ward, 2011).

HOME Investment Partnerships Program: The HOME program, established with the NAHA in 1990, is also a block grant that can be used for multiple purposes. Unlike the CDBG, those purposes are more directly related to developing housing units. Participating jurisdictions can use these funds in order to develop or rehabilitate affordable housing, remove derelict housing, or provide rental assistance (HUD (b), n.d.). One of the requirements of receiving HOME funding is that 15% of that funding must go to a Community Housing Development Organization, or CHDO (discussed on page 17).

Low Income Housing Tax Credit (LIHTC): The LIHTC was established with the Tax Reform Act of 1986. The LIHTC provides a mechanism for wealthy persons and corporations to donate money to the construction costs of affordable housing developments in exchange for a tax credit (Macedo, 2009). It is one of the most important sources of funding for affordable housing developers today, particularly because traditional funding sources for development are extremely difficult to access following the mortgage finance collapse (L. Kolker, Personal Communication, 2/25/14).

COMMUNITY ENGAGEMENT AND DEVELOPMENT

Community engagement is an important component of determining the most critical needs for affordable housing. The NAHA mandates that participating jurisdictions must engage with the non-profit development sector to make these determinations (S. 556, 1990). In Albuquerque, the Community Development Division engages not only with non-profits, but also city residents through surveys and focus groups (CABQ FCS, 2013). Community organizations, including Community Development Corporations (CDCs) and Community Housing Development Organizations (CHDOs), frequently provide a bridge between local government and community members.

Financial Support for Planning Documents: The federal government first supported the use of planning documents to address housing needs in 1954, with the Housing Act of 1954. This Act established a fund-matching program for jurisdictions with a comprehensive plan that included a housing component. It guaranteed 50% matching federal funds to state funds to participating jurisdictions (Tyler & Ward, 2011). Today, that federal funding is tied to the CDBG and HOME grants primarily, and the necessary plan has become the more housing-specific Consolidated Plan, but the basic principle of accessing federal funding through planning documents remains.

Community Organizations: Community organizations were involved in providing housing long before their relationship was formalized by the federal government. Civil societies in the early 1900s, which helped to organize housing cooperatives for workers and immigrant groups, are an early example (Sazama, 2000). During the 1960s, community and non-profit involvement in the development of affordable housing began to grow. Community Development Corporations (CDCs), first established as grassroots community organizations, became major influences in low-cost housing at this time. The Housing and Community Development Act of 1970 enabled bank-owned CDCs, which formalized the ties of CDCs to the federal government. CDCs created an alternative to public housing at time when the depths of mismanagement of this government-owned housing, resulting in a widespread mistrust of public housing developments, became widely known (Macedo, 2009).

CHDOs are non-profit organizations focused on developing affordable housing. They were established in 1993, when the U.S. Congress passed legislation to support shifting the development of affordable housing from the public sector to the private sector (HUD (b), n.d.). In order to be considered a CHDO, 30% of the board of directors of the organization must represent low-income neighborhoods as residents or elected officials of these neighborhoods, or as low-income persons (L. Kolker, Personal Communication, 2/25/14).

MORTGAGE FINANCE COLLAPSE

Any previously established attempts to support affordable housing prior to 2007 have faced a monumental hurdle. The mortgage finance market collapsed due to risky investments by national lenders in late 2007[4], which sent millions of homes into foreclosure and greatly exacerbated the need for affordable housing nationwide. As these households in foreclosure have been forced from the homeownership market, the number of people seeking to rent has increased, which rapidly increased the demand for rental housing without immediately increasing the supply. This has led to an increase in the cost of rents nationwide. Whereas rental housing was once a reliable option for those who were unable to afforde a mortgage, this increase in demand has limited rental as an affordable housing option (JCHS, 2012).

Housing and Economic Recovery Act (HERA): The Housing and Economic Recovery Act was passed in 2008 as a response to the mortgage finance collapse. It sought to deal with the proliferation of foreclosed and abandoned properties, and among other things expanded the power of land banks (now established in several states) to acquire properties through mortgage foreclosures as well as tax foreclosures (HUD PD&R, 2009).

CHANGING DEMOGRAPHIC CONDITIONS

In addition to direct influences of policy and funding at the federal level, nationwide changes in demographic conditions also influence the need for affordable housing in Albuquerque. First, household sizes have been decreasing. Between 1960 and 2005, household size decreased from 3.33 persons per household to 2.57 persons per household, and in 2000, 26% of households contained only one person. This trend towards smaller household sizes has increased the number of housing units needed to serve the nation's population (Macedo, 2009). Second, cost-burdenend households are becoming prevalent across the country. In 2012, 37% of households in the United States were considered cost-burdened, and half of those were paying more than half of their income towards housing costs, or "severely cost-burdened". Third, there is an increasing demand for affordable

4 While the author recognizes that understanding the mortgage finance collapse is critical to understanding the housing situation in the United States today, the complexities of this event are well beyond the scope of this paper to discuss, and not relevant to this research. Therefore, only the relevant information will be noted.

housing units. Approximately 5.1 million new units are needed to fill the demand for affordable rental housing, and, factoring in immigration as well as current size and age structure of the population, there are projected to be at least 1.18 million new households per year for the next decade. Finally, only ¼ of low income households are currently receiving federal assistance, demonstrating that there is a considerably greater need for affordable housing assistance than the current system is able to provide (JCHS, 2012). These conditions, taken together, indicate that the need for affordable housing units throughout the nation will only increase, while funding to create these units struggles to keep up.

STATE: NEW MEXICO

State specific policies and regulations also affect the development of affordable housing at any local scale. New Mexico has a key state-specific regulation that pervades affordable housing policy and development: the Affordable Housing Plan, which is a response to the Anti-Donation Clause in the NM Constitution (N. Sanchez-Howell, Personal Communication, 3/20/2014).

ANTI-DONATION CLAUSE

The Anti-Donation Clause (NM State Constitution, Article IX, Section 14) regulates land that local government may wish to donate to any private entity. It was written in order to prevent wealthy land owners from donating land to themselves while serving in public office, and it states that the only acceptable donations are to be used for education, veterans' needs, student loan programs, health clinics, and affordable housing (Constitution of the State of New Mexico, 1911). The Anti-Donation Clause is an underlying consideration to affordable housing in Albuquerque, and local governments must comply with this regulation whenever using municipal funds to reduce the cost of land or property to support affordable housing needs. Participating jurisdictions comply with the Anti-Donation Clause by providing an Affordable Housing Plan, which is required by the Affordable Housing Act (disucssed further on page 21) (N. Sanchez-Howell, Personal Communication, 3/20/2014).

Affordable Housing Plans: The state of NM ensures that local jurisdictions comply with the Anti-Donation Clause by requiring the production of an Affordable Housing Plan. These plans demonstrate what housing needs within the jurisdiction are critical to address, where those needs may be located geographically, and whether or not there are any barriers to developments that would address those needs in those areas. (N. Sanchez-Howell, Personal Communication, 3/20/2014).

NEW MEXICO MORTGAGE FINANCE AUTHORITY (NM MFA)

The New Mexico Mortgage Finance Authority produces a state-wide Consolidated Plan and approves Affordable Housing Plans, but the role of the NM MFA around the state depends on whether a local jurisdiction is an entitlement community or a non-entitlement community. An entitlement community is able to apply directly to HUD for affordable housing funding through the production of a consolidated plan. Albuquerque is one of three entitlement communities in New Mexico, the other two being Santa Fe and Las Cruces. The rest of the state belongs to non-entitlement communities, which do not apply directly to HUD for funding, but rather receive funding on a project-by-project basis from the NM MFA, which the NM MFA receives from HUD through formula allocations. This money is available to non-profit agencies that provide housing services in these communities through an RFP process. As Albuquerque is an entitlement community, this process does not apply (N. Sanchez-Howell, Personal Communication, 3/20/2014). The NM MFA also administers the LIHTC to affordable housing developers on a project-by-project basis through a competitive grant application process (K. Hildebrand, Personal Communication, 2/21/2014).

LOCAL: ALBUQUERQUE

POLICY

Affordable housing in Albuquerque is regulated by policy produced at the federal, state, and local scales:

Federal: NAHA: Prior to the passage of the NAHA in 1990, HUD required participating jurisdictions to complete the Housing Assistance Plan (HAP). The HAP was a short document that did not require a significant community effort to produce (K. Hildebrand, Personal Communication, 2/21/2014). When the NAHA passed, this requirement expanded to the more thorough 5-year Comprehensive Housing Affordability Strategy (CHAS). Not only did this document address housing and homelessness services, it also expanded funding options for affordable housing development with the introduction of the HOME Investment Partnerships Program (Department of Community Services, 1993; HUD (c), n.d.). The first CHAS was submitted in 1992, but following the release of new census data, a second CHAS was published in 1993 (Department of Community Services, 1993). In 1994, the HUD requirement once again changed from the CHAS to the Consolidated Plan (K. Hildebrand, Personal Communication, 2/21/2014).

State-wide: Affordable Housing Act: The Affordable Housing Act addresses the provision of affordable housing throughout the state of New Mexico by setting parameters for local jurisdictions to comply with the Anti-Donation Clause. Any time land or property is sold or given away at any rate below fair market value is considered to be a donation. In order to donate to an affordable housing project, the donating jurisdiction must create an ordinance. This ordinance is submitted to the NM MFA for review; it must justify why the donation is being made, and must give the requirements expected of the qualifying grantee. In addition to the ordinance authorizing specific projects, the jurisdiction must also have a qualifying Affordable Housing Plan, which will show the need for affordable housing development, the goal of how said housing will be developed, and any barriers to its creation (N. Sanchez Howell, Personal Communication, 3/20/14).

Local: Workforce Housing Opportunity Act: The Workforce Housing Opportunity Act was passed in 2006. This Act provided the mechanism for the City to administer the also newly-establish Workforce Housing Trust Fund (WFHTF) (City of Albuquerque Workforce Housing Opportunity Act, O-06-8). While the WFHTF can be allocated up to 8% of the G.O. Bond issue, it received only 2.7% during the last cycle (K. Hildebrand, Personal Communication, 2/21/2014).

PUBLIC HOUSING

While not in the scope of this study, the trajectory of public housing in Albuquerque should be noted because it shapes the current affordable housing situation. Prior to 1985, the City of Albuquerque primarily provided affordable housing through public housing, which faced a widespread lack of public support (K. Hildebrand, Personal Communication, 2/21/2014). As previously noted, public housing at the national level was fraught with problems, and due to both real and perceived shortcomings, public housing at the local level was nearly impossible to build as a result of neighborhood opposition (K. Hildebrand, Personal Communication, 2/21/14).

In 1985, when the Department of Housing and Community Development hired its first housing planner, there was a public housing developer on staff. By the 1990s, all efforts to develop public housing were derailed due to a lack of community support for public housing developments, and the money received through HUD for its development had to be returned. Until recently, a division of the City managed existing public housing, but recently, the Albuquerque Housing Authority, an independent entity with its own board of directors, was created for this purpose (K. Hildebrand, Personal Communication, 2/21/2014).

Public housing has always been treated as separate from the creation of privately-owned affordable housing, and it is indeed very different to manage and fund. However, the availability of one affects the need for the other. As public housing is not readily available, privately developed affordable housing has had to fill a greater need than it would with this option in place.

NON-PROFIT AFFORDABLE HOUSING

CHDOs in Albuquerque: CHDOs were first established in Albuquerque when HOME funding was first introduced in 1990. The City determined that establishing one city-wide CHDO would be the most effective way to utilize this dedicated funding source, and established the Greater Albuquerque Housing Partnership (GAHP) to fill this role. The GAHP is still a prominent developer of affordable housing in Albuquerque today, although the Sawmill Community Land Trust has become a CHDO as well (L. Kolker, 2/25/2014).

The development patterns of the GAHP give an indication of changes in affordable housing development throughout the city. Prior to 2008, the GAHP focused largely on developing single-family owner-occupied housing, but due to changing housing trends and the 2008 mortgage finance collapse, the GAHP has had to modify its strategy since its inception. Following 2008, the demand for owner-occupied homes plummeted because families were unable to obtain financing to purchase them, and the strategy among most affordable housing developers has been to focus on rental housing. Since 2008, the GAHP has developed 2 large multi family complexes – Plaza Feliz in the International District and Plaza Ciudaña in the Santa Barbara Martineztown area (L. Kolker, Personal Communication, 2014).

In contrast with the majority of affordable housing developers, Sawmill Community Land Trust has remained a long-standing model for promoting affordable homeownership since the late 1990s. The process of establishing SCLT began in 1986 with the creation of the Sawmill Advisory Council. This organization was created by members of the Sawmill community in response to an environmental contamination issue in their neighborhood. When the City purchased a former manufacturing site for remediation, the Sawmill Advisory Council worked to make sure that not only was this remediation done properly, but also that the land was put to the most beneficial use for the community. A community land trust was determined to be that best use (W. Patterson, Personal Communication, 2/19/14).

Land Trusts: A community land trust provides permanently affordable housing by maintaining stewardship over land in order to prevent it from experiencing property tax increases. A land trust owns the land on which housing units are built, and potential homeowners are able to purchase the housing unit, but must lease the land it sits on from the land trust. The land trust model depends on a non-profit organization to hold land in trust and lease it in perpetuity, fixing the cost of the land so that it isn't subject to the skyrocketing increases experienced in gentrifying areas (Bagdol, 2013).

The concept of land trusts first emerged in the 1972 to preserve agricultural land, and the strategy was quickly applied to preserving affordable urban residential land (Bagdol, 2013). The urban variation took hold throughout the country, and according to the 2010 National Land Trust Census, there are 1,723 Land Trust organizations operating in the United States today (Land Trust Alliance, n.d.). The original thinking behind the land trust model was that as low-income areas revitalize and greater amenities are developed for residents like schools, work, and shopping, the increase in property values increases property taxes and prices the residents out of the neighborhood, and that the fixed property costs associated with the land trust model could combat this (Bagdol, 2013).

The Sawmill neighborhood is one of the older neighborhoods in Albuquerque, and has experienced disinvestment over the years. Its close proximity to the increasingly desirable downtown area makes it a potential target for gentrification; in 1995, the property value of 1 sq ft of undeveloped land was valued at $1.05, and within a decade that value had risen to $4.10, a nearly quadruple increase (Bagdol, 2013). SCLT provides opportunities for both rental housing and commercial space today, but was originally developed to provide permanently affordable owner-occupied housing. Land trusts are, in fact, uniquely situated to develop owner-occupied properties for low-income families because they are able to offer families additional support in the form of mortgage counselling and third party loan assistance as a result of their stewardship role over the property (W. Patterson, Personal Communication, 2/19/2014).

DEMOGRAPHIC AND MARKET TRENDS

An indication of demographics trends among the population of Albuquerque, as well as market trends in the city's housing stock, can be determined by information presented in the City's housing plans. The dependence on rental housing among the lowest income populations has been a critical issue throughout the years, as has the prevalence of cost burden. In 1993, 74% of the 0-30% AMI households and 64% of the 31-50% AMI households were living in rental housing. At the same time, 66% of low- to moderate-income households were cost-burdened, but the percentage of rental households with cost-burdens was significantly higher than that of homeowners (Department of Community Services, 1993). In 1998, rental housing to serve low- and extremely low-income renters, particularly elderly renters, was still listed as the most critical housing shortage (CABQ, 1998). In 2005, a deficiency of affordable rental houisng was still one of the most common housing problems, with 11% of the population of Albuquerque earning below 30% of AMI. Cost-burden was the most common housing problem. Also at this time, household composition and size became a factor in housing need, with 46% of households in the extremely low-income range classified as "other" non-family[5] households (mostly one person households), with the second largest percentage occupied by small households. Other at-risk populations, as in previous years, were determined to be the elderly, and households with a disabled person (CABQ FCS, 2008).

When the 1993 plan was produced, the housing market in Albuquerque was experiencing a pent-up demand for both owner-occupied and rental housing. Home loans were lenient and easy to qualify for at this time, but extremely low vacancy rates meant that even if families could get a mortgage, it was difficult to find a home to purchase. In the rental market, the extremely low vacancy rate was driving rent costs up, and lack of

5 A non-family household is defined as a household with only 1 person or with additional individuals who are not related to the other individuals by either birth, marriage, or adoption (US Bureau of the Census, 1996).

homes available for purchase likely led, in part, to the disproportionate percentages of low-income rental households experiencing cost-burden. Increasing the rental supply for very low-income households was determined as the number one priority of the 1993 Plan (Department of Community Services, 1993).

Between 1993 and 1998, there were significant changes in the housing market. In response to the high demand for rental housing, and the availability of the LIHTC, several thousand new rental units were constructed during this period. This increase in supply, specifically that of affordable units, led to a reduction in rent costs overall. By 1997, the increase in rental units led to the vacancy rate of rentals increasing to 9.4%. While the supply of homes for purchase also increased following 1993, the demand for owner-occupancy was still far greater than the supply, leading Albuquerque to have one of the must unaffordable housing markets in the country. However, low interest mortgages and incentives to purchase a home meant that many people were still moving away from renting at this time and switching to homeownership (CABQ, 1998).

Place-Based Trends: Housing need in Albuquerque based on geographic region of the city has been recorded since the 1993 CHAS. The Southeast Heights, portions of the North and South Valley, as well as older areas of downtown were all determined to be low-income. While strategies specifically focused on these areas were not presented, it was noted generally that these areas would benefit most from the input of city resources for affordable housing development (Department of Community Services, 1993). The 1998-2002 Consolidated Plan initiated Albuquerque's use of Community Planning Areas (or CPAs) to prioritize community needs, a strategy of studying the city geographically which continues to this day (Department of Community Services, 1998).

The CPAs[6] divide the city into 10 geographic regions which were determined in consultation with community members, and represent "(…) the socially constructed geography of Albuquerque" (Department of Community Services, 1998). In 1998, four of

6 CPA boundaries are shown on Figures 1-4, beginning on page

the ten CPAs were determined to have the highest concentrations of low income residents, as well as 4 specific neighborhoods within 2 other CPAs. These were became the target areas for the 1998-2002 Plan's interventions: the Central Albuquerque CPA, which includes the neighborhoods of Barelas, Martineztown, South Broadway, and San Jose; the Near Heights CPA, which includes Trumbull and La Mesa, the North Valley CPA; the Southwest Mesa CPA, as well as the Singing Arrow and South Los Altos neighborhoods in the East Gateway CPA, and the Alta Monte/Montegomery Heights and the Montegomery/I-25 area in the Mid Heights CPA. (CABQ, 1998).

The 2008 Plan continued to determine housing needs based on geographic region, introducing disinvestment (more capital leaving the neighborhood than being returned to it) and gentrification (higher-income residents displacing original low-income residents during reinvestment) as further issues to address. Neighborhoods throughout Albuquerque were studied through a windshield survey to determine the quality of the housing stock, to see what areas were experiencing deterioration of structures, and through this which areas were at risk for disinvestment or gentrification. The windshield survey identified the neighborhoods of San Jose, La Mesa, and Snow Heights as having over 50% of housing units experiencing deterioration, Bel Air and McKinley with 47% of units, the Near North Valley, Princess Jean, and West Mesa in the 40% range, and Taylor Ranch and Singing Arrow in the 10% range.[7] In response to these conditions, the CD Division created specific recommendations that would be applicable to either disinvested neighborhoods or potentially gentrifying ones. Neighborhoods prone to disinvestment could benefit through lease purchases, acquisition/rehab, land banking, and land trusts, while neighborhoods at risk for gentrification would most benefit from a scattered site land trust, property tax relief, land banking, rental coops, and land trusts (CABQ FCS, 2008).

7 The windshield survey taken for the purposes of this plan only surveyed single family homes, so in neighborhoods with high concentrations of multifamily properties (such as Singing Arrow in the East Gateway CPA), the results may not entirely reflect the levels of deterioration in the neighborhood (CABQ FCS, 2008).

CONSOLIDATED PLANS

The analysis and recommendations in the Consolidated Plans are organized into 2 overarching strategies: needs are determined on the one hand by analyzing the population sectors with the greatest need, and on the other hand based on the areas of the city, or "target areas" with the highest concentrations of housing problems. Funding is prioritized so that either those populations/areas with the most critical need are addressed, or the populations/areas where the greatest long-term impact on the overall need for affordable housing will be served via cumulative, long-term change.

1993 Comprehensive Housing Affordability Strategy. The 1993 CHAS[8] represents an early effort by the City to support affordable housing creation by the private sector. This is apparent for two reasons. First, the CHAS still emphasizes new public housing construction, although the City was challenged to meet these goals due to stiff neighborhood opposition (Department of Community Services, 1993). Secondly, the plan notes that, at the time of publication, there were virtually no homes in Albuquerque being produced by the private sector for low-income residents. However, with the passing of the NAHA in 1990 and the creation of the HOME Investment Partnerships program, participating jurisdictions now had a push to pursue this type of housing provision, and Albuquerque made a strategic effort at this point to develop this new affordable housing market (Department of Community Services, 1993).

The 1993 CHAS established some ambitious goals for the provision of affordable housing. The plan called for the development of 3,222 housing units to serve low- to moderate-income residents. It also supported updating and maintaining the existing 14,299 already serving the City's low- to moderate-income residents. Additionally, there were 350 units planned for special needs households, first-time homebuyer's assistance for an intended 150 households, and 200 units for homeless housing (Department of Community

8 As the precursor to the Consolidated Plan requirement, the CHAS required much of the same data, to the extent that the recommendations developed in the CHAS are comparable to the Consolidated Plans of subsequent years.

Services, 1993).

The CHAS did not explicitly address subsectors of the population with strategies tailored to their specific needs, but rather called for extensive expansion of the affordable housing stock. However, population subsectors experiencing the greatest problems were identified nonetheless. Large family rental households, elderly renters, disabled persons, and families with children under 5-years-old (particularly female-headed households) were the subsectors with the greatest need at this time (Department of Community Services, 1993).

1998-2002 City of Albuquerque Consolidated Plan. The Consolidated Plan effectively requires the same information as the CHAS, but with a more thorough background information analysis. The 1998-2002 Consolidated Plan also marks the introduction of Community Planning Areas (CPAs) as a tool to analyze the housing needs geographically. The primary strategies in the 1998 Plan include the overall goal of creating new units, providing down payment assistance for low-income families, and creating neighborhood stabilization through homeownership in low-income neighborhoods. In addition, specific recommendations include increasing the resident population of the Central Albuquerque CPA by retaining and expanding the affordable housing stock in the area while attracting more middle income residents, rehabilitating and developing owner-occupied homes in the North Valley CPA, retaining and attracting middle-income residents in the Southwest Mesa CPA, and rehabilitating affordable rental housing while increasing and improving the owner-occupied stock in the Near Heights CPA (CABQ, 1998).

2003-2007 Consolidated Plan. While a 2003-2007 Consolidated Plan was produced, as evidenced by its being referenced in the Workforce Housing Opportunity Act, this document proved to be unavailable via either hard copy or electronic version during the research process.

2008-2012: Albuquerque, NM 5-Year Consolidated Plan and Workforce Housing Plan. While the 2003-2007 Consolidated Plan was not reviewed, it can still be stated with confidence that the 2008-2012 5-year Consolidated Plan and Workforce Housing Plan was a departure from previous plans. The reasons for this are twofold: the City of Albuquerque Workforce Housing Opportunity Act was approved in 2006, and the NM Affordable Housing Act was approved in 2008. The Workforce Housing Opportunity Act set priorities for the City to address the housing needs of the workforce, or households earning 80% or below AMI, through the creation of the Workforce Housing Trust Fund (WFHTF). In order for housing developers to qualify for WFHTF money, their development would have to dedicate at least 30% of units to remain permanently affordable to households earning 80% or less than AMI. Prior to the establishment of the WFHTF, the City made limited monetary investments into affordable housing. After the Workforce Housing Opportunity Act was passed, the Consolidated Plan would not only address HUD requirements, but also the provision of WFHTF funding (CABQ FCS, 2008). The NM Affordable Housing Act requires the production of the Affordable Housing Plan, and the 2008 Plan is the first plan to meet this requirement. Workforce Housing Plan portion of the 2008-2012 Consolidated Plan acts as the Affordable Housing Plan for Albuquerque (N. Sanchez-Howell, Personal Communication, 3/20/2014).

The priority of the 2008-2012 Plan was the creation of workforce housing. The plan specifically addressed the low- to moderate-income ranges, supporting 2,250 housing units with minor home repairs, 75 households with down-payment assistance for first-time home buyers, and the development of 190 new homeownership units. However, other populations were also addressed, with 200 rental units to be developed for very low-income households, independent living assistance for 4,000 elderly households, and the rehabilitation of a small number of declining and condemned properties, including converting some of the older hotel stock on Central Ave. into Single Residency Occupancy units (CABQ FCS, 2008).

EXISTING CONDITIONS

AGENCY OVERSIGHT

Affordable housing planning and development is primarily regulated through the Community Development Division of the Family and Community Services Department, but is subject to the oversight of the NM MFA to review housing plans, of the mayor and city council of Albuquerque to approve the amount allocated to the WFHTF, and of citizen organizations to ensure that the needs of community members are being served.

FAMILY AND COMMUNITY SERVICES, COMMUNITY DEVELOPMENT DIVISION

The role of the CD Division is to find ways to help vulnerable populations at the neighborhood scale. The affordable housing section is one facet of the division as a whole. When working with affordable housing, the CD Division has two primary roles: produce the Consolidated Plan, and manage funding from HUD and the City. (Guerin, 2014).

The CD Division utilizes the Consolidated Plan to set funding priorities for not only HUD funding, as is required, but also for the WFHTF and any other city revenue that might be budgeted. As funding priorities are set, developers may access the funds through a competitive request-for-proposals (RFP) process. As a part of the RFP process, the CD Division also works with developers to ensure that city funds they receive will assist them in applying for the highly competitive LIHTC funding through the NM MFA. The CD Division engages with other government agencies, the non-profit sector, social service agencies, and community members during the plan's development to set the funding priorities. The development process also incorporates housing market analysis, demographics analysis through the census, and external research produced by organizations such as Bernalillo County Place Matters with detailed information on geographic disparities in the Albuquerque/Bernalillo County area (T. Guerin, Personal Communication, 3/13/2014).

NEW MEXICO MORTGAGE FINANCE AUTHORITY

The NM MFA regulates the state-wide requirements of the Affordable Housing Act (N. Sanchez-Howell, Personal Communication, 3/20/2014), and primarily serves an oversight role with the affordable housing process in Albuquerque.

ALBUQUERQUE CITY COUNCIL/MAYOR

The City Council of Albuquerque must approve the priority amount for the WFHTF, and even after approval that amount is subject to veto by the Mayor. This renders the fund's allocation strongly dependent on political support, and currently, the conservative City Council along with the Republican Mayor have not favored the high allocation amount of the WFHTF (C. Isaac, Personal Communication, 3/23/2014).

CITIZEN ORGANIZATIONS

Education is an important component of garnering public support for affordable housing projects and funding. Although affordable housing is critically needed for many residents of Albuquerque, this type of housing has been misunderstood and subject to public mistrust since the days of public housing projects. Citizen organizations dedicated to education can help to bridge the gap between the residents of Albuquerque and the city government. The Albuquerque Affordable Housing Coalition is one such organization. It comprises a group of several key players in affordable housing advocacy and development and works to educate the public and the City Council about the importance of funding affordable housing projects (K. Hildebrand, Personal Communication, 2/21/14).

AFFORDABLE HOUSING DEVELOPERS

Affordable housing developers are prevalent throughout Albuquerque. While a discussion of every affordable housing developer is not pertinent to this study, a summary of the current operations of Sawmill Community Land Trust follows, as it applies to the recommendations.

SAWMILL COMMUNITY LAND TRUST

Following the mortgage finance collapse, affordable housing developers have focused almost exclusively on developing multi-family rental housing. Sawmill Community Land Trust, however, has retained its focus on promoting affordable homeownership, while diversifying its operations into rental housing and commercial development. The full 93 single family owner-occupied homes from the original master plan have been constructed, and SCLT is currently focused on stewardship rather than new development of this housing type. Residents of SCLT must meet income qualifications to purchase a home. Once a home is purchased, the homeowner pays a mortgage to a private lender and pays a land lease payment for the land (W. Patterson, Personal Communication, 2/19/2014).

As part of the stewardship component, SCLT is involved with the resale of all homes to ensure that income qualifications of buyers are met. It also offers support to existing residents if they should fall behind on their land lease payment, and works with mortgage lenders to ensure the homeowner is not also behind on their mortgage payment. SCLT is also a HUD certified home-buying counselor to assist prospective homebuyers in determining if they are in a good position to purchase a home. If they aren't, SCLT can direct the future homeowner to one of their rental properties (W. Patterson, Personal Communication, 2/19/14).

DEMOGRAPHIC TRENDS

Data regarding poverty levels, median household income (used to determine area median income, or AMI), vacant housing units, and cost-burden were all accessed to understand how severe the need for affordable housing is, which areas of the city have the greatest need, and where the potential areas for greatest benefit are located.

PERCENTAGE OF AMI

Percentage of AMI is the most widely utilized income qualification for affordable housing. The City of Albuquerque specifically defines "workforce housing" as housing which serves households earning 80% or below AMI, the wage range held by the majority of the "workforce" of the city (City of Albuquerque, O-06-8). The 2013-2017 Consolidated Plan sets specific targets to create housing which serves those households earning 30% or below AMI, or the "extremely low-income", as these are the households most critically at risk for becoming homeless (CABQ FCS, 2013).

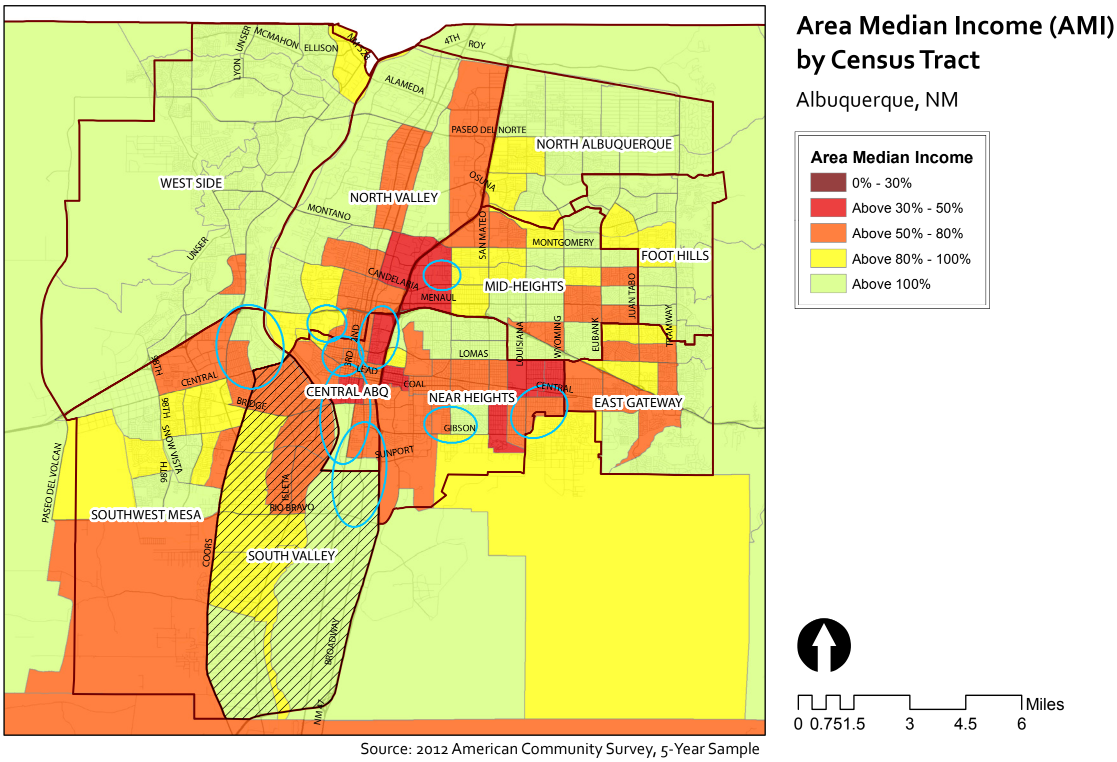


Figure 1: Percentage of Bernalillo County area median income by census tract.

Figure 1 displays the census tracts of Bernalillo County by their percentage of the county's median household income. The income range cut-offs widely utilized in housing studies are 30%, 50%, and 80% of AMI. The terms which define these income ranges are set by HUD and rarely explicitly defined in planning and housing documents. For this study (as well as the 2013-2017 Consolidated Plan), extremely low-income housholds are those earning 0%-30% AMI, very low-income households earn above 30%-50% AMI, low-income households earn above 50%-80% AMI, and moderate-income households earn above 80%-100% AMI.[9]

9 The "Moderate Income" range is actually defined by HUD as earning between 80% and 95% of

The lowest income range being experienced by any one census tract is the low-income range, but it is important to note that within a low-income census tract, there may be households in the extremely low-income range. There are 7 census tracts in this income range, located in the Near Heights, Central Albuquerque, Mid Heights, and North Valley CPAs, with the lowest income census tract in the Santa Barbara Martineztown area of the Central Albuquerque CPA. Within the municipal CPAs[10], approximately 1/3 are in either the extremely low- or low-income range, which indicates a need for affordable housing assistance. Among the target areas set by the City, Santa Barbara Martineztown, Alta Monte and surrounding areas, and Barelas experience the lowest percentage of AMI overall, with 36.6%, 49.6%, and 47% respectively (U.S. Census (a), 2012).

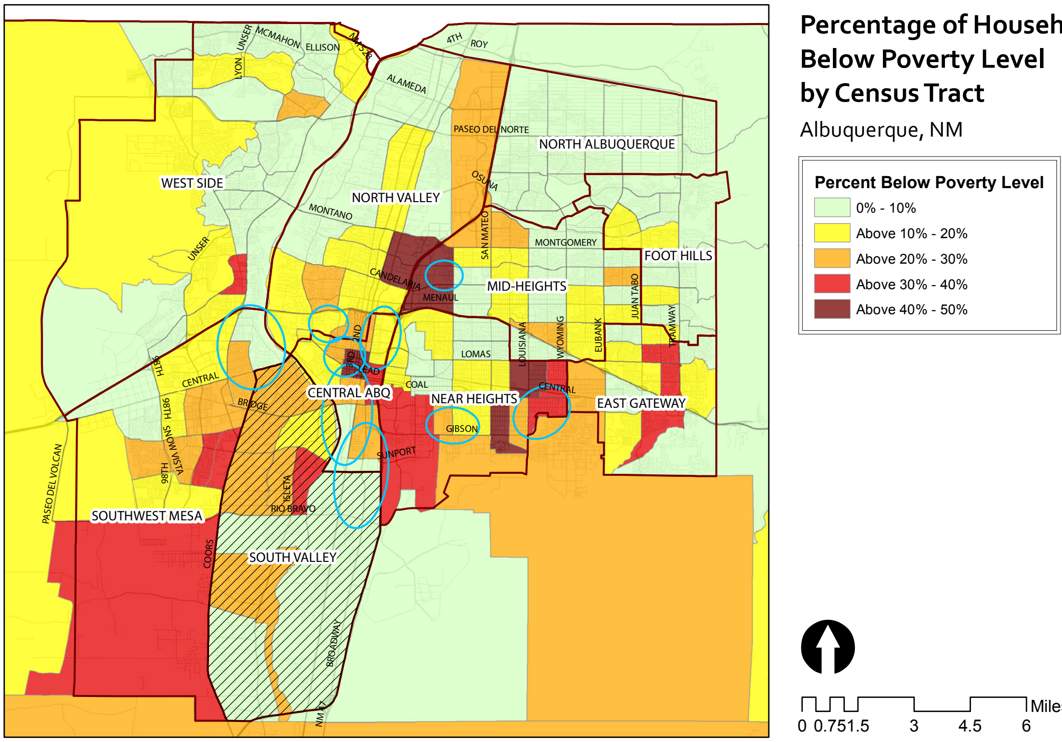
POVERTY LEVELS

Within the 9 municipal CPAs, only 7 census tracts have 0% of households living in poverty, and nearly half of census tracts have 10% or fewer households in poverty. (see Figure 2). However, there are also many census tracts experiencing high poverty rates. Alta Monte has the highest poverty rates of any of the target areas, with census tract that fully encompasses Alta Monte experiencing a poverty rate of 42.9%. The Downtown Core has high rates as well: between 21.6% and 47% of families are living below the poverty line. "Crest" is located in an area with 32.6% overall, Trumbull is 34%, Barelas is 26.8%. On the municipal side of the San Jose area, poverty rates are as high as 28.9%, but may be as low as 9.7% on the southern, South Valley side of the neighborhood. The Santa Barbara Martineztown target area shows the biggest disparity between AMI and poverty rates; while households in this area earn only half of the AMI overall, only 18.4% of the families live below the poverty line. Trumbull, Alta Monte, and Crest all experience low

AMI, but this specific range is not being planned for in the Consolidated Plans, and so that level of specificity is not necessary for this analysis. (HUD GLOSSARY OF CPD TERMS)

10 While there are 10 CPAs, the South Valley CPA is located entirely outside of City of Albuquerque jurisdiction. This CPA is frequently discussed within the consolidated plans, but is not included when setting recommendations and funding priorities. The South Valley CPA is noted on the maps in this paper, but crosshached to indicate that it is not incorporated within the study.

AMIs coupled with high rates of poverty (U.S. Census (a), 2012).



Source: 2012 American Community Survey, 5-Year Sample

Figure 2: Percentage of households below poverty level by census tract

Overall, high poverty rates tend to be located south of I-40, with families the NE area of Albuquerque living above the poverty line (U.S. Census (a), 2012). However, scattered census tracts with high poverty rates throughout the city indicate that while optimal locations to develop affordable housing have been established, there are few locations in the city where affordable housing would not be a benefit.

COST BURDENED HOUSEHOLDS

Cost-burden is noted by the 2013-2017 Plan as by far the most prevalent housing problem in Albuquerque today (CABQ FCS, 2013). Figure 3 reflects the prevalence of this problem. No census tract is without cost-burdened households; the lowest rates of cost burden are between 10% and 20%, with only 7 census tracts experiencing this low rate, none of which are in the target areas for the 2013-2017 Plan. The Alta Monte census tract has the highest rates of cost-burden in the target areas, with 51.7% of households experiencing this housing problem, and West Mesa has the lowest 26.8%. However, over

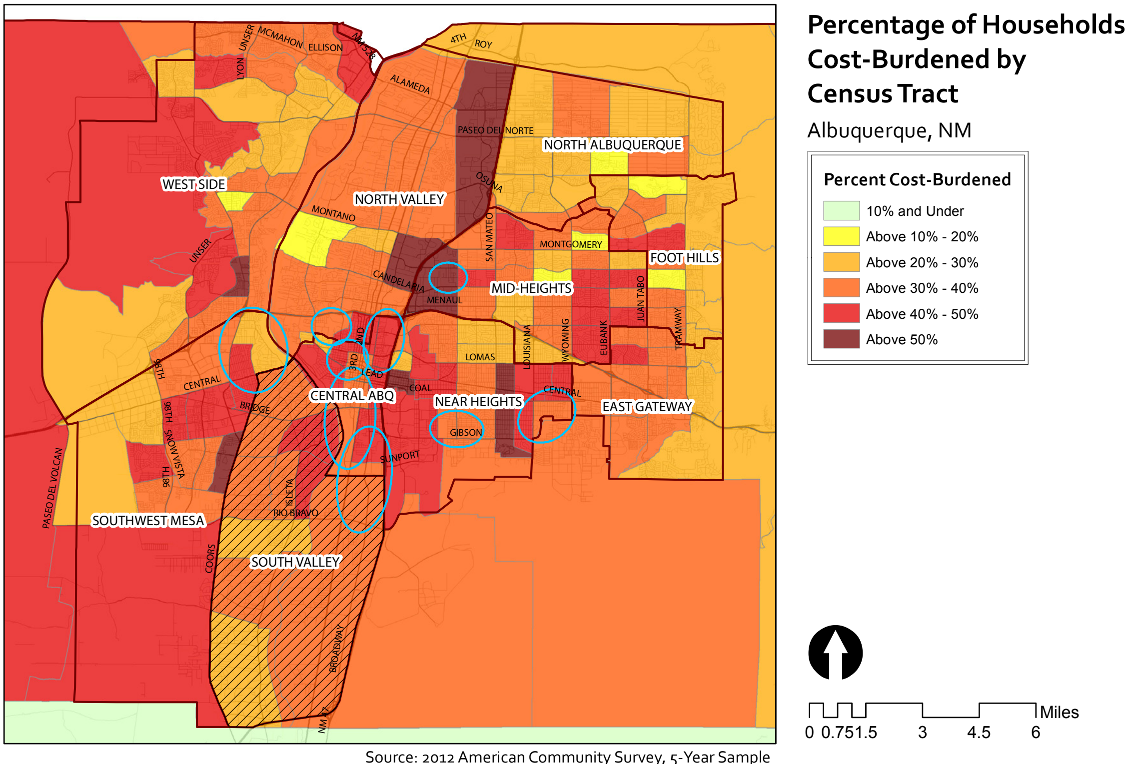


Figure 3: Percentage of cost-burdened households by census tract

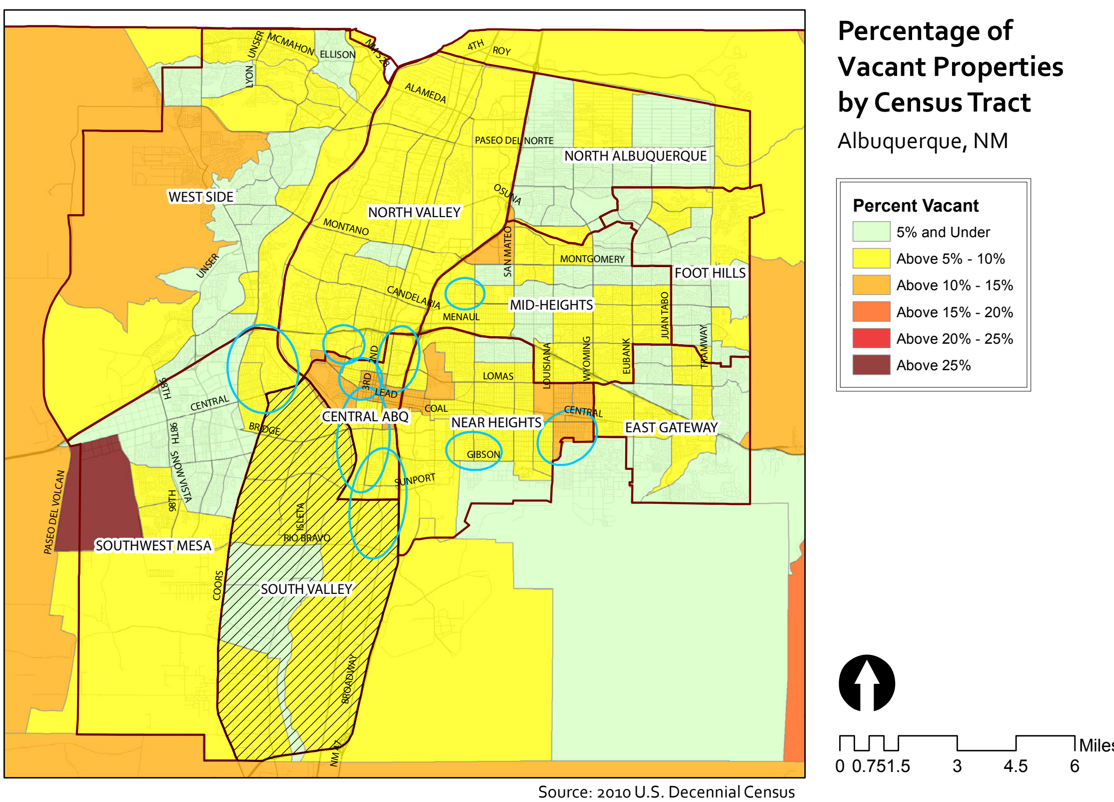


Figure 4: Percentage of vacant properties by census tract

half of the city has more than 30% of households cost-burdened, and there are 6 additional census tracts with cost-burden rates above 50% in the Near Heights, North Valley, Westside and Southwest Mesa CPAs (U.S. Census (b), 2012). Like poverty rates, the widespread distribution of the cost-burden issue throughout the city indicates while some neighborhoods have a much greater need than others, there are few areas in the city which have no households that would benefit from affordable housing.

VACANT PROPERTIES

In the municipal CPAs, the typical vacancy rate is between 5% and 10%, which is considerably lower than the national vacancy rate of 10.2% for 2012 (Kolko, 2013). There are 10 census tracts fully or partially within the limits of the CPAs that have vacancy rates of between 10% and 15%. These are found predominantly in the Central Albuquerque CPA and the Near Heights CPA, with the highest rate at 14.4% being experienced in both the Central Albuquerque CPA and the Near Heights. (U.S. Census, 2010).

2013-2017 CONSOLIDATED PLAN

The 2013-2017 Consolidated Plan is the first plan to be produced post-recession. The City has faced a reduction in affordable housing funding by around 75% for the 2013-2017 planning cycle, not only because of a reduction in the WFHTF priority, but also because of a nationwide reduction in grant funding from HUD via the CDBG and HOME grants (T. Guerin, Personal Communication, 3/13/2014). The City anticipates a reduction of $35 million for affordable housing over the 2013 – 2017 period due to these cuts (CABQ FCS, 2013). Because of this funding reduction, the strategies presented in the plan are very targeted in order to utilize the limited funding in the most effective way possible. The 2013-2017 Plan also notes that due to the recession, the goals of the 2008-2012 Plan were not entirely met. For example, while the single family home construction goal was successful, constrictions on mortgage financing as well as widespread job insecurity resulted in the City being largely unable to find purchasers for the properties. Entering the 2013-2017 planning cycle, the City had a high stock of single family homes due to this constraint (CABQ FCS, 2013). The Plan lists additional challenges as well: zoning, complicated development review process, and neighborhood opposition to affordable housing projects were challenges noted in the 2008-2012 Plan. The 2013-2017 Plan reiterates these challenges, and notes the additional barriers of a lack of code enforcement leading to hazardous living conditions, zoning regulations that don't support the density needed for many affordable housing projects, discrimination, and lack of access to reliable public transportation (CABQ FCS, 2013).

The 2013 Plan focuses resources on the most at-risk populations in order to help prevent homelessness, and further prioritizes limited resources most effectively by targeting funding to specific geographic areas with critical needs in order to not only increase the affordable housing supply but also to revitalize these neighborhoods. The emphasis on homelessness prevention and assistance is clear in the goals: over 1,500 beds/housing units are planned for homelessness assistance –1,000 overnight beds as well as prevention, rapid-rehousing assistance, and new construction – versus 450 units planned for low- to moderate-income households of both new construction and acquisition/rehab. With the three lowest-income ranges of rental households experiencing the most issues with cost-burden, and with a household income at or below 30% of AMI as the most clear indicator of being at risk for becoming homeless, the development of rental housing to serve this income range is the top priority for affordable housing development between 2013 and 2017 (CABQ FCS, 2013).

Additional population subsectors have higher-than-proportional housing needs as well. Non-family households were determined to comprise nearly half of the households in Albuquerque with housing problems, and single-parent families represented 37% of households with housing problems, despite only comprising 19% of the households in the city. The housing stock is not entirely condusive to this population either: 93% of the City's housing units have 3 or more bedrooms, while only 7.8% of households have 5 or more people. The hispanic population of Albuquerque experiences a disproportionately high share of housing problems. Amongst all populations, renter households faced more widespread housing problems than non-renter. The sub-sectors of the population determined to be at greatest risk for becoming homeless are youth who are transitioning from the juvenile justice system and foster care system, grandparents raising grandchildren, seniors over 75 years of age, adults with behavioral and mental health issues, adults transitioning from the justice system, and victims of domestic violence. In addition, veterans are consistently at risk for homelessness and in need of supportive services, and 2-parent veteran household are particularly at risk; additional supportive services, which have not entirely been determined, are needed to help these families stay together (CABQ FCS, 2013).

For the 2013-2017 Plan, there are still high poverty areas found in the Near Heights, Mid Heights, Central Albuquerque, and Southwest Mesa CPAs. These CPAs have an older housing stock, are home to large racial minority populations, and experience low school performance and high crime rates. However, while previous years' plans have targeted the CPAs in their entirety, the 2013 Plan has further specified 9 geographic priority neighborhoods found within these CPAs in order to maximize limited funding. These neighborhoods are Alta Monte in the Mid Heights CPA, Barelas, Santa Barbara Martineztown, San Jose (which extends south into the South Valley CPA), Sawmill, and the Downtown Core in the Central Albuquerque CPA, Trumbull and "Crest" in the Near Heights CPA, and West Mesa in the Southwest Mesa CPA. Not only will funding for affordable housing be prioritized to these areas, but funding for public improvements will also be utilized in these neighborhoods for revitalization activities including façade improvements and blight clearance (CABQ FCS, 2013).

The CD Division, realizing that with significant funding cuts it would be impossible for their division to perform all the necessary tasks themselves, calls in the plan for an increase in institutional capacity by working with existing community organizations. In developing the 2013 Plan, the City worked closely with existing organizations and the public to understand the needs and determine goals, and during the 2013-2017 planning period, the CD Division plans to work closely with these established organizations to respond more effectively to the needs of the at-risk populations (CABQ FCS, 2013).

CHALLENGES

Based on the historical conditions of affordable housing development in Albuquerque, the goals and recommendations contained within the plans, and the feedback from housing planners and developers working in Albuquerque today, it is clear that there are a number of challenges that need to be addressed. These include: limited and inconsistent funding availability, historically disinvested neighborhoods that do not seem to be improving, widespread instances of cost-burden and poverty, and an ongoing lack of public support for affordable housing developments.

While the decreased funding allocation with the current plan is clearly inadequate, even the highest rates of funding are barely enough to make a dent in the housing need for low-income and underserved populations. The implications of inadequate funding are clear - less projects can be funded - but flexibility of funds with the fedearl grants present additional funding challenges. The CDBG and the HOME - while typically utilized for the creation of affordable housing, can also be used for public improvements and infrastructure, particularly the CDBG. This has its benefits: neighborhoods which have the greatest need for affordable housing development may also be experiencing deteriorating infrastructure conditions. While developing affordable housing units will merely add more units, improving infrastructure may be a catalyst that leads housing developers to purposefully invest in the neighborhood (T. Guerin, Personal Communication, 3/13/2014). However, in terms of pure housing creation, the flexible spending options for the grant may be a hinderance, and lead to fewer housing units being developed than needed in favor of public improvements (C. Isaac, Personal Communication, 3/23/2014).

A similar issue has been noted with the WFHTF. Because of flexibility in the city ordinance, the fund is sometimes used as leverage for projects that have little to do with affordable housing, such as the high-profile Albuquerque Rail Yards redevelopment, as long as a small number of affordable units are added to the project (K. Hildebrand, Personal Communication, 2/21/2014). Another funding issue is relevant to organizations like SCLT, which are engaged in long-term stewardship of properties and thus have operating costs not associated with construction. Both the LIHTC, and HOME funding entitled to CHDOs, are tied to development. When an organization is not actively developing properties, it can be difficult to find consistent funding sources, but development of new property is not always the appropriate course of action (W. Patterson, Personal Communication, 2/19/2014).

There are two geographic challenges to affordable housing development. First, Albuquerque has several neighborhoods which have historically experienced disinvestment, and the attention given to these neighborhoods through the plans does not seem to be improving the situation. The Central Albuquerque, Near Heights and Mid Heights CPAs have been noted for high poverty and cost-burden rates as well as low percentage of AMI since geographic trends were first documented in the 1998-2002 Plan. Within these CPAs, the neighborhoods of Trumbull, Barelas, Santa Barbara Martineztown, the Downtown Core, and Alta Monte have especially faced these challenges. However, to assume that these target areas are the only areas in the city in need of assistance would be a mistake. As demonstrated in Figures 1-3, and as noted in the 2013-2017 Plan, there are high rates of poverty and cost-burden throughout the city. Cost-burden is particulary prevalent, and the high instances of this housing problem city-wide indicate that only focusing on target neighborhoods is not responding to a more persistent problem.

Finally, despite the widespread need, locating affordable housing developments can be a challenge because there are frequently public misconceptions that affordable housing will bring crime and disinvestment into a neighborhood. This attitude likely originates from the days of mismanaged public housing developments, and is sometimes a constraint when proposing a large, affordable multi-family development (L. Kolker, Personal

Communication, 2/25/2014).

CASE STUDIES

LAND REUTILIZATION CORPORATIONS

COUNTY LAND REUTILIZATION CORPORATIONS

Land reutilization corporations (LRCs) are a fairly new development in housing programs, but they have their roots in early land banks established in the 1970s. Land banks are governmental or not-profit entities that are able to acquire, hold, redevelop, or sell tax-foreclosed properties. This system was developed to enable cities to deal with abandoned and derelict properties vacated due to a loss of industrial jobs (HUD PD&R, 2009). In 2009, Ohio State's land bank legislation - Senate Bill 353 - allowing municipalities to hold tax-forclosed properties in inventory, was significantly amended to allow for the creation of County Land Reutilization Corporations. The legislation was revised due to widespread vacancies and propety deterioration experienced by Cuyahoga County following the mortgage finance collapse. Vacant and derelict properties represent a liability to communities because they attract crime, discourage investment, and decrease neighborhood property values, and so an active means of putting these properties back to productive use was necessary (Fitzpatrick, 2009).

Senate Bill 353 enables the creation of Section 115 government-purposed non-profit corporations (the County LRCs), the means to acquire vacant properties, and the dedication of a permanent funding source. The creation of a separate, legally distinct organization allows for the County LRCs to operate separately from the regulations and constraints which can make the process for acquiring vacant property lengthy and inefficient. County LRCs are given immunity from certian regulations, plans, licenses, and permits in order to expidite their process of acquiring properties, and a regulating board provides checks and balances to ensure that power is not abused (Fitzpatrick, 2009).

The County LRC legislation updated the means by which local jurisdictions acquired vacant, tax delinquent properties. In the past, the local government could only acquire these properties following two public auctions, a process which could take up to 9 months, during which time the property might fall into disrepair, or be looted, or become available to land speculators who would purchase it for investment purposes and leave it vacant. Under the amended legislation, the delinquent property is transferred directly to the LRC after a 45 day waiting period in which the owner is able to take steps to regain their property. The property does not go before public auction or become available to speculators under this system. With the expedited waiting period between foreclosure and acquisition, the property also has less time to sit vacant and unattended, leading to a more efficient repurposement. In addition to the acquisition, properties which are transferred to the LRCs are automatically cleared of any restrictions on the title, in order to ensure they are marketable (Fitzpatrick, 2009).

Penalties and interest collected on delinquent county property taxes provides a dedicated permanent funding source for the LRCs. When property goes into tax foreclosure, a tax lien certificate, which entitles an outside entity to collect on the delinquent payments, is generally sold at auction. With the amended legislation, these certificates can be purchased separately or in bulk directly from the county by the LRC; as the liens are paid off, the principle amount of the delinquent tax is returned to the county while the penalties and interest are retained by the LRC (Fitzpatrick, 2009). This funding source is optimal for two reasons. First, penalties and interest are not included in the county budget because their exact amount is not guaranteed. Second, and because of this, collecting from penalties and interest does not divert money from already-budgeted uses, which would likely not receive public support. However, a projected amount of penalties and interest is approximated by the number of properties which go delinquent on tax collection day each year so as to give an indication of how much funding this will provide. The cap on this funding is $7 million per year. (G. Frangos, Personal Communication, 2/26/2014).

CUYAHOGA LAND BANK

The Cuyahoga Land Bank (CLB) is the pilot County LRC established by the SB 353 legislation (Fitzpatrick, 2009). The CLB is able to acquire foreclosed and abandoned vacant properties, determine if they should be renovated or demolished, and then immediately put the properties back to productive use (Cuyahoga Land Bank (b), n.d.). The CLB has been in operation in Cuyahoga County, Ohio since 2009 (G. Frangos, Personal Communication, 2/26/2014).

In practice, there are far more facets to the operation of a County LRC than the primary regulations determined by the SB 353 legislation. The CLB is able to utilize additional funding streams besides penalties and interest on delinquent taxes, although this primary funding source does bring in the maximum $7 million per year. The organization also generates around $2 million from the property sales of properties, and $1 million from ancillary activities, such as education and credit counselling, bringing the total operational budget to around $10 million per year. The CLB also qualifies for federal grant funding, and during its early years received a large sum of federal stimulus money. However, as this money is not guaranteed or regularly available, the organization does not depend on it for its budgeting (G. Frangos, Personal Communication, 2/26/14).

The first step in the land reutilization process is the assessment. When the CLB first acquires a property, it is assessed to determine if it should be demolished or renovated. The CLB receives approximately 100 properties per month, and 70%-80% of those are demolished because they either need too many repairs or because a declining population in the area they are located results in a low demand for housing units. Demolition is performed by the CLB's pool of local contractors. Following the demolition, the land may be returned to its municipality, or it may go through "clean-and-green" and remain public space, or, most frequently, it may be sold. The Side-Lot Program allows for the adjacent property owner to purchase the lot for a small fee, frequently $100. This lot now can be used for property expansion, community gardening, or other uses. Vacant lots also may be retained by the CLB and then strategically assembled to from a larger, more attractive property for commercial development (Cuyahoga Land Bank (c), n.d.).

Properties suitable for renovation are first inspected by locally-sourced contractors to determine the necessary steps to bring the property up to code. These properties are most frequently sold through the Deed-in-Escrow program. In this program, the CLB sells the property on the condition that the deed will be turned over to the purchaser only after it has been brought up to code. The purchaser must prove that they are able to make the necessary renovations, either by demonstrating that they have the skills to perform the work, or that they have the money to hire someone to perform the work, either through their own finances or through a loan they have secured. About 60% of properties sold through the Deed-in-Escrow Program are purchased by investors who either rent it out or resell it at a fair market price (G. Frangos, Personal Communication, 2/26/2014).

The CLB does not require income qualifications for purchasers, nor does it serve a mandate to maintain permanent affordability. Despite this fact, around 40% of purchasers are potential owner-occupiers; of this group, students and young professionals in the low- to moderate-income range are typical (G. Frangos, Personal Communication, 2/26/2014). In order further support owner-occupancy, the CLB developed the Owner-Occupant Buyer Advantage Program. In this program, properties needing less than $15,000 in repairs and easily fixable by someone with basic knowledge of home maintenance are sold specifically to prospective homeowners, who are given one month to complete the repairs and receive the deed to the property. A small portion of properties are not sold through either of these programs, but rather are renovated in-house by the CLB's prequalified local contractors and sold for fair market value (Cuyahoga Land Bank (c), n.d.).

MADISON COMMUNITY COOPERATIVE

The Madison Community Cooperative, located in Madison, WI, is a non-profit federtion of 11 independent cooperative houses. The federation was formed 1968 by representatives from 8 exsiting cooperative houses, and today houses around 200 people. (Madison Community Cooperative (a), 2013). In order to understand what a cooperative housing federation is, though, it is helpful to begin with an understanding of cooperative housing.

In a cooperative housing arrangement, non-family members intentionally live together, sharing communal spaces and household chores. Rent for living in a cooperative is based on the cost of renting a room, with a lower cost for smaller rooms. Because cooperatives represent an intentional community, new members must go through an interview process to ensure compatibality with other residents. In the MCC cooperatives, this process is often performed over at least 3 communal dinners, after which the decision over accepting the new member is made via a consensus (Madison Community Cooperative (b), 2013).

Each cooperative house, as an independent entity, has its own mission and goals, but all houses share many characteristics. First, a meal plan in which residents purchase food in bulk and share meals helps to promote affordability. Members pay $90 to $120 per month into a meal plan rather than each individual resident shopping for themselves, and take turns in preparing large group meals together. In some houses, "food members", non-residents who pay into the meal plan and join the residents for communal meals, also contribute to bulk food purchases. All coop houses also share duties for chores and other household tasks, sometimes with a weekly time committment to houshold duties as a part of the membership contract. The decision making for each house is accomplished by either a representative democracy or through consensus (Madison Community Cooperative (b), 2013).

Promoting diversity and serving underrepresented or marginalized groups is a goal of the MCC, and each house is somewhat tailored to specific groups. For example, the "Audre Lorde" house is a 15 member, all ages household which is intentionally pro-racial justice, People of Color, Feminist, and LGBQT supportive. The "International" house is a 40-year old cooperative house with 26 members with residents from the United States and around the world; prospective members from abroad are able to Skype in for their interviews (Madison Community Cooperative (c), 2013).

The MCC federation works to support and enhance the functionality of each of its individual coops. It is governed by representatives of each house, and like each household, decisions of the federation are made via a democratic process. While each household has its own mission and is largely self-governing, there are additional federation-wide rules. First, the MCC places income restrictions on residents in order to provide housing to serve low- to moderate-income ranges. The policy manual of the MCC states that at any one time, no more than 5% of members may earn over 80% of the county-wide AMI, and no less than 60% of members may earn below 50% of county-wide AMI. This is regulated by offering 2 different types of membership into the federation. Type A members must provide income statements to the MCC and meet income qualifications. They join their house by signing a membership contract, and are only members for the duration of the contract. Type B members are approved by the Board of the MCC after affirming the values of the cooperative federation, and pay annual dues which are not tied to a contract. The number of type B members may not exceed 10% of the number of Type A members, allowing the MCC a large amount of control of meeting the income restrictions necessary to serve their purpose, while allowing committed members to have a permanent place in the organization (Madison Community Cooperative (b), 2013).

The MCC has additional provisions for children and room-sharing. Children are welcome in all MCC houses, and members with children qualify for a rent reduction, in addition to a reduced food cost for child members. Room-sharing is allowed in MCC houses, generally with a small additional fee per room rate for the additional resident. This allows couples to rent a room together, but could also be used by any two people who were willing to share a room in order to further reduce their costs (Madison Community Cooperative (b), 2013).

The Madison Community Cooperative is a "group-equity" housing cooperative, meaning that any equity which is gained by the housing cooperatives rolls back into the MCC rather than being retained by the individual members. This aids the federation in purchasing new properties and expanding its organization. This shared equity between the individual coops is a critical component to the federation, and was one of the reasons for its establishement: each individual house on its own would gain the equity needed to purchase a new house at a much slower rate than through the combined equity of all the houses put together (Madison Community Cooperative (b), 2013).

ANALYSIS

CLRCS/CUYAHOGA LAND BANK

CLRCs are reinventing the way that Ohio approaches vacant properties while offering housing options widely accessible to even low-income households. Without the context of the state policy that enables this type of system, and of the policy in the area it is being considered for, it would be easy to imagine that these land reutilization corporations are the magic solution for any area. However, research into the tax foreclosure process for NM shows that there are barriers to applying a land reutilization corporation to Albuquerque's affordable housing strategies. Depsite this, the County LRC/Cuyahoga Land Bank study has a number of benefits which are worth exploring. The barriers and benefits to LRCs in Albuquerque are discussed below.

Barriers to Albuquerque Application: There are two primary barriers to establishing an LRC in Albuquerque. First, New Mexico does not redistribute tax foreclosures through tax lien certificates. Second, few properties actually go up for auction in New Mexico every year (J. Campbell, Personal Communication, 3/28/2014).

Tax lien certificates are critical to the Cuyahoga Land Bank's operations. Penalties and interest on tax foreclosures are the primary source of funding, and tax lien certificates are the means to access this funding. However, unlike Ohio, New Mexico does not use tax lien certificates to settle debts on its tax-foreclosed properties. In NM, a property with unpaid taxes for more than two years is turned over from the county to the NM state tax auditor. The property cannot be publicly auctioned until it has been delinquent for three years; however, during this one year period between acquisition by the state and public auction, the state works with the property owner to make the payments or establish a payment plan. Unlike Ohio, in which properties are typically vacated during the foreclosure process, in NM the property owner generally stays with the property, and the state is generally able to work with the property owner to prevent the foreclosure. In fact, this process is so successful that only around 5-15 properties go up for public auction statewide every year (J. Campbell, Personal Communication, 3/28/2014).

This tax foreclosure process presents is prohibitive to establishing LRCs in New Mexico for two reasons. First, penalties and interest on delinquent property taxes cannot be collected via the established system, because NM does not use tax lien certificates. Second, the efforts of the state of NM to ensure that property owners are able to prevent foreclosure mean that there are few vacant properties to acquire.

Benefits to Albuquerque Application: Despite complications with the tax foreclosure process, the LRC model still holds promise. First, while the means of acquiring the revenue be different, the dedicated revenue stream of penalties and interest would be a major boost to Albuquerque's insufficient affordable housing funding. Second, the LRC acquires property over scattered sites because of the nature of property acquisition. Applied in Albuquerque, the scattered site approach would enable the City to address housing problems that exist city-wide. Finally, the Deed-to-Escrow model of property sales enables purchasers to build wealth via sweat equity. The sweat equity approach would enable the City to sell properties that may not be in perfect condition, eliminating the need to spend time and money on renovations, while enabling prospective purchasers an option for building wealth that is not available through multi-family rental.

MCC/COOPERATIVE HOUSING

Barriers to Albuquerque Application: The MCC model of cooperative housing is less problematic than the LRC, but there is one significant barrier to its implementation in Albuquerque: size of housing units. The cooperative houses in Madison are large units, intended to house up to 30 people per house in some cases. The housing stock in Albuquerque consists of much smaller units, predominantly single-family homes. Any effort to create cooperative houses in Albuquerque will have to be adapted to the smaller size of homes.

Benefits to Albuquerque Application: Non-family and small households are more likely to be low-income and /or cost-burdened, and specific strategies have not yet been established to address these populations. The cooperative housing model could benefit small low-income households in Albuquerque through the reduced living expenses and shared household duties of co-habitation.

RECOMMENDATIONS

After analyzing the past and current affordable housing process in Albuquerque, as well as the two case studies, four recommendations have been developed which can increase the affordable housing supply in Albuquerque. First, penalties and interest on delinquent taxes should be pursued as a funding source, regardless of the availability of tax lien certificates. Second, the City should puruse a scattered-site land trust using existing city-owned properties. Third, the City should promote co-habitation in single-family housing units through this scattered-site land trust. Fourth, and finally, sweat equity should be factored into housing rehabilitation whenever feasible.

TAX PENALTIES AND INTEREST AS A FUNDING SOURCE

While the tax foreclosure process in Ohio may be prohibitively different than that of New Mexico, the penalties and interest on delinquent property taxes is still a potential additional source of revenue for the creation and retention of affordable housing. In Cuyahoga County, penalties and interest are not budgeted with the principle tax revenue, and are only collected on foreclosed properties through tax lien certificates. However, property owners can be delinqent on tax payments without reaching the foreclosure process. In Bernalillo County, NM, penalties and interest accrued through non-foreclosed properties are rolled into the Bernalillo County General Fund (P. Klenk, Personal Communication, 3/31/2014). The General Fund for fiscal year 2014 currently budgets 37% of its $361,041,393 to Public Safety, 24% to General Government, 13% to Capital, 9% to Public Works, 7% to Health and Welfare, 7% to Debt Service (from which G.O. Bonds and G.R.T. Bonds are repaid), and 3% to Culture and Recreation (Bernalillo County, 2013). It would not be necessary to draw any budgeted revenue from these existing uses.

The exact monetary amount of penalties and interest was not accessible at the time of this study, and it was indicated at both the county and state level that this is either unknown, or is not public information. While the amount is unknown, the process by which the money is repurposed can still be determined. In Cuyahoga County, the amount of penalties and interest received yearly is forecast based on previous years' amounts, and this forecast amount is used to set a cap on how much revenue can be used by the CLB. In Bernalillo County, this forecast will need to be determined in order to set a cap. Once the cap is set, the County can further calculate the percentage of this fund that is entitled to the City of Albuquerque. The funds dedicated to Albuquerque will be tranfered to the CD Division for affordable housing purposes, and the remaining funds will be retained by the County.

SCATTERED SITE LAND TRUST

Second, the scattered site model inherent in the operations of the LRCs would help to create affordability across the city. As demonstrated by Figures 1-3, while there are specific neighborhoods where low median household incomes, high poverty rates, and prevalence of cost burden are a constant condition, there are few areas of the city where none of these issues are a factor. In addition, neighborhoods with a convergence of these three conditions are also experience deterioration of housing structure and public infrastructure, indicating that they need more than just an increase in affordable housing units to completely improve their conditions. While it would benefit existing low-income residents to have access to quality affordable housing in their established communities, and it would benefit the neighborhood as a whole to have consistent physical revitalization, it would also benefit certain families to live in affordable housing in established non-deteriorating neighborhoods.

Affordable housing needs to be available throughout the city, not just in isolated areas. Incidentally, the city already has a stock of single family housing units scattered throughout the city. These units were developed with funding through the 2008-2012 Plan, but due to the mortgage finance collapse, prospective homeowners were unable to obtain mortgages to purchase them. It does not seem that these units have been incorporated into the current housing strategy, and should not be held in inventory at a time when affordable housing is critically needed. With the 2018-2022 Consolidated Plan, the City should develop a scattered site land trust using vacant city-owned property. These properties could be introduced at a rate of 10 per year, finishing the 5-year planning cycle with a 50-unit scattered site land trust. At this point, the city could determine if this is a model that merits a more aggressive expension.

The funding needed to assist first-time homebuyers with acquiring a mortgage, to as well as any potential rehabilitation costs, should be drawn from the newly-established penalties-and-interest funding source rather than existing federal grants and WFHTF sources. This will allow for the target neighborhoods to retain intended funding, which is critically needed, while expanding affordability options into other areas of Albuquerque. The City is already focusing heavily on rental housing due to the critical need of extremely low-income households who are at risk for homelessness, but homeownership opportunities have been largely foregone in this consolidated planning cycle.

Finally, the government funding being proposed for this scattered site land trust will have to be accessed by a qualified grantee in order to comply with the NM Affordable Housing Act. Fortunately, Albuquerque already has a nationally-recognized land trust, SCLT, that not only can act as a model for housing strategies, it also has the institutional capacity to operate this program. It is recommended that the SCLT manage the operations of the scattered site units as they are donated by the city.

CO-HABITIATION

Small, non-family households, single person households, and single parent households comprise a large portion of the population with housing problems. As previously stated, nearly half of the households in Albuquerque with housing problems are non-family households, and 37% of households with housing problems are single-parent families. Much of the city's single family housing stock is too large to be affordable for small households. In order to utilize these properties most efficiently, the City should encourage mulitple small non-family households to occupy one affordable housing unit. For instance, a large single-family home with a combined two-single-parent household would not only allow for the large housing size to house a greater number of residents, it would allow household members to share utility costs and household duties, support childcare challenges when applicable.

WEALTH CREATION THROUGH SWEAT-EQUITY

Whenever possible, the City of Albuquerque should allow for prospective low-income homebuyers to perform their own renovations to bring outdated properties up to code. This will not only limit the resources needed by the City to rehabilitate housing units, it will allow for wealth creation through the process of sweat equity. Purchasers will gain not only an affordable home, but an asset that will benefit them into the future.

CONCLUSION

In times of limited funding at every scale, there will always be challenges to the provision of affordable housing. Because of this, it is important for jurisdictions to constantly look for fresh ideas to augment their existing strategies. Albuquerque is like any other jurisdiction working to provide affordable housing for its residents. It is working with political, financial, and institutional constraints while attempting to act broadly to understand the community as best as possible and make sound recommendations based on this process. The recommendations contained in this study would merely strengthen established process, but nonetheless it is time for new recommendations to be considered.

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